

**TOWN OF NORTH CASTLE, NEW YORK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended December 31, 2012**  
**Together with**  
**Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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TOWN OF NORTH CASTLE  
PRINCIPAL OFFICIALS

		<u>Term Ends</u>
SUPERVISOR:	Howard Arden	12/31/13
TOWN BOARD:	Stephen D'Angelo	12/31/15
	Michael Schiliro	12/31/15
	Diane Roth	12/31/13
	John Cronin	12/31/13
TOWN CLERK:	Anne Curran	12/31/15
RECIEVER OF TAXES:	Patricia A. Colombo	12/31/13
TOWN ADMINISTRATOR:	Joan Goldberg	
TOWN COMPTROLLER:	Faith Berland	

VOTERS

TOWN  
SUPERVISOR

TOWN  
COUNCILMEN

TOWN  
CLERK

RECEIVER  
OF TAXES

TOWN  
JUSTICES

TOWN  
ADMINISTRATOR

**TOWN DEPARTMENTS**

POLICE

RECREATION  
AND PARKS

FINANCE

HIGHWAY /  
DPW

PLANNING

ASSESSOR

WATER &  
SEWER

BUILDING &  
ENG

CODE  
ENFORCER

**BOARDS AND COMMITTEES**

PLANNING  
BOARD

ZONING  
BOARD OF  
APPEALS

ARCHITECTURAL  
REVIEW BOARD

RECYCLING  
COMMITTEE

RESIDENTIAL  
PROJECT  
REVIEW COMM.

LIBRARY BOARD

ASSESSMENT  
BOARD OF  
REVIEW

CONSERVATION  
BOARD

OPEN SPACE  
COMMITTEE

HOUSING  
BOARD

LIBRARY

BEAUTIFICATION  
COMMITTEE

COMMUNICATIONS  
COMMITTEE

ROAD NAMING  
COMMITTEE

ELIJAH MILLER  
HOUSE COMM.

SUSTAINABLE  
NORTH CASTLE

BOARD OF ETHICS

AIRPORT  
COMMITTEE

LANDMARKS  
PRESERVATION  
COMMITTEE

RECREATION AND  
PARKS ADVISORY  
BOARD



**Faith Berland**  
Comptroller

## **TOWN OF NORTH CASTLE**

Town Hall – 15 Bedford Road  
Armonk, New York 10504

**Established 1736**

(914) 273-3322 (voice)  
(914) 273-2433 (fax)

June 28, 2013

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, 2012 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 out-weigh 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 Bonadio & Co., 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, 2012 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, 2012, 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, 2012 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.

## **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.

In 2012 the Town hired a Town Administrator, setting up a Town Board – Administrator form of governance. 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 and Town Administrator.

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 that of the Chief Executive and Chief Financial officers. The Town Administrator acts as the Town's Chief Operating Officer and handles the administration of the Town's daily functions, and under the supervision of the Town Supervisor performs budget preparation, contract negotiations and department management.

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.

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 Town Administrator and Town Comptroller on or before October 20<sup>th</sup>. Estimates for each fire district situated within the Town must also be filed with the Comptroller by this date (the Town has no authority to amend the budget submitted by the fire districts). After reviewing these estimates, the Town Administrator 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 no later than October 30<sup>th</sup>. Subsequently, the Town Administrator 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 becomes 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 Town Administrator and 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 District 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 26 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"), MBIA, Swiss Re and several other large corporations. The population of the Town, according to the 2010 estimated census, is 11,841, which represents an increase of 9% since the 2000 official census report.

## ***Completed Projects***

The following projects were implemented and/or completed:

- Transformation to a Council-Administrator form of government
- Town attained a 20% Fund Balance reserve
- The approval and bidding for a \$9m water improvement project
- The upgrading and refurbishing of Parks and Recreation Facilities throughout the Town
- The repaving of over 10 miles of Town roads

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

The Town's future projects include the following:

- The relocation of the Miller House, Washington's Headquarters, to North Castle property
- Credit review to regain AAA rating
- Utilize road maintenance plan to establish road repair priorities
- Establish Town vehicle and truck replacement schedule

## ***Relevant Financial Policies***

In 2010 the Town Board adopted a formal fund balance policy, establishing an unreserved/undesignated fund balance in the General Fund of 10% to 20% of Operating Funds expenditures with a 5% minimum level required, unless unforeseen expenditures occur. If the Town's reserves fall below 10%, the policy requires the reserve balance to be restored within three to five years through financial operations. The Town continues to maintain reserves at adequate levels due to management's demonstrated commitment to being structurally balanced. The Town's investment policy and purchasing policy are adopted and reviewed annually. The Town's multi-year capital plan is

reviewed and modified annually. In 2012, as a management tool, the Town approved a resolution which would have allowed the board to raise the tax levy beyond the 2% cap; the Town's 2012 budget did not exceed the 2% cap and was in fact the smallest increase of any Town in Westchester County.

### **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, 2011. This was the thirteenth 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 entire Town Staff, as well as our independent auditor, who assisted in its preparation. I would also like to thank the Town Supervisor, Town Administrator and the members of the Town Board for their interest and support in the financial operations of the Town.

Respectfully submitted,



Faith S. Berland  
Town Comptroller  
Term beginning 09/11/2012

# 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, 2011

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

**INDEPENDENT AUDITOR'S REPORT**

July 25, 2013

To the Town Board of  
Town of North Castle, New York:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of North Castle, New York (the "Town"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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(Continued)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Town, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other post-employment benefits schedule of funding progress on pages 3 through 13 and 44-47 and page 48 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, comparative fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

# **TOWN OF NORTH CASTLE, NEW YORK**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2012**

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### **INTRODUCTION**

As management of the Town of North Castle, New York ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2012. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Town's financial performance.

### **USING THIS ANNUAL REPORT**

This annual report consists of a set of financial statements and notes. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements begin thereafter. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year ended 2012 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 \$20,352,921. However, unrestricted net assets, which are available to meet the ongoing obligations of the Town, reflect a deficit of \$2,261,648 at December 31, 2012. The deficit results primary from 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 \$11,256,228, representing an increase in fund balance of \$1,737,337 from the prior year. This was primarily due to cost containment initiatives.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,689,179 or 29.53% of total General Fund expenditures and other financing uses for 2012; an increase of \$2,054,789 from the previous year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave and other postemployment benefit obligations ("OPEB")).

The government-wide financial statements distinguish functions of the Town that are *governmental activities* (those principally supported by taxes and intergovernmental revenues). 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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

### Governmental Funds

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as 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 six 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, Capital Projects Fund and Debt Service Fund, which are considered to be major funds.

## **FUND FINANCIAL STATEMENTS (Continued)**

### **Governmental Funds (Continued)**

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. The governmental fund financial statements can be found in the basic financial statements section of this report.

### **Fiduciary Funds**

*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 Town programs. The Town maintains only one type of fiduciary fund that is known as an Agency Fund. The Town holds resources in this fund 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 fiduciary fund financial statements 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 comparative statements for the governmental funds and schedules of budget to actual comparisons.

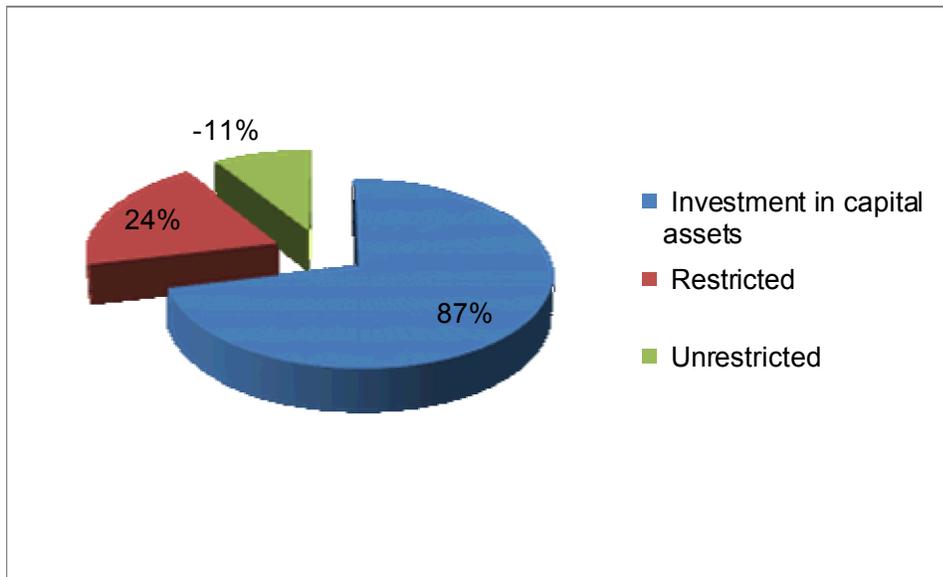
## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by \$20,352,921 at the close of 2012.

## NET POSITION

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Percent Change</u>
<b>Assets:</b>			
Current and other assets	\$ 48,862,287	\$ 49,461,671	-1%
Capital assets, net	<u>34,936,884</u>	<u>33,796,054</u>	3%
<b>Total assets</b>	<u>83,799,171</u>	<u>83,257,725</u>	1%
<b>Liabilities:</b>			
Current liabilities	36,048,126	38,354,962	-6%
Long-term debt outstanding	<u>27,398,124</u>	<u>27,460,921</u>	0%
<b>Total liabilities</b>	<u>63,446,250</u>	<u>65,815,883</u>	-4%
<b>Net position</b>			
Investment in capital assets	17,780,215	18,309,183	-3%
Restricted	4,834,354	3,800,632	27%
Unrestricted	<u>(2,261,648)</u>	<u>(4,667,973)</u>	-52%
<b>Total net position</b>	<u>\$ 20,352,921</u>	<u>\$ 17,441,842</u>	17%

### Net Position Distribution December 31, 2012



By far, the largest component of the Town's net assets is its investment in capital assets (land improvements, building improvements, infrastructure, machinery and equipment and construction-in-progress) (87%). The Town uses these capital assets to provide services to its citizens. Consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## NET POSITION (Continued)

The restricted net position of \$4,834,354 or 24%, represent resources that are subject to external restrictions on how they may be used. These restrictions are as follows:

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Percent Change</u>
Capital projects	\$ 544,836	\$ 810,943	-33%
Workers' compensation benefits	1,692	1,692	0%
Special districts	4,284,175	2,984,346	44%
Debt service	<u>3,651</u>	<u>3,651</u>	0%
 Total	 <u>\$ 4,834,354</u>	 <u>\$ 3,800,632</u>	 27%

Those net assets subject to external restrictions on how they may be used are \$22,614,569 the remaining balance of unrestricted net position, which is a deficit of \$2,261,648 must be financed from future operations. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments of other postemployment benefit obligations (\$10.5 million) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

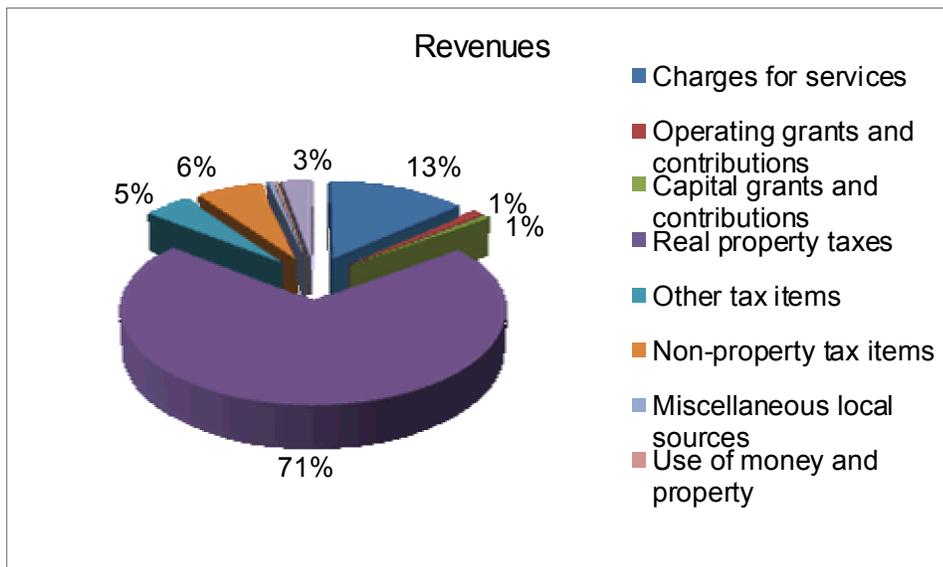
## Change in Net Position

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Percent Change</u>
<b>Revenue:</b>			
Program revenue:			
Charges for services	\$ 3,855,431	\$ 3,820,455	1%
Operating grants and contributions	444,581	297,626	49%
Capital grants and contributions	-	160,372	100%
General revenue:			
Real property taxes	20,318,166	20,094,810	1%
Other tax items	1,486,744	1,304,046	14%
Non-property tax items	1,562,191	1,779,878	-12%
Miscellaneous local sources	791,943	145,328	445%
Use of money and property	59,935	93,816	-36%
Sale of property and compensation for loss	608,440	3,011	20107%
State aid	<u>754,243</u>	<u>799,064</u>	-6%
 Total revenue	 <u>29,881,674</u>	 <u>28,498,406</u>	 5%
<b>Expenses:</b>			
General support	3,563,786	4,252,016	-16%
Public safety	8,982,600	9,256,357	-3%
Health	281,807	258,321	9%
Transportation	4,476,680	5,579,877	-20%
Economic assistance and opportunity	195,911	111,048	76%
Culture and recreation	4,753,269	4,548,423	5%
Home and community services	4,199,220	4,621,888	-9%
Debt service	<u>517,320</u>	<u>436,361</u>	19%
 Total expenses	 <u>26,970,593</u>	 <u>29,064,291</u>	 -7%
 <b>Change in Net Position</b>	 <u>\$ 2,911,081</u>	 <u>\$ (565,885)</u>	 -614%

## GOVERNMENTAL ACTIVITIES

For the fiscal year ended December 31, 2012, revenues from governmental activities totaled \$29,881,674. Tax and other tax items revenues of \$21,804,910, comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (84%). The \$2,911,081 increase in total governmental activities revenues from the prior year is the result of a combination of the following significant factors:

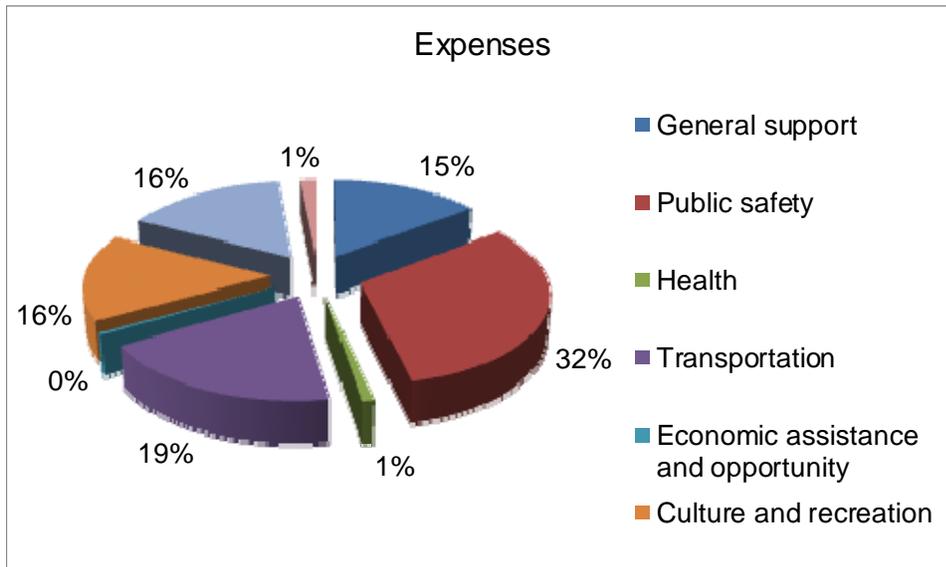
- Federal aid increased \$220,737 as a result of disaster assistance related to storm damage.
- Real property taxes decreased by \$223,356 as the result of the amount of deferred taxes.
- Operating grants and contributions increased \$146,955 as a result of operating grants in transportation and a decrease in culture and recreation.
- Non-property taxes increased by \$173,482 as the result an increase in interest and penalties on real property taxes due to the economy.
- Unrestricted sale of property and compensation for loss increased by \$605,429 primarily as a result of insurance recoveries recognized in Sewer District #2.
- Miscellaneous revenue increased \$365,504 primarily as a result of retirement payment reclassification.



For the fiscal year ended December 31, 2012, expenses from governmental activities totaled \$26,970,593. The largest components of governmental activities expenses are public safety \$8,982,600 (32%), transportation \$4,476,680 (19%), culture and recreation \$4,753,269(16%), home and community services \$4,199,220(16%) and general government support \$3,563,786 (15%). Expenses decreased from the prior year by \$2,093,698, or 7.2%, primarily as a result of a combination of the following significant factors:

- General government support and public safety decreased by \$688,230 and \$273,757, respectively, primarily as a result of tight controls on expenditures.
- Transportation decreased by \$1,103,197 primarily as a result of decreased expenditures incurred in the previous year pertaining to Hurricane Irene and several winter storms.
- Home and community services decreased by \$422,668 primarily as a result of tight controls on expenditures.

## GOVERNMENTAL ACTIVITIES (Continued)



## 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, *unassigned 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 combined ending fund balances of \$11,256,228, an increase of \$1,737,337 compared to last years ending balance of \$9,518,891. This is now presented under the GASB Statement No. 54 fund balance classifications. The non-spendable fund balance component is \$488,548, consisting of amounts representing prepaid expenditures. Fund balance of \$544,836 is restricted for capital projects, workers' compensation benefits and debts service. The assigned fund balance classification aggregates \$5,518,624, consisting primarily of amounts reserved for encumbrances and special districts. The remaining fund balance is unassigned and represents the remaining positive fund balance in the General Fund of \$4,689,179 after amounts that have been restricted, committed or assigned for other purposes

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,689,179, representing 88.5% of the total General fund balance of \$5,299,567. This is an increase from the prior year, when the total fund balance was \$3,244,778. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures and total fund balance to total expenditures. As a result of the above discussion, at the end of the current fiscal year, the General Fund showed a 29.5% unassigned fund balance as compared to total expenditures and other financing uses, up from 17.8% in the prior year. Total fund balance increased 63.3% due to cost containment initiatives and slight improvements in revenues realized.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)**

### **Governmental Funds (Continued)**

The fund balance of the General Fund increased by \$2,054,789 during the fiscal year ended December 31, 2012. Actual expenditures and other financing uses were \$1,689,743 less than the amount contained in the final budget, representing a savings of 9.62% of the total budget. Savings of \$806,779 and \$454,379 were achieved in the general government support and public safety areas, respectively due to tight control on expenditures. The other savings were spread over the entire budget in no one particular area. Actual revenues and other financing sources exceeded the final budget by \$423,843, or 2.4%. The revenue categories that reflected significant positive variances as compared to the budget were other tax items \$288,134 due to an increase in interest and penalties on real property taxes, licenses and permits \$218,838 and miscellaneous revenues \$356,892 due primarily to a retirement payment accrual reclassification from the prior year. These positive variances offset the \$1,072,084 negative variance in real property taxes which was primarily caused by a corresponding increase in deferred taxes due to slower payments.

The budget variances noted above provided a positive impact in fund balance allowing the Town to meet its fund balance goals as set in the fund balance policy approved by the Town Board. The Town has designated none of the general fund balance to be used for real property tax relief in the 2013 fiscal year.

The Highway Fund's total fund balance at the end of the current fiscal year was \$974,781, an increase of \$711,247 from the previous year. The severe hurricane season, including Hurricane Irene and several winter storms resulted in a significant increase in overtime, clean up and supply costs in the prior year.

The Library Fund's total fund balance at the end of the current fiscal year was \$149,220, a decrease of \$25,881 from the previous year. This was primarily the result of an increase in health insurance premiums and an increase in the retirement system contribution rate.

The Special Districts Fund's total fund balance at the end of the current fiscal year was \$4,184,175, an increase of \$504,489 from the previous year. This was primarily due to a reimbursement for an insurance recovery and expenditures associated with the delivery of services.

The Capital Projects Fund reflects a restricted fund balance of \$544,836 at the end of the current fiscal year, a decrease of \$1,507,307 from the previous year. Total revenues and other financing sources aggregated \$639,084. This revenue was derived from transfers in \$615,332 and the local miscellaneous sources in the amount of \$23,750. Capital outlay expenditures totaled \$1,792,959. These costs were primarily related to Street Resurfacing, and Water and Sewer projects.

## GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive variance between the original and final revenue budget versus the actual results for the General Fund, with the final budget at \$17,512,040 and the actual results at \$17,935,800 a negative variance of \$423,760. The largest component of this variance was \$1.1 million, derived from primarily from an increase in deferred taxes resulting from delayed collections. Additionally, the Town experienced an offsetting positive variance of approximately \$500 thousand due to an increase in estimated refunds of prior year expenditures. The Town's General Fund expenditures experienced positive variances in all areas as cost cutting measures were implemented.

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Final Budget Variance with Budgetary Actual</i>
<b>REVENUE:</b>				
Real property taxes and tax items	\$ 14,413,280	\$ 14,628,280	\$ 13,908,914	\$ (719,366)
Departmental income	1,278,950	1,278,950	1,368,247	89,297
Licenses and permits	690,510	690,510	859,085	168,575
State aid	795,000	795,000	825,603	30,603
Other revenue	92,300	119,300	620,519	501,219
Transfer from other fund	<u>-</u>	<u>-</u>	<u>353,432</u>	<u>353,432</u>
Total revenue	<u>17,270,040</u>	<u>17,512,040</u>	<u>17,935,800</u>	<u>423,760</u>
<b>EXPENDITURES:</b>				
General governmental support	4,488,774	4,221,461	3,414,682	806,779
Public Safety	7,922,413	8,119,795	7,665,416	454,379
Other expenditures	4,450,492	4,606,204	4,369,207	236,997
Debt service - interest	5,686	5,686	5,603	83
Transfer to other fund	<u>617,675</u>	<u>617,691</u>	<u>426,103</u>	<u>191,588</u>
Total expenditures	<u>17,485,040</u>	<u>17,570,837</u>	<u>15,881,011</u>	<u>1,689,826</u>
NET CHANGE IN FUND BALANCES	(215,000)	(58,797)	2,054,789	2,113,586
FUND BALANCE - beginning of year	<u>3,244,778</u>	<u>3,244,778</u>	<u>3,244,778</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 3,029,778</u>	<u>\$ 3,185,981</u>	<u>\$ 5,299,567</u>	<u>\$ 2,113,586</u>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Town's investment in capital assets for governmental activities at December 31, 2012, net of \$32,031,532 of accumulated depreciation, was \$34,936,884. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

Major capital asset activity during the current fiscal year included the following:

### Governmental Activities

- Purchase of Police Vehicle - \$38,182
- Purchase of a Highway Department Equipment - \$389,274
- Investment in Town Wide Road Repairs - \$837,612

Capital Assets (Net of Accumulated Depreciation)

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Percent Change</u>
Land	\$ 3,036,047	\$ 3,036,047	0%
Land improvements	651,356	736,454	-12%
Construction in progress	10,939,318	9,146,359	100%
Buildings and improvements	11,733,669	12,074,727	-3%
Machinery and equipment	2,861,299	2,734,725	5%
Infrastructure	<u>5,715,195</u>	<u>6,067,742</u>	-6%
Total capital assets	<u>\$ 34,936,884</u>	<u>\$ 33,796,054</u>	3%

In 2012, the Town saw an increase in its capital assets. Construction-in-progress increased by \$1,792,959 for new and continuing projects; many of these are expected to be completed in 2013.

### Long-term Debt

On December 7<sup>th</sup>, 2011, Moody's Investors Service reviewed and assigned a rating of Aa1 to the Town. The Aa1 rating reflects the Town's substantial, diverse and wealthy tax base that includes Fortune 500 corporate headquarters, a low debt burden and adequate reserve levels. The stable outlook reflects Moody's belief that the Town continues to restore structure balance and its reserves.

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$16,033,000. 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. As a policy, principal and interest on debt issued by the enterprise fund must be repaid solely from revenues of that fund. Of the \$16,033,000 bonded debt outstanding at fiscal year-end, \$1,998,685 represents General Fund; \$2,500,000 Highway Fund and \$12,308,315 Special District debt; The Town has budgeted for 2013 \$934,000 in serial bond principal to be paid within that budget period. Of this amount, \$661,981 will be paid from by the Special District Funds.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

### **Long-term Debt (Continued)**

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the Town must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2012, the Town had exhausted 3.86% of its constitutional debt limit, and had the authority to issue an additional \$375,354,326 of general obligation long-term debt.

The Town anticipates a modest capital budget for 2013. Only essential equipment will be considered to maintain the Town's long range equipment replacement plan.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

According to the New York State Department of Labor, the unemployment rate for the Town was 7.1% as of December 2012. This compares favorably with the rate of 8.2% for New York State and with the 8.3% national unemployment rate. Real estate activity, particularly home financing and refinancing have started to show slight improvement in 2012, bringing the mortgage tax aid modestly up from the previous year. Town management was also aware that in 2013 there would be more increases in employee benefits (particularly medical insurance and retirement contributions). All of these factors were taken into consideration in developing the 2013 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 those finances. Questions and comments concerning any of the information provided in this report should be addressed to:

Faith Berland, Comptroller,  
Town of North Castle,  
15 Bedford Road.  
Armonk, New York 10504.

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,295,178
Investments	338,726
Restricted investments	296,043
Receivables:	
Taxes, net	26,821,444
Accounts	61,092
Water rents	119,077
State and Federal Aid	-
Due from other governments	397,134
Prepaid expenses	533,593
Unearned charges, net	-
	<hr/>
Total current assets	48,862,287
Capital Assets:	
Not being depreciated	13,975,365
Being depreciated, net	<u>20,961,519</u>
	<hr/>
Total assets	83,799,171
<b>LIABILITIES</b>	
Accounts payable	695,902
Accrued liabilities	112,236
Retainages payable	156,995
Accrued interest	119,359
Due to other governments	28,787
Due to school districts	32,867,272
Unearned revenue	9,906
Bond anticipation notes payable	1,123,669
Current portion of long term debt	<u>934,000</u>
	<hr/>
Total current liabilities	36,048,126
Non-current liabilities:	
Compensated absences	1,846,937
Other postemployment benefits	10,452,187
Bonds payable	<u>15,099,000</u>
	<hr/>
Total long-term liabilities	27,398,124
	<hr/>
Total liabilities	63,446,250
<b>NET POSITION</b>	
Invested in capital assets	17,780,215
Restricted for:	
Capital projects	544,836
Workers' compensation benefits	1,692
Special districts -	
Water	1,825,224
Sewer	2,362,125
Street Lighting	61,570
Fire	16,454
Parking	3,062
Ambulance	15,740
Debt service	3,651
Unrestricted	<u>(2,261,648)</u>
	<hr/>
Total net position	\$ <u>20,352,921</u>

The accompanying notes are an integral part of these statements.

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31 2012**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities -					
General governmental support	\$ 3,563,786	\$ 14,131	\$ 5,737	\$ -	\$ (3,543,918)
Public safety	8,982,600	300,772	25,768	-	(8,656,060)
Health	281,807	-	-	-	(281,807)
Transportation	4,476,680	217,986	384,764	-	(3,873,930)
Economic opportunity and developmen	195,911	-	-	-	(195,911)
Culture and recreation	4,753,269	1,118,769	28,312	-	(3,606,188)
Home and community services	4,199,220	2,203,773	-	-	(1,995,447)
Interest	517,320	-	-	-	(517,320)
Total governmental activities	<u>\$ 26,970,593</u>	<u>\$ 3,855,431</u>	<u>\$ 444,581</u>	<u>\$ -</u>	<u>(22,670,581)</u>
<b>GENERAL REVENUES:</b>					
Real property taxes and real property tax items					20,318,166
Payments in lieu of taxes					837,534
Interest and penalties on real property taxes					649,210
Non-property tax distribution from County					1,562,191
Franchise fees - cable TV					192,393
Unrestricted use of money and property					59,935
Unrestricted sale of property and compensation for loss					608,440
Unrestricted state aid					754,243
Insurance recoveries					65,905
Miscellaneous					533,645
Total general revenues					<u>25,581,662</u>
Change in net position					<u>2,911,081</u>
Net position - beginning of year					<u>17,441,840</u>
Net position - end of year					<u>\$ 20,352,921</u>

The accompanying notes are an integral part of these statements.

**TOWN OF NORTH CASTLE, NEW YORK**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General Fund	Highway Fund	Public Library Fund	Special Districts Fund	Capital Projects Fund	Debt Service Fund	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 12,700,342	\$ 1,094,187	\$ 151,070	\$ 5,076,281	\$ 1,269,074	\$ 4,226	\$ 20,295,180
Investments	338,726	-	-	-	-	-	338,726
Restricted Investments	-	-	-	-	296,043	-	296,043
Taxes Receivable, net of allowance for uncollectible taxes	26,821,444	-	-	-	-	-	26,821,444
Other Receivables:							
Accounts	47,860	3,054	-	10,178	-	-	61,092
Water rents	-	-	-	119,077	-	-	119,077
State and Federal aid	-	-	-	-	-	-	-
Due from other funds	353,432	-	-	3,500	814,570	-	1,171,502
Due from other governments	397,134	-	-	-	-	-	397,134
Prepaid expenses	488,548	-	-	-	-	-	488,548
<b>Total assets</b>	<b>\$ 41,147,486</b>	<b>\$ 1,097,241</b>	<b>\$ 151,070</b>	<b>\$ 5,209,036</b>	<b>\$ 2,379,687</b>	<b>\$ 4,226</b>	<b>\$ 49,988,746</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 212,710	\$ 122,460	\$ 1,850	\$ 96,458	\$ 262,425	\$ -	\$ 695,903
Accrued liabilities	103,543	-	-	8,693	-	-	112,236
Retainages payable	59,366	-	-	-	97,629	-	156,995
Bond interest and matured bonds payable	-	-	-	-	-	575	575
Due to other funds	10,570	-	-	809,804	351,128	-	1,171,502
Due to other governments	28,787	-	-	-	-	-	28,787
Due to school districts	32,867,272	-	-	-	-	-	32,867,272
Unearned revenues	2,565,671	-	-	9,906	-	-	2,575,577
Bond anticipation notes payable	-	-	-	-	1,123,669	-	1,123,669
<b>Total liabilities</b>	<b>35,847,919</b>	<b>122,460</b>	<b>1,850</b>	<b>924,861</b>	<b>1,834,851</b>	<b>575</b>	<b>38,732,516</b>
<b>FUND BALANCES:</b>							
Nonspendable	488,548	-	-	-	-	-	488,548
Restricted	1,692	-	-	-	544,836	3,651	550,179
Committed	9,700	-	-	-	-	-	9,700
Assigned	110,448	974,781	149,220	4,284,175	-	-	5,518,624
Unassigned	4,689,179	-	-	-	-	-	4,689,179
<b>Total fund balances</b>	<b>5,299,567</b>	<b>974,781</b>	<b>149,220</b>	<b>4,284,175</b>	<b>544,836</b>	<b>3,651</b>	<b>11,256,230</b>
<b>Total liabilities and fund balances</b>	<b>\$ 41,147,486</b>	<b>\$ 1,097,241</b>	<b>\$ 151,070</b>	<b>\$ 5,209,036</b>	<b>\$ 2,379,687</b>	<b>\$ 4,226</b>	<b>\$ 49,988,746</b>

The accompanying notes are an integral part of these statements.

**TOWN OF NORTH CASTLE, NEW YORK**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

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Total fund balance - governmental funds	\$ 11,256,230
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not current financial resources and; therefore, are not reported in the funds.	34,936,884
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Real property taxes	2,565,669
Government funds report the effect of issuance costs, premiums discounts and similar items when debt is first issues, whereas these amounts are deferred and amortized in the statement of activities	
Deferred charges	45,046
Long-term liabilities that are not due and payable in the current period are not reported in the funds	
Accrued interest payable	(118,784)
Bonds payable	(16,033,000)
Compensated absences	(1,846,937)
Other postemployment benefits	<u>(10,452,187)</u>
Total net position of governmental activities	<u>\$ 20,352,921</u>

The accompanying notes are an integral part of these statements.

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31,**

	General Fund	Highway Fund	Public Library Fund	Special Districts Fund	Capital Projects Fund	Debt Service Fund	Total
<b>REVENUES:</b>							
Real property taxes	\$ 10,667,586	\$ 4,597,064	\$ 1,519,760	\$ 2,613,376	\$ -	\$ -	\$ 19,397,786
Other tax items	1,486,744	-	-	-	-	-	1,486,744
Nonproperty tax items	1,754,584	-	-	-	-	-	1,754,584
Departmental income	1,368,247	-	17,851	1,437,534	-	-	2,823,632
Intergovernmental charges	-	148,964	-	-	-	-	148,964
Use of money and property	84,261	-	17,978	465,199	23,752	-	591,190
Licenses and permits	709,348	-	-	-	-	-	709,348
Fines and forfeitures	149,737	-	-	-	-	-	149,737
Sale of property and compensation for loss	2,989	96,807	1,139	-	-	-	100,935
Interfund revenue	-	1,581	-	-	-	-	1,581
State aid	825,603	140,130	3,198	-	-	-	968,931
Federal aid	69,472	160,421	-	-	-	-	229,893
Miscellaneous	397,892	-	4,030	2,833	-	-	404,755
<b>Total revenues</b>	<b>17,516,463</b>	<b>5,144,967</b>	<b>1,563,956</b>	<b>4,518,942</b>	<b>23,752</b>	<b>-</b>	<b>28,768,080</b>
<b>EXPENDITURES:</b>							
General governmental support	3,414,682	46,224	-	12,828	-	-	3,473,734
Public safety	7,665,416	-	-	449,620	-	-	8,115,036
Health	5,358	-	-	276,449	-	-	281,807
Transportation	36,102	4,156,481	-	125,762	-	-	4,318,345
Economic opportunity and development	173,295	-	-	-	-	-	173,295
Culture and recreation	2,534,675	-	1,589,837	-	-	-	4,124,512
Home and community services	1,618,829	-	-	1,922,126	-	-	3,540,955
Employee benefits	948	-	-	-	-	-	948
Debt service -							
Principal	-	-	-	-	-	774,000	774,000
Interest	5,603	49,996	-	9,028	-	436,430	501,057
Capital outlay	-	-	-	-	1,792,959	-	1,792,959
<b>Total expenditures</b>	<b>15,454,908</b>	<b>4,252,701</b>	<b>1,589,837</b>	<b>2,795,813</b>	<b>1,792,959</b>	<b>1,210,430</b>	<b>27,096,648</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,061,555</b>	<b>892,266</b>	<b>(25,881)</b>	<b>1,723,129</b>	<b>(1,769,207)</b>	<b>(1,210,430)</b>	<b>1,671,432</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Insurance recoveries	65,905	-	-	-	-	-	65,905
Transfers in	353,432	-	-	-	615,332	1,210,430	2,179,194
Transfers out	(426,103)	(181,019)	-	(1,218,640)	(353,432)	-	(2,179,194)
<b>Total other financing sources and uses</b>	<b>(6,766)</b>	<b>(181,019)</b>	<b>-</b>	<b>(1,218,640)</b>	<b>261,900</b>	<b>1,210,430</b>	<b>65,905</b>
<b>CHANGE IN FUND BALANCE</b>	<b>2,054,789</b>	<b>711,247</b>	<b>(25,881)</b>	<b>504,489</b>	<b>(1,507,307)</b>	<b>-</b>	<b>1,737,337</b>
<b>FUND BALANCE - beginning of year</b>	<b>3,244,778</b>	<b>263,534</b>	<b>175,101</b>	<b>3,779,686</b>	<b>2,052,143</b>	<b>3,651</b>	<b>9,518,893</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 5,299,567</b>	<b>\$ 974,781</b>	<b>\$ 149,220</b>	<b>\$ 4,284,175</b>	<b>\$ 544,836</b>	<b>\$ 3,651</b>	<b>\$ 11,256,230</b>

# TOWN OF NORTH CASTLE, NEW YORK

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2012

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Net change in fund balances - governmental funds \$ 1,737,337

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

Governmental funds report 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.

Capital outlay expenditures	2,262,405
Depreciation expense	(1,121,575)

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

Real property taxes	920,380
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Issuance of long-term debt provides current financial resources to governmental  
funds but issuing debt increases long-term liabilities in the statement of net assets.  
Repayment of long-term debt principal is an expenditure in the governmental  
funds but the repayment reduces long-term liabilities in the statement of net  
assets. Also, governmental funds report the effect of issuance cost, premiums,  
discounts, and similar items when debt is issued, whereas these amounts  
are deferred and amortized on the statement of activities

Principal paid on bonds	774,000
Expensed issuance costs	128,890

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.

Accrued interest	(16,263)
Compensated absences	167,256
Other post employment benefit obligations	<u>(1,941,349)</u>

Change in net position of governmental activities \$ 2,911,081

The accompanying notes are an integral part of these statements.

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	<u>Agency</u>	<u>Private Purpose Trusts</u>
<b>ASSETS</b>		
Cash - demand deposits	\$ 452,897	\$ 1,127,697
Accounts receivable	<u>38,939</u>	<u>-</u>
Total assets	<u>\$ 491,836</u>	<u>\$ 1,127,697</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 55,139	\$ -
Deposits	<u>436,697</u>	<u>-</u>
Total liabilities	<u>\$ 491,836</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Reserved for parklands		208,148
Reserved for trusts		472,348
Restricted		<u>447,201</u>
Total net position		<u>\$ 1,127,697</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS:</b>	
Gifts and contributions	\$ 3,300
Investment earnings	<u>1,193</u>
Total additions	<u>4,493</u>
<b>DEDUCTIONS:</b>	
Culture and recreation	<u>40,294</u>
Total deductions	<u>40,294</u>
Change in net position	(35,801)
NET POSITION - beginning of year	<u>1,163,498</u>
NET POSITION - end of year	<u>\$ 1,127,697</u>

The accompanying notes are an integral part of these statements.

# TOWN OF NORTH CASTLE, NEW YORK

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of North Castle, New York ("Town") 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 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, 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 Position 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 Position 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Government-Wide Financial Statements (Continued)

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.

### 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, 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:

- 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 and is used to account for and report all financial resources not accounted for and reported in another fund.
  - Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Fund Financial Statements (Continued)

#### a. Governmental Funds (Continued)

- Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

#### 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 has two types of fiduciary funds:

- Private purpose trust funds - These funds are used to account for assets held by the Town in accordance with terms of a trust agreement. Established criteria govern the use of the funds.
- Agency funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the Town as agent 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 has 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Assets, Liabilities and Net Position 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 deposit and 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.

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, 2012.

- Investments - The Town participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

CLASS 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. The Town's position in CLASS is equal to the value of the shares. Additional information concerning CLASS is presented in the annual report which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Assets, Liabilities and Net Position or Fund Balances (Continued)

#### Deposits, Investments and Risk Disclosure (Continued)

- Investments (Continued)

CLASS is rated AAA by Standard & Poor's Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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

- Restricted Investments - Restricted investments of the Capital Projects Fund consist of bond proceeds held by a State agency. These funds are to be used for the Town's Sewer Nitrogen Removal capital project.
- 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 district 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.
- Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Assets, Liabilities and Net Position or Fund Balances (Continued)

#### Deposits, Investments and Risk Disclosure (Continued)

- Inventory - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventoriable 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 - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. 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 years budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.
- 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Assets, Liabilities and Net Position or Fund Balances (Continued)

#### Deposits, Investments and Risk Disclosure (Continued)

- Capital Assets (Continued)

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>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 received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned 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 unearned revenues of \$2,565,671 for real property taxes in the General Fund, \$9,906 for fees received in advance in the Special Districts Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

- 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. 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 or Debt Service funds expenditures.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Assets, Liabilities and Net Position or Fund Balances (Continued)

#### Deposits, Investments and Risk Disclosure (Continued)

- **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 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.
- **Net Position** - Net position represent the difference between assets and liabilities. Net position is 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 position on the Statement of Net Position include, invested in capital assets, restricted for capital projects, workers' compensation benefits, special districts and debt service. The balance is classified as unrestricted.
- **Fund Balances** - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **E. Assets, Liabilities and Net Position or Fund Balances (Continued)**

#### **Deposits, Investments and Risk Disclosure (Continued)**

- **Fund Balances (Continued)**

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned and unassigned.

### **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, Highway, Public Library and Special Districts fund. Encumbrances outstanding at year-end are reported as assigned 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.

## **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, Highway, Public Library, Special Districts 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.

### **B. Property Tax Limitation**

The Town is not limited as to the maximum amount of real property taxes which may be raised (See Note 5).

### **C. Application of Accounting Standards**

In July 2011, GASB issued statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This statement updates and improves existing standards by providing users with information about how past transactions will continue to impact a government's financial statements in the future. The statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities and identifies net position as the residual of all other elements presented. The Town adopted the provisions of this statement retroactively for the year ended December 31, 2012. The implementation of the provisions of this statement did not have a material effect on the financial statements of the Town.

## 2. STEWARDSHIP. COMPLIANCE AND ACCOUNTABILITY (Continued)

### C. Application of Accounting Standards (Continued)

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard establishes accounting and financial reporting standards that reclassify, as deferred resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. The Town adopted the provisions of this statement retroactively for the year ended December 31, 2012. The implementation of the provisions of this statement did not have a material effect on the financial statements of the Town.

### D. Capital Projects Fund Individual Project Deficits

Deficits in certain capital projects arise in-part because of the application' of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source." Liabilities for bond anticipation notes are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other capital project deficits, where no bond anticipation notes 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.

## 3. DETAILED NOTES ON ALL FUNDS

### A. Cash, Cash Equivalents and Investments

As of December 31, 2012, all of the Town's cash and investment balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the Town's name:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including trust and agency funds	\$ 21,949,228	\$ 22,510,541
Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	\$ 10,286,817	
Covered by FDIC insurance	<u>11,662,411</u>	
Total	<u>\$ 21,949,228</u>	

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Taxes Receivable**

Taxes receivable at December 31, 2012 consisted of the following:

	Town and County Taxes	School District Taxes	Total
Current year	\$ 460,220	\$ 25,227,773	\$ 25,687,993
Overdue	350,448	1,017,799	1,368,247
	<u>\$ 810,668</u>	<u>\$ 26,245,572</u>	27,056,240
Allowance for uncollectible taxes			<u>(234,796)</u>
			<u>\$ 26,821,444</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2013. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$2,565,671, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

**C. Due from/to Other Funds**

The balances reflected as due from/to other funds at December 31, 2012 were as follows:

	Interfund	
	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 284,432	\$ 10,570
Highway fund	-	-
Public Library fund	-	-
Special districts fund	3,500	809,804
Capital project fund	<u>814,570</u>	<u>282,128</u>
Total government activities	<u>\$ 1,102,502</u>	<u>\$ 1,102,502</u>

The outstanding balance between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

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

	December 31, 2011 Balance	Additions	Disposals	December 31, 2012 Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,036,047	\$ -	\$ -	\$ 3,036,047
Construction in progress	<u>9,146,359</u>	<u>1,792,959</u>	<u>-</u>	<u>10,939,318</u>
Total non-depreciable cost	<u>12,182,406</u>	<u>1,792,959</u>	<u>-</u>	<u>13,975,365</u>
Capital assets that are depreciated:				
Land Improvements	1,993,510	-	-	1,993,510
Buildings and improvements	17,365,403	-	-	17,365,403
Machinery and equipment	8,161,735	469,446	584,606	8,046,575
Infrastructure	<u>25,587,563</u>	<u>-</u>	<u>-</u>	<u>25,587,563</u>
Total depreciable historical cost	<u>53,108,211</u>	<u>469,446</u>	<u>584,606</u>	<u>52,993,051</u>
Less accumulated depreciation:				
Land Improvements	1,257,056	85,098	-	1,342,154
Buildings and improvements	5,290,676	341,058	-	5,631,734
Machinery and equipment	5,427,010	342,872	584,606	5,185,276
Infrastructure	<u>19,519,821</u>	<u>352,547</u>	<u>-</u>	<u>19,872,368</u>
Total accumulated depreciation	<u>31,494,563</u>	<u>1,121,575</u>	<u>584,606</u>	<u>32,031,532</u>
Total cost, net	<u>\$ 33,796,054</u>	<u>\$ 1,140,830</u>	<u>\$ -</u>	<u>\$ 34,936,884</u>

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Capital Assets (Continued)

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

General governmental support	\$	79,270
Public safety		71,611
Transportation		199,747
Economic assistance and opportunity		3,203
Culture and recreation		240,487
Home and community services		<u>527,257</u>
Total depreciation expense	\$	<u>1,121,575</u>

#### E. Pension Plans

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("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 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 the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of service. For employees who joined after April 1, 2012, employees in NYSERS contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership.

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

	ERS	PFRS
2012	\$ 1,143,434	\$ 810,757
2011	1,077,954	808,656
2010	774,421	693,576

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.

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.5% interest factor added. Local governments were given the option to prepay this liability. The Town elected to make the full payment on December 15, 1989.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### F. Short-Term Non-Capital Borrowings

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

	Year of original issue	Maturity Date	Rate of interest	Beginning Balance	Issued	Redeemed	Ending Balance
Highway settlement	2011	2013	0.74%	353,432	8,432	77,432	284,432
				<u>\$ 353,432</u>	<u>\$ 8,432</u>	<u>\$ 77,432</u>	<u>\$ 284,432</u>

The bond anticipation note was issued to finance the cost of a legal settlement in the Highway Fund.

Interest expense of \$3,498 was recorded in the government-wide financial statements.

#### G. Short-Term Capital Borrowings

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

	Year of original issue	Maturity Date	Rate of interest	Beginning Balance	Issued	Redeemed	Ending Balance
Bond anticipation notes payable:							
Sewer No. 2 order control	1998	2013	0.74%	\$ 61,250	\$ -	\$ 61,250	\$ -
Technology 2007	2007	2013	0.74%	62,000	-	62,000	-
Highway equipment 2007	2007	2013	0.74%	50,260	-	50,260	-
Vehicles 2007	2007	2013	0.74%	32,235	-	32,235	-
Highway equipment 2008/2009	2008	2013	0.74%	158,874	-	79,437	79,437
Open space acquisition	2008	2013	0.74%	74,700	-	24,900	49,800
Lombardi park	2008	2013	0.74%	140,000	-	70,000	70,000
Windmill tank	2011	2013	0.74%	400,000	-	80,000	320,000
NWP painting	2011	2013	0.74%	400,000	-	80,000	320,000
				<u>\$ 1,379,319</u>	<u>\$ -</u>	<u>\$ 540,082</u>	<u>\$ 839,237</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.

Interest expenditures were recorded in the fund financial statements identified below. Interest expense of \$13,655 was recorded in the government-wide financial statements for governmental activities.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2012:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Capital construction	\$ 16,807,000	\$ -	\$ 774,000	\$ 16,033,000	\$ 934,000
Less - deferred amounts	<u>128,890</u>	<u>-</u>	<u>128,890</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	16,935,890	-	902,890	16,033,000	934,000
Other liabilities:					
Other postemployment benefits	8,510,838	3,158,811	1,217,462	10,452,187	-
Compensated absences	<u>2,014,193</u>	<u>-</u>	<u>167,256</u> (A)	<u>1,846,937</u>	<u>-</u>
Total other liabilities	<u>10,525,031</u>	<u>3,158,811</u>	<u>1,384,718</u>	<u>12,299,124</u>	<u>-</u>
Total long-term liabilities	<u>\$ 27,460,921</u>	<u>\$ 3,158,811</u>	<u>\$ 2,287,608</u>	<u>\$ 28,332,124</u>	<u>\$ 934,000</u>

(A) Additions and deletions to compensated absences are shown net because it is impracticable to determine these amounts separately.

The liability for compensated absences and other post-employment benefit obligations are liquidated primarily by the General, Highway, Public Library and Special Districts 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, 2012 are comprised of the following individual issues:

Bond Issue	Balance	Issued	Maturity	Interest Rate	Balance
Firehouse acquisition	\$ 1,100,000	2004	2024	3.975%	\$ 700,000
Firehouse acquisition	1,100,000	2006	2026	3.973%	815,000
Public improvements	2,380,000	2007	2022	3.625%	1,755,000
Sewer No. 2 treatment plant upgrade	4,223,583	2007	2037	3.630%	3,685,000
Sewer nitrogen removal - Environmental Facilities Corporation	5,245,000	2009	2033	4.270%	4,633,000
Refunding bonds	1,740,000	2010	2021	2.000%	1,370,000
Public improvements	645,000	2010	2026	1.250%	575,000
Public improvements	2,500,000	2011	2026	1.50% - 2.65%	2,500,000
					<u>\$ 16,033,000</u>

Interest expenditures of \$501,057 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$517,320 was recorded in the government-wide financial statements for governmental activities.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-Term Liabilities (Continued)

##### Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2012 including interest payments of \$4,085,373 are as follows:

Fiscal Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 934,000	\$ 434,062	\$ 1,368,062
2014	954,000	408,336	1,362,336
2015	904,000	382,124	1,286,124
2016	929,000	355,999	1,284,999
2017	944,000	331,092	1,275,092
2018-2022	4,945,000	1,220,981	6,165,981
2023-2027	3,124,000	599,385	3,723,385
2028-2032	2,084,000	287,867	2,371,867
2033-2037	<u>1,215,000</u>	<u>65,527</u>	<u>1,280,527</u>
Totals	<u>\$ 16,033,000</u>	<u>\$ 4,085,373</u>	<u>\$ 20,118,373</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.

##### Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. 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. The cost of providing post-employment health care benefits is shared between the Town and the retired employee. 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 approximately \$25,000 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### H. Long-Term Liabilities (Continued)

##### Other Post Employment Benefit Obligations Payable (Continued)

The Town's annual other post-employment 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.

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. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. 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:

Year Ended	Medical Rates		Dental and Vision
	Non Medicare	Medicare	
2013	8.00%	6.00%	5.00%
2014	7.50%	5.00%	5.00%
2015	7.00%	5.00%	5.00%
2016	6.50%	5.00%	5.00%
2017	6.00%	5.00%	5.00%
2018	5.50%	5.00%	5.00%
2019+	5.00%	5.00%	5.00%

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions included a 4.0% investment rate of return and a 2.5% annual payroll growth rate. The Town currently has no assets set aside for the purpose of paying post-employment benefits. The actuarial cost method utilized was the entry age normal cost method.

3. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Liabilities (Continued)

**Other Post Employment Benefit Obligations Payable (Continued)**

The estimated number of participants as of December 31, 2012 was as follows:

Active employees	122
Retired employees	<u>77</u>
	<u>199</u>

Annual required contribution	\$3,230,117
Interest on net OPEB obligation	340,434
Adjustment to ARC	<u>(411,740)</u>
Annual OPEB cost (expense)	3,158,811
Contributions made	<u>(1,217,462)</u>
Increase in net OPEB obligation	1,941,349
Net OPEB obligation - beginning of year	<u>8,510,838</u>
Net OPEB obligation - end of year	<u>\$ 10,452,187</u>
Percentage of annual OPEB cost contributed	39%

The Town's annual OPEB cost, the percentage of Annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two preceding years is as follows:

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation
12/31/12	\$ 3,158,811	\$ 3,158,811	\$ 1,217,462	39%	\$ 10,452,187
12/31/11	3,160,255	3,160,255	942,461	30%	8,510,838
12/31/10	3,007,345	3,007,345	950,000	32%	6,293,044

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### I. 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:

	Interfund	
	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 353,432	\$ 426,103
Highway fund	-	181,019
Special districts fund	-	1,218,640
Capital fund	615,332	353,432
Debt service fund	<u>1,210,430</u>	<u>-</u>
 Total government activities	 <u>\$ 2,179,194</u>	 <u>\$ 2,179,194</u>

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.

#### J. Net Position

The components of net position are detailed below:

*Invested in Capital Assets* - the component of net position 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 position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Workers' Compensation Benefits* - the component of net position 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 Special Districts* - the component of net position 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 position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

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

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### K. Fund Balances

The components of fund balance are detailed below:

Certain elements of restricted fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for employee retirement and other payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Open Space represents funds which the Town will use to acquire and/or develop recreational facilities and open space. The amount is classified as committed to indicate that Town Board approval is needed in order to spend these funds.

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority and complete the transactions.

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2012, the Town Board has assigned the amounts below to be appropriated from the ensuing years budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

	General Fund	Highway Fund	Public Library Fund	Special Districts Fund	Capital Projects Fund	Debt Service Fund	Total
Nonspendable							
<b>Prepaid expenditures</b>	<b>488,548</b>	-	-	-	-	-	<b>488,548</b>
Restricted							
Capital Projects	-	-	-	-	544,836	-	544,836
Workers Compensation	1,692	-	-	-	-	-	1,692
Debt Service	-	-	-	-	-	3,651	3,651
	<u>1,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,836</u>	<u>3,651</u>	<u>550,179</u>
Committed							
<b>Open Space</b>	<b>9,700</b>	-	-	-	-	-	<b>9,700</b>
Assigned							
Purchase on order	110,448	-	-	-	-	-	110,448
Other	-	974,781	149,220	4,284,175	-	-	5,408,176
	<u>110,448</u>	<u>974,781</u>	<u>149,220</u>	<u>4,284,175</u>	<u>-</u>	<u>-</u>	<u>5,518,624</u>
<b>Unassigned</b>	<u><b>4,689,179</b></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>4,689,179</b></u>
Total fund balances	<u>5,299,567</u>	<u>974,781</u>	<u>149,220</u>	<u>4,284,175</u>	<u>544,836</u>	<u>3,651</u>	<u>11,256,230</u>

#### **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.

In addition, the Town purchases conventional insurance for workers' compensation benefits and 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.

#### **5. OTHER MATTERS**

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one.

**5. OTHER MATTERS (Continued)**

The "Inflation Factor is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Real property taxes	\$ 11,739,670	\$ 11,739,670	\$ 10,667,586	\$ (1,072,084)
Other tax items	1,198,610	1,198,610	1,486,744	288,134
Nonproperty tax items	1,475,000	1,690,000	1,754,584	64,584
Departmental income	1,278,950	1,278,950	1,368,247	89,297
Use of money and property	34,300	34,300	84,261	49,961
Licenses and permits	490,510	490,510	709,348	218,838
Fines and forfeitures	200,000	200,000	149,737	(50,263)
Sale of property and compensation for loss	2,000	2,000	2,989	989
State aid	795,000	795,000	825,603	30,603
Federal aid	-	-	69,472	69,472
Miscellaneous	41,000	41,000	397,892	356,892
<b>Total revenues</b>	<u>17,255,040</u>	<u>17,470,040</u>	<u>17,516,463</u>	<u>46,423</u>
<b>EXPENDITURES:</b>				
General governmental support	4,488,774	4,221,461	3,414,682	(806,779)
Public safety	7,922,413	8,119,795	7,665,416	(454,379)
Health	7,749	7,749	5,358	(2,391)
Transportation	50,778	52,403	36,102	(16,301)
Economic opportunity and development	186,928	189,580	173,295	(16,285)
Culture and recreation	2,517,062	2,640,901	2,534,675	(106,226)
Home and community services	1,687,975	1,714,622	1,618,829	(95,793)
Employee Benefits	-	949	948	(1)
Debt service - interest	5,686	5,686	5,603	(83)
<b>Total expenditures</b>	<u>16,867,365</u>	<u>16,953,146</u>	<u>15,454,908</u>	<u>(1,498,238)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>387,675</u>	<u>516,894</u>	<u>2,061,555</u>	<u>1,544,661</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Insurance recoveries	15,000	42,000	65,905	23,905
Transfers in	-	-	353,432	353,432
Transfers out	(617,675)	(617,691)	(426,103)	191,588
<b>Total other financing sources and uses</b>	<u>(602,675)</u>	<u>(575,691)</u>	<u>(6,766)</u>	<u>568,925</u>
<b>CHANGE IN FUND BALANCE</b>	(215,000)	(58,797)	2,054,789	2,113,586
<b>FUND BALANCE - beginning of year</b>	<u>3,244,778</u>	<u>3,244,778</u>	<u>3,244,778</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 3,029,778</u>	<u>\$ 3,185,981</u>	<u>\$ 5,299,567</u>	<u>\$ 2,113,586</u>

**TOWN OF NORTH CASTLE, NEW YORK**

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Real property taxes	\$ 4,597,064	\$ 4,597,064	\$ 4,597,064	\$ -
Departmental income	150,000	150,000	-	(150,000)
Intergovernmental charges	100,000	100,000	148,964	48,964
Use of money and property	5,300	5,300	-	(5,300)
Sale of property and compensation for loss	23,500	23,500	96,807	73,307
Interfund revenue	3,000	3,000	1,581	(1,419)
State aid	-	-	140,130	140,130
Federal aid	-	-	160,421	160,421
Miscellaneous	-	-	-	-
	<u>4,878,864</u>	<u>4,878,864</u>	<u>5,144,967</u>	<u>266,103</u>
<b>EXPENDITURES:</b>				
General governmental support	57,800	86,080	46,224	(39,856)
Transportation	4,553,963	4,476,269	4,156,481	(319,788)
Debt service - interest	50,764	97,759	49,996	(47,763)
	<u>4,662,527</u>	<u>4,660,108</u>	<u>4,252,701</u>	<u>(407,407)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>216,337</u>	<u>218,756</u>	<u>892,266</u>	<u>673,510</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(216,337)	(224,769)	(181,019)	43,750
	<u>(216,337)</u>	<u>(224,769)</u>	<u>(181,019)</u>	<u>43,750</u>
<b>CHANGE IN FUND BALANCE</b>	-	(6,013)	711,247	717,260
<b>FUND BALANCE - beginning of year</b>	<u>263,534</u>	<u>263,534</u>	<u>263,534</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 263,534</u>	<u>\$ 257,521</u>	<u>\$ 974,781</u>	<u>\$ 717,260</u>

**TOWN OF NORTH CASTLE, NEW YORK**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Public Library Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Real property taxes	\$ 1,519,760	\$ 1,519,760	\$ 1,519,760	\$ -
Departmental income	20,000	20,000	17,851	(2,149)
Use of money and property	19,500	19,500	17,978	(1,522)
Sale of property and compensation for loss	1,300	1,300	1,139	(161)
State aid	3,200	3,200	3,198	(2)
Miscellaneous	50,575	50,575	4,030	(46,545)
<b>Total revenues</b>	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,563,956</u>	<u>(50,379)</u>
<b>EXPENDITURES:</b>				
Culture and recreation	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,589,837</u>	<u>(24,498)</u>
<b>Total expenditures</b>	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,589,837</u>	<u>(24,498)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(25,881)</u>	<u>(25,881)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(25,881)</u>	<u>(25,881)</u>
<b>FUND BALANCE - beginning of year</b>	<u>175,101</u>	<u>175,101</u>	<u>175,101</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 175,101</u>	<u>\$ 175,101</u>	<u>\$ 149,220</u>	<u>\$ (25,881)</u>

**TOWN OF NORTH CASTLE, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Districts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Real property taxes	\$ 2,613,376	\$ 2,620,583	\$ 2,613,376	\$ (7,207)
Departmental income	1,458,902	1,458,902	1,437,534	(21,368)
Use of money and property	281,683	281,683	465,199	183,516
Miscellaneous	<u>432,910</u>	<u>432,910</u>	<u>2,833</u>	<u>(430,077)</u>
Total revenues	<u>4,786,871</u>	<u>4,794,078</u>	<u>4,518,942</u>	<u>(275,136)</u>
<b>EXPENDITURES:</b>				
General governmental support	23,045	30,357	12,828	(17,529)
Public safety	437,119	449,620	449,620	-
Health	274,571	281,477	276,449	(5,028)
Transportation	122,935	128,626	125,762	(2,864)
Home and community services	2,645,046	2,733,269	1,922,126	(811,143)
Debt service - interest	<u>97,686</u>	<u>97,694</u>	<u>9,028</u>	<u>(88,666)</u>
Total expenditures	<u>3,600,402</u>	<u>3,721,043</u>	<u>2,795,813</u>	<u>(925,230)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,186,469</u>	<u>1,073,035</u>	<u>1,723,129</u>	<u>650,094</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(1,065,862)</u>	<u>(1,091,585)</u>	<u>(1,218,640)</u>	<u>(127,055)</u>
Total other financing sources and uses	<u>(1,065,862)</u>	<u>(1,091,585)</u>	<u>(1,218,640)</u>	<u>(127,055)</u>
<b>CHANGE IN FUND BALANCE</b>	120,607	(18,550)	504,489	523,039
<b>FUND BALANCE - beginning of year</b>	<u>3,779,686</u>	<u>3,779,686</u>	<u>3,779,686</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 3,900,293</u>	<u>\$ 3,761,136</u>	<u>\$ 4,284,175</u>	<u>\$ 523,039</u>

**TOWN OF NORTH CASTLE, NEW YORK**

**OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
LAST THREE FISCAL YEARS**

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<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability</u>	Unfunded Actuarial <u>Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	Unfunded Liability as a Percentage of <u>Covered Payroll</u>
January 1, 2010	\$ -	37,289,643	\$ 37,289,643	0.00%	9,800,660	380.48%
January 1, 2011	-	37,289,643	37,289,643	0.00%	9,927,462	375.62%
January 1, 2012	-	42,913,205	42,913,205	0.00%	9,227,462	465.06%

**SUPPLEMENTARY INFORMATION (UNAUDITED)**

# TOWN OF NORTH CASTLE, NEW YORK

## GENERAL FUND COMPARATIVE BALANCE SHEETS DECEMBER 31, 2012 AND 2011

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash:		
Demand deposits	\$ 12,699,742	\$ 5,071,083
Petty cash	600	600
Investments	338,726	338,662
Taxes receivable, net of allowance for uncollectible taxes of \$234,796 in 2012 and \$109,300 in 2011	26,821,444	33,870,927
Other receivables:		
Other	47,860	128,800
Due from other funds	353,432	344,971
Due from other governments	397,134	403,562
Prepaid expenditures	<u>488,548</u>	<u>135,633</u>
 Total assets	 <u>\$ 41,147,486</u>	 <u>\$ 40,294,238</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 212,710	\$ 156,228
Accrued liabilities	103,543	259,131
Retainages payable	59,366	16,448
Due to other funds	10,570	10,570
Due to other governments	28,787	28,316
Due to school districts	32,867,272	34,933,476
Unearned revenues	<u>2,565,671</u>	<u>1,645,291</u>
 Total liabilities	 <u>35,847,919</u>	 <u>37,049,460</u>
<b>FUND BALANCE</b>		
Non-spendable	488,548	135,633
Restricted	1,692	1,692
Committed	9,700	9,700
Assigned	110,448	103,493
Unassigned	<u>4,689,179</u>	<u>2,994,260</u>
 Total fund balance	 <u>5,299,567</u>	 <u>3,244,778</u>
 Total liabilities and fund balance	 <u>\$ 41,147,486</u>	 <u>\$ 40,294,238</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>								
Real property taxes	\$ 11,739,670	\$ 11,739,670	\$ 10,667,586	\$ (1,072,084)	\$ 11,850,007	\$ 11,850,007	\$ 11,516,594	\$ (333,413)
Other tax items	1,198,610	1,198,610	1,486,744	288,134	1,148,610	1,148,610	1,304,046	155,436
Nonproperty tax items	1,475,000	1,690,000	1,754,584	64,584	1,565,000	1,565,000	1,779,878	214,878
Departmental income	1,278,950	1,278,950	1,368,247	89,297	1,259,610	1,259,610	1,276,487	16,877
Use of money and property	34,300	34,300	84,261	49,961	93,800	93,800	115,181	21,381
Licenses and permits	490,510	490,510	709,348	218,838	465,210	465,210	533,168	67,958
Fines and forfeitures	200,000	200,000	149,737	(50,263)	200,000	200,000	204,197	4,197
Sale of property and compensation for loss	2,000	2,000	2,989	989	3,600	3,600	3,011	(589)
State aid	795,000	795,000	825,603	30,603	685,500	685,500	823,767	138,267
Federal aid	-	-	69,472	69,472	-	-	-	-
Miscellaneous	41,000	41,000	397,892	356,892	47,000	47,000	39,351	(7,649)
<b>Total revenues</b>	<b>17,255,040</b>	<b>17,470,040</b>	<b>17,516,463</b>	<b>46,423</b>	<b>17,318,337</b>	<b>17,318,337</b>	<b>17,595,680</b>	<b>277,343</b>
<b>EXPENDITURES:</b>								
General governmental support	4,488,774	4,221,461	3,414,682	(806,779)	4,536,063	4,339,270	3,916,714	(422,556)
Public safety	7,922,413	8,119,795	7,665,416	(454,379)	7,691,603	7,964,363	8,062,148	97,785
Health	7,749	7,749	5,358	(2,391)	6,862	6,862	5,358	(1,504)
Transportation	50,778	52,403	36,102	(16,301)	296,519	296,488	235,446	(61,042)
Economic opportunity and development	186,928	189,580	173,295	(16,285)	113,030	123,226	107,883	(15,343)
Culture and recreation	2,517,062	2,640,901	2,534,675	(106,226)	2,591,437	2,527,784	2,487,376	(40,408)
Home and community services	1,687,975	1,714,622	1,618,829	(95,793)	1,689,871	1,644,221	1,578,681	(65,540)
Employee benefits	-	949	948	(1)	-	-	-	-
Debt service - interest	5,686	5,686	5,603	(83)	4,315	4,312	4,312	-
<b>Total expenditures</b>	<b>16,867,365</b>	<b>16,953,146</b>	<b>15,454,908</b>	<b>(1,498,238)</b>	<b>16,929,700</b>	<b>16,906,526</b>	<b>16,397,918</b>	<b>(508,608)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>387,675</b>	<b>516,894</b>	<b>2,061,555</b>	<b>1,544,661</b>	<b>388,637</b>	<b>411,811</b>	<b>1,197,762</b>	<b>785,951</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Insurance recoveries	15,000	42,000	65,905	23,905	10,000	10,000	108,272	98,272
Transfers in	-	-	353,432	353,432	-	-	-	-
Transfers out	(617,675)	(617,691)	(426,103)	(191,588)	(552,935)	(541,932)	(399,889)	(142,043)
<b>Total other financing sources and uses</b>	<b>(602,675)</b>	<b>(575,691)</b>	<b>(6,766)</b>	<b>568,925</b>	<b>(542,935)</b>	<b>(531,932)</b>	<b>(291,617)</b>	<b>240,315</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(215,000)</b>	<b>(58,797)</b>	<b>2,054,789</b>	<b>2,113,586</b>	<b>(154,298)</b>	<b>(120,121)</b>	<b>906,145</b>	<b>1,026,266</b>
<b>FUND BALANCE - beginning of year</b>	<b>3,244,778</b>	<b>3,244,778</b>	<b>3,244,778</b>	<b>-</b>	<b>154,298</b>	<b>120,121</b>	<b>2,338,633</b>	<b>2,218,512</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 3,029,778</b>	<b>\$ 3,185,981</b>	<b>\$ 5,299,567</b>	<b>\$ 2,113,586</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,244,778</b>	<b>\$ 3,244,778</b>

The accompanying notes are an integral part of these statements

# TOWN OF NORTH CASTLE, NEW YORK

## HIGHWAY FUND COMPARATIVE BALANCE SHEETS DECEMBER 31, 2012 AND 2011

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash - demand deposits	\$ 1,094,187	\$ 791,135
Receivables:		
Other	3,054	4,071
Due from other funds	<u>-</u>	<u>353,432</u>
Total assets	<u>\$ 1,097,241</u>	<u>\$ 1,148,638</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 122,460	\$ 195,672
Due to other funds	-	336,000
Bond anticipation notes payable	<u>-</u>	<u>353,432</u>
Total liabilities	<u>122,460</u>	<u>885,104</u>
<b>FUND BALANCE</b>		
Assigned	<u>974,781</u>	<u>263,534</u>
Total fund balance	<u>974,781</u>	<u>263,534</u>
Total liabilities and fund balance	<u>\$ 1,097,241</u>	<u>\$ 1,148,638</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>								
Real property taxes	\$ 4,597,064	4,597,064	\$ 4,597,064	\$ -	\$ 4,369,397	\$ 4,369,397	\$ 4,369,397	\$ -
Intergovernmental charges	100,000	100,000	148,964	48,964	100,000	100,000	126,000	26,000
Use of money and property	5,300	5,300	-	(5,300)	10,000	10,000	-	(10,000)
Sale of property and compensation for loss	23,500	23,500	96,807	73,307	23,500	23,500	32,101	8,601
Interfund revenues	3,000	3,000	1,581	(1,419)	3,000	3,000	4,051	1,051
Appropriated fund balance	150,000	150,000	-	-	-	-	-	-
State aid	-	-	140,130	140,130	-	-	69,456	69,456
Federal aid	-	-	160,421	160,421	-	-	9,156	9,156
<b>Total revenues</b>	<b>4,878,864</b>	<b>4,878,864</b>	<b>5,144,967</b>	<b>416,103</b>	<b>4,505,897</b>	<b>4,505,897</b>	<b>4,610,161</b>	<b>104,264</b>
<b>EXPENDITURES:</b>								
General governmental support	57,800	86,080	46,224	(39,856)	7,000	419,300	390,868	(28,432)
Transportation	4,553,963	4,476,269	4,156,481	(319,788)	4,326,609	4,257,772	4,597,809	340,037
Debt service - interest	50,764	97,759	49,996	(47,763)	6,460	6,458	6,458	-
<b>Total expenditures</b>	<b>4,662,527</b>	<b>4,660,108</b>	<b>4,252,701</b>	<b>(407,407)</b>	<b>4,340,069</b>	<b>4,683,530</b>	<b>4,995,135</b>	<b>311,605</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>216,337</b>	<b>218,756</b>	<b>892,266</b>	<b>823,510</b>	<b>165,828</b>	<b>(177,633)</b>	<b>(384,974)</b>	<b>(207,341)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Obligation authorized	-	-	-	-	-	353,432	-	(353,432)
Transfers out	(216,337)	(224,769)	(181,019)	43,750	(326,000)	(335,971)	(335,971)	-
<b>Total other financing sources and uses</b>	<b>(216,337)</b>	<b>(224,769)</b>	<b>(181,019)</b>	<b>43,750</b>	<b>(326,000)</b>	<b>17,461</b>	<b>(335,971)</b>	<b>(353,432)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(6,013)</b>	<b>711,247</b>	<b>867,260</b>	<b>(160,172)</b>	<b>(160,172)</b>	<b>(720,945)</b>	<b>(560,773)</b>
<b>FUND BALANCE - beginning of year</b>	<b>263,534</b>	<b>263,534</b>	<b>263,534</b>	<b>-</b>	<b>160,172</b>	<b>160,172</b>	<b>984,479</b>	<b>824,307</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 263,534</b>	<b>\$ 257,521</b>	<b>\$ 974,781</b>	<b>\$ 717,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 263,534</b>	<b>\$ 263,534</b>

The accompanying notes are an integral part of these statements

**TOWN OF NORTH CASTLE, NEW YORK**

**PUBLIC LIBRARY FUND  
COMPARATIVE BALANCE SHEETS  
DECEMBER 31, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash:		
Demand deposits	\$ 150,892	\$ 176,801
Petty cash	<u>178</u>	<u>178</u>
Total assets	<u>\$ 151,070</u>	<u>\$ 176,979</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 1,850</u>	<u>\$ 1,878</u>
<b>FUND BALANCE</b>		
Assigned	<u>149,220</u>	<u>175,101</u>
Total liabilities and fund balance	<u>\$ 151,070</u>	<u>\$ 176,979</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - PUBLIC LIBRARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:								
Real property taxes	\$ 1,519,760	\$ 1,519,760	\$ 1,519,760	\$ -	\$ 1,467,434	\$ 1,467,434	\$ 1,467,435	\$ 1
Departmental income	20,000	20,000	17,851	(2,149)	30,500	30,500	20,378	(10,122)
Use of money and property	19,500	19,500	17,978	(1,522)	20,500	20,500	18,081	(2,419)
Sale of property and compensation for loss	1,300	1,300	1,139	(161)	1,300	1,300	876	(424)
State aid	3,200	3,200	3,198	(2)	3,200	35,342	37,291	1,949
Miscellaneous	50,575	50,575	4,030	(46,545)	575	10,575	16,407	5,832
Total revenues	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,563,956</u>	<u>(50,379)</u>	<u>1,523,509</u>	<u>1,565,651</u>	<u>1,560,468</u>	<u>(5,183)</u>
EXPENDITURES:								
Culture and recreation	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,589,837</u>	<u>(24,498)</u>	<u>1,573,509</u>	<u>1,615,651</u>	<u>1,581,710</u>	<u>(33,941)</u>
Total expenditures	<u>1,614,335</u>	<u>1,614,335</u>	<u>1,589,837</u>	<u>(24,498)</u>	<u>1,573,509</u>	<u>1,615,651</u>	<u>1,581,710</u>	<u>(33,941)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(25,881)</u>	<u>(25,881)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(21,242)</u>	<u>28,758</u>
FUND BALANCE - beginning of year	<u>175,101</u>	<u>175,101</u>	<u>175,101</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>196,343</u>	<u>146,343</u>
FUND BALANCE - end of year	<u>\$ 175,101</u>	<u>\$ 175,101</u>	<u>\$ 149,220</u>	<u>\$ (25,881)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,101</u>	<u>\$ 175,101</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEET - SPECIAL DISTRICTS FUND  
 DECEMBER 31, 2012  
 (With Comparative Totals for 2011)

	Water Districts						Sewer Districts				
	No. 1	No. 2	No. 4	No. 5	No. 6	No. 7	No. 1	No. 2	No. 3	No. 4	Quarry Heights
Cash:											
Demand deposits	\$ 686,671	\$ 805,252	\$ 830,956	\$ 161,960	\$ 790	\$ 66,703	\$ 395,212	\$ 1,488,774	\$ 370,279	\$ 108,779	\$ 33,413
Receivables:											
Water rents	37,628	42,140	29,882	8,997	-	430	-	-	-	-	-
Accounts receivable	-	-	-	4,177	-	-	-	6,001	-	-	-
State and Federal aid	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	3,500	-	-	-
Total assets	<u>724,299</u>	<u>847,392</u>	<u>860,838</u>	<u>175,134</u>	<u>790</u>	<u>67,133</u>	<u>395,212</u>	<u>1,498,275</u>	<u>370,279</u>	<u>108,779</u>	<u>33,413</u>
LIABILITIES:											
Accounts payable	18,698	6,362	5,224	1,471	-	110	1,547	29,514	1,541	679	646
Accrued liabilities	4,751	-	3,942	-	-	-	-	-	-	-	-
Retainages payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	9,906	-	-	-
Due to other funds	404,902	404,902	-	-	-	-	-	-	-	-	-
Total liabilities	<u>428,351</u>	<u>411,264</u>	<u>9,166</u>	<u>1,471</u>	<u>-</u>	<u>110</u>	<u>1,547</u>	<u>39,420</u>	<u>1,541</u>	<u>679</u>	<u>646</u>
FUND BALANCES (DEFICITS):											
Assigned	<u>295,948</u>	<u>436,128</u>	<u>851,672</u>	<u>173,663</u>	<u>790</u>	<u>67,023</u>	<u>393,665</u>	<u>1,458,855</u>	<u>368,738</u>	<u>108,100</u>	<u>32,767</u>
Total liabilities and fund balances (deficits)	<u>\$ 724,299</u>	<u>\$ 847,392</u>	<u>\$ 860,838</u>	<u>\$ 175,134</u>	<u>\$ 790</u>	<u>\$ 67,133</u>	<u>\$ 395,212</u>	<u>\$ 1,498,275</u>	<u>\$ 370,279</u>	<u>\$ 108,779</u>	<u>\$ 33,413</u>

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEET - SPECIAL DISTRICT FUNDS

DECEMBER 31, 2012

(With Comparative Totals for 2011)

	Carried Forward	Street Lighting Districts			Fire Protection District	Parking District	Ambulance Districts		Totals	
		No. 1	No. 2	No. 3	No. 1	No. 1	No. 1	No. 2	2012	2011
Cash:										
Demand deposits	\$ 4,948,789	\$ 26,867	\$ 33,061	\$ 13,404	\$ 16,454	\$ 3,062	\$ 30,719	\$ 3,925	\$ 5,076,281	\$ 4,617,469
Receivables:										
Water rents	119,077	-	-	-	-	-	-	-	119,077	151,197
Accounts receivable	10,178	-	-	-	-	-	-	-	10,178	-
State and Federal aid	-	-	-	-	-	-	-	-	-	-
Due from other funds	3,500	-	-	-	-	-	-	-	3,500	3,500
<b>Total assets</b>	<b>5,081,544</b>	<b>26,867</b>	<b>33,061</b>	<b>13,404</b>	<b>16,454</b>	<b>3,062</b>	<b>30,719</b>	<b>3,925</b>	<b>5,209,036</b>	<b>4,772,166</b>
LIABILITIES:										
Accounts payable	65,792	5,512	6,136	114	-	-	18,904	-	96,458	156,453
Accrued liabilities	8,693	-	-	-	-	-	-	-	8,693	8,694
Retainages payable	-	-	-	-	-	-	-	-	-	2,319
Deferred revenues	9,906	-	-	-	-	-	-	-	9,906	3,000
Due to other funds	809,804	-	-	-	-	-	-	-	809,804	822,014
<b>Total liabilities</b>	<b>894,195</b>	<b>5,512</b>	<b>6,136</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>18,904</b>	<b>-</b>	<b>924,861</b>	<b>992,480</b>
FUND BALANCES (DEFICITS):										
Assigned	4,187,349	21,355	26,925	13,290	16,454	3,062	11,815	3,925	4,284,175	3,779,686
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 5,081,544</b>	<b>\$ 26,867</b>	<b>\$ 33,061</b>	<b>\$ 13,404</b>	<b>\$ 16,454</b>	<b>\$ 3,062</b>	<b>\$ 30,719</b>	<b>\$ 3,925</b>	<b>\$ 5,209,036</b>	<b>\$ 4,772,166</b>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF NORTH CASTLE, NEW YORK**

**SPECIAL DISTRICTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL DISTRICTS FUND  
DECEMBER 31, 2012**

(With Comparative Totals for 2011)

	Water Districts						Sewer Districts				Quarry Heights
	No. 1	No. 2	No. 4	No. 5	No. 6	No. 7	No. 1	No. 2	No. 3	No. 4	
<b>REVENUES:</b>											
Real property taxes	\$ 190,000	\$ 171,673	\$ 19,018	\$ 30,000	\$ 13,000	\$ 28,000	\$ 101,274	\$ 1,090,135	\$ 95,203	\$ 30,219	\$ 25,863
Departmental income	550,531	394,341	375,462	98,773	-	18,202	50	150	-	25	-
Use of money and property	4,367	4,551	4,864	355	-	34	-	451,028	-	-	-
State aid	-	-	-	-	-	-	-	-	-	-	-
Federal aid	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	80	1,829	178	46	-	-	58	578	43	12	9
<b>Total revenues</b>	<b>744,978</b>	<b>572,394</b>	<b>399,522</b>	<b>129,174</b>	<b>13,000</b>	<b>46,236</b>	<b>101,382</b>	<b>1,541,891</b>	<b>95,246</b>	<b>30,256</b>	<b>25,872</b>
<b>EXPENDITURES:</b>											
General governmental support	1,318	290	4	-	-	4	947	1,845	70	20	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Home and community services	380,380	232,083	303,639	69,789	-	8,782	65,605	760,728	61,762	25,870	13,488
Debt service - interest	3,949	3,949	-	-	-	-	-	1,130	-	-	-
<b>Total expenditures</b>	<b>385,647</b>	<b>236,322</b>	<b>303,643</b>	<b>69,789</b>	<b>-</b>	<b>8,786</b>	<b>66,552</b>	<b>763,703</b>	<b>61,832</b>	<b>25,890</b>	<b>13,488</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>359,331</b>	<b>336,072</b>	<b>95,879</b>	<b>59,385</b>	<b>13,000</b>	<b>37,450</b>	<b>34,830</b>	<b>778,188</b>	<b>33,414</b>	<b>4,366</b>	<b>12,384</b>
<b>OTHER FINANCING SOURCES (USES):</b>											
Debt service - principal	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(213,172)	(249,541)	(19,019)	(37,393)	-	(34,354)	-	(665,161)	-	-	-
<b>Total other financing sources and u</b>	<b>(213,172)</b>	<b>(249,541)</b>	<b>(19,019)</b>	<b>(37,393)</b>	<b>-</b>	<b>(34,354)</b>	<b>-</b>	<b>(665,161)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>146,159</b>	<b>86,531</b>	<b>76,860</b>	<b>21,992</b>	<b>13,000</b>	<b>3,096</b>	<b>34,830</b>	<b>113,027</b>	<b>33,414</b>	<b>4,366</b>	<b>12,384</b>
<b>FUND BALANCE - beginning of year</b>	<b>149,789</b>	<b>349,597</b>	<b>774,812</b>	<b>151,671</b>	<b>(12,210)</b>	<b>63,927</b>	<b>358,835</b>	<b>1,345,828</b>	<b>335,324</b>	<b>103,734</b>	<b>20,383</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 295,948</b>	<b>\$ 436,128</b>	<b>\$ 851,672</b>	<b>\$ 173,663</b>	<b>\$ 790</b>	<b>\$ 67,023</b>	<b>\$ 393,665</b>	<b>\$ 1,458,855</b>	<b>\$ 368,738</b>	<b>\$ 108,100</b>	<b>\$ 32,767</b>

The accompanying notes are an integral part of this supplementary information.

**TOWN OF NORTH CASTLE, NEW YORK**

**SPECIAL DISTRICTS FUND  
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
DECEMBER 31, 2012  
(With Comparative Totals for 2011)**

	Carried Forward	Lighting Districts			Fire Protection District No. 1	Parking District No. 2	Ambulance Districts		Totals	
		No. 1	No. 2	No. 3			No. 1	No. 2	2012	2011
<b>REVENUES:</b>										
Real property taxes	\$ 1,794,385	\$ 40,330	\$ 51,995	\$ 1,475	\$ 449,620	\$ -	\$ 70,885	\$ 204,686	\$ 2,613,376	\$ 2,526,609
Departmental income	1,437,534	-	-	-	-	-	-	-	1,437,534	1,426,909
Use of money and property	465,199	-	-	-	-	-	-	-	465,199	267,252
State aid	-	-	-	-	-	-	-	-	-	-
Federal aid	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,833	-	-	-	-	-	-	-	2,833	31,959
<b>Total revenues</b>	<b>3,699,951</b>	<b>40,330</b>	<b>51,995</b>	<b>1,475</b>	<b>449,620</b>	<b>-</b>	<b>70,885</b>	<b>204,686</b>	<b>4,518,942</b>	<b>4,252,729</b>
<b>EXPENDITURES:</b>										
General governmental support	4,498	420	307	-	5,695	-	489	1,419	12,828	18,181
Public safety	-	-	-	-	449,620	-	-	-	449,620	429,243
Health	-	-	-	-	-	-	71,761	204,688	276,449	252,963
Transportation	-	52,118	71,934	1,710	-	-	-	-	125,762	116,173
Home and community services	1,922,126	-	-	-	-	-	-	-	1,922,126	2,448,832
Debt service - interest	9,028	-	-	-	-	-	-	-	9,028	1,389
<b>Total expenditures</b>	<b>1,935,652</b>	<b>52,538</b>	<b>72,241</b>	<b>1,710</b>	<b>455,315</b>	<b>-</b>	<b>72,250</b>	<b>206,107</b>	<b>2,795,813</b>	<b>3,266,781</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,764,299</b>	<b>(12,208)</b>	<b>(20,246)</b>	<b>(235)</b>	<b>(5,695)</b>	<b>-</b>	<b>(1,365)</b>	<b>(1,421)</b>	<b>1,723,129</b>	<b>985,948</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Debt service - principal	-	-	-	-	-	-	-	-	-	-
Transfers out	(1,218,640)	-	-	-	-	-	-	-	(1,218,640)	(1,007,658)
<b>Total other financing sources and uses</b>	<b>(1,218,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,218,640)</b>	<b>(1,007,658)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>545,659</b>	<b>(12,208)</b>	<b>(20,246)</b>	<b>(235)</b>	<b>(5,695)</b>	<b>-</b>	<b>(1,365)</b>	<b>(1,421)</b>	<b>504,489</b>	<b>(21,710)</b>
<b>FUND BALANCE - beginning of year</b>	<b>3,641,690</b>	<b>33,563</b>	<b>47,171</b>	<b>13,525</b>	<b>22,149</b>	<b>3,062</b>	<b>13,180</b>	<b>5,346</b>	<b>3,779,686</b>	<b>3,801,396</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 4,187,349</b>	<b>\$ 21,355</b>	<b>\$ 26,925</b>	<b>\$ 13,290</b>	<b>\$ 16,454</b>	<b>\$ 3,062</b>	<b>\$ 11,815</b>	<b>\$ 3,925</b>	<b>\$ 4,284,175</b>	<b>\$ 3,779,686</b>

The accompanying notes are an integral part of this supplementary information.

# TOWN OF NORTH CASTLE, NEW YORK

## CAPITAL PROJECTS FUND COMPARATIVE BALANCE SHEETS DECEMBER 31, 2012 AND 2011

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
CASH - demand deposits	\$ 1,269,074	\$ 2,854,141
Restricted Investments	296,043	631,881
State and Federal aid receivable	-	236,259
Due from other funds	<u>814,570</u>	<u>466,681</u>
Total assets	<u>\$ 2,379,687</u>	<u>\$ 4,188,962</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 262,425	\$ 440,724
Reainages payable	97,629	286,776
Deferred revenues	-	30,000
Due to other funds	351,128	-
Bond anticipation notes payable	<u>1,123,669</u>	<u>1,379,319</u>
Total liabilities	<u>1,834,851</u>	<u>2,136,819</u>
<b>FUND BALANCE</b>		
RESTRICTED	<u>544,836</u>	<u>2,052,143</u>
Total fund balance	<u>544,836</u>	<u>2,052,143</u>
Total liabilities and fund balance	<u>\$ 2,379,687</u>	<u>\$ 4,188,962</u>

The accompanying notes are an integral part of these statements

**TOWN OF NORTH CASTLE, NEW YORK**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
CAPITAL PROJECTS FUND  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
REVENUES:		
State aid	\$ -	\$ 160,372
Miscellaneous	<u>23,752</u>	<u>-</u>
Total revenues	<u>23,752</u>	<u>160,372</u>
EXPENDITURES:		
Capital outlay	<u>1,792,959</u>	<u>1,874,383</u>
Total expenditures	<u>1,792,959</u>	<u>1,874,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,769,207)</u>	<u>(1,714,011)</u>
OTHER FINANCING SOURCES (USES):		
Bonds Issued	-	2,500,000
Transfers in	615,332	798,942
Transfers out	<u>(353,432)</u>	<u>-</u>
Total other financing sources and uses	<u>261,900</u>	<u>3,298,942</u>
CHANGE IN FUND BALANCE	(1,507,307)	1,584,931
FUND BALANCE - beginning of year	<u>2,052,143</u>	<u>467,212</u>
FUND BALANCE - end of year	<u>\$ 544,836</u>	<u>\$ 2,052,143</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

PROJECT-LENGTH SCHEDULE  
CAPITAL PROJECTS FUND  
INCEPTION OF PROJECT THROUGH DECEMBER 31, 2012

Project Name	Project Number	Budget 12/31/12	Funding Source	Expenditures			Revenue			Balance 12/31/12	BANS O/S
				Prior Year	2012	Total	Prior Year	2012	Total		
Chips Capital	28c	\$ 149,446	State aid	\$ 149,446	\$ (6,399)	\$ 143,047	\$ 149,447	\$ -	\$ 149,447	\$ 6,399	\$ -
WD #1 Chlorination Contact Time	68	900,000	Bond	749,621	-	749,621	750,000	-	750,000	379	-
NYS Multi Modal Sidewalks	81	128,740	State Aid	56,638	-	56,638	56,638	-	56,638	-	-
IBM Park	82	1,341,892	donations	1,341,892	-	1,341,892	1,341,892	-	1,341,892	-	-
Sewer II Odor Control	91	245,000	BAN/SS2	245,000	-	245,000	183,750	61,250	245,000	-	-
Rt 128 Connect Rd.	93	108,321	Donat/ int	46,292	-	46,292	108,321	-	108,321	62,029	-
Parks Improvements	100	459,305	Various	447,155	-	447,155	459,305	-	459,305	12,150	-
Water District #4 Extension	103	385,000	BAN	363,580	-	363,580	385,000	-	385,000	21,420	-
Wampus Brook Pathway	106	240,015	T&A/Fed	31,300	-	31,300	83,375	-	83,375	52,075	-
Sewer #2 Treatment Plant Upgrade	109	5,200,000	BOND	4,431,472	-	4,431,472	4,598,563	-	4,598,563	167,091	-
Sewer #2 Sand Filter	110	370,000	BAN	353,570	-	353,570	366,500	-	366,500	12,930	-
2004 & 2005 Highway Equip	111	337,000	BAN	335,881	-	335,881	337,000	-	337,000	1,119	-
2006 Higway Equip/Road	112	498,300	BAN	493,213	-	493,213	498,300	-	498,300	5,087	-
Recreation Center	113	3,957,496	Bond/Trans	3,804,564	-	3,804,564	3,804,564	-	3,804,564	-	-
Highway Garage	114	89,974		89,974	-	89,974	89,974	-	89,974	-	-
2007 Highway Equip	115	372,000	BAN	331,758	-	331,758	248,000	62,000	310,000	(21,758)	-
2007 Technology		251,300	BAN	216,250	-	216,250	201,040	50,260	251,300	35,050	-
2007 Vehicles		161,175	BAN	115,266	-	115,266	128,940	32,235	161,175	45,909	-
Windmill Tank	116	2,080,000	BAN	1,857,621	128,473	1,986,094	1,680,000	80,000	1,760,000	(226,094)	320,000
Sewer Nitrogen Removal	118	5,300,000		5,346,570	-	5,346,570	5,300,000	-	5,300,000	(46,570)	-
NWP Painting	117	1,130,000		514,353	94,228	608,581	730,000	80,000	810,000	201,419	320,000
2008 Highway Equip	119	521,685	BAN	516,530	-	516,530	238,311	79,437	317,748	(198,782)	79,437
2008 Lombardi Park	120	440,719	BAN	439,418	-	439,418	300,719	70,000	370,719	(68,699)	70,000
2009 Highway Equip		124,500	BAN	-	-	-	24,900	49,800	74,700	74,700	49,800
Misc project		151,195		143,860	-	143,860	151,195	-	151,195	7,335	-
Open Space		430,000	BAN	417,001	-	417,001	454,900	(24,900)	430,000	12,999	-
Police License Plate Reader	121	151,195	grant	17,285	-	17,285	17,285	-	17,285	-	-
Sewer & Water Building - new	122	655,003	interfund trans	-	-	-	225,003	-	225,003	225,003	-
Police ID equipment	123	27,855		27,855	10,883	38,738	38,425	-	38,425	(313)	-
Quarry Heights	124	1,188,499	federal/misc	951,093	-	951,093	1,188,499	-	1,188,499	237,406	-
Highway Equipment	128	400,000	Bond	88,706	367,317	456,023	400,000	30,002	430,002	(26,021)	-
Town wide road repair	129	2,100,000	Bond	837,612	1,198,457	2,036,069	2,273,076	-	2,273,076	237,007	-
Westwood	2011	353,432	Ban	353,432	-	353,432	-	69,000	69,000	(284,432)	284,432
<b>TOTAL</b>		<b>\$ 30,249,047</b>		<b>\$ 25,114,209</b>	<b>\$ 1,792,959</b>	<b>\$ 26,907,168</b>	<b>\$ 26,812,921</b>	<b>\$ 639,084</b>	<b>\$ 27,452,005</b>	<b>\$ 544,837</b>	<b>\$ 1,123,669</b>

**TOWN OF NORTH CASTLE, NEW YORK**

**DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash	3,651	\$ 3,651
Cash with fiscal agent	<u>575</u>	<u>575</u>
Total assets	<u>\$ 4,226</u>	<u>\$ 4,226</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Bond interest and matured bonds payable	575	\$ 575
<b>FUND BALANCE</b>		
Restricted	<u>3,651</u>	<u>3,651</u>
Total liabilities and fund balance	<u>\$ 4,226</u>	<u>\$ 4,226</u>

The accompanying notes are an integral part of these statements

**TOWN OF NORTH CASTLE, NEW YORK**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012				2011			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-	-	-
EXPENDITURES:								
Serial bonds -								
Principal	774,002	774,002	774,000	(2)	758,030	758,030	758,000	(30)
Interest	426,790	426,790	436,430	9,640	431,890	441,374	438,660	(2,714)
Total expenditures	1,200,792	1,200,792	1,210,430	9,638	1,189,920	1,199,404	1,196,660	(2,744)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,200,792)	(1,200,792)	(1,210,430)	1,200,792	(1,189,920)	(1,199,404)	(1,196,660)	1,199,404
OTHER FINANCING SOURCES (USES):								
Transfers in	1,875,433	1,875,433	1,210,430	(665,003)	1,189,920	1,199,404	1,199,345	(59)
Total other financing sources and uses	1,875,433	1,875,433	1,210,430	(665,003)	1,189,920	1,199,404	1,199,345	(59)
CHANGE IN FUND BALANCE	674,641	674,641	-	(674,641)	-	-	2,685	2,685
FUND BALANCE - beginning of year	-	-	3,651	3,651	-	-	966	966
FUND BALANCE - end of year	\$ 674,641	\$ 674,641	\$ 3,651	\$ (670,990)	\$ -	\$ -	\$ 3,651	\$ 3,651

**TOWN OF NORTH CASTLE, NEW YORK**

**NET POSITION BY COMPONENT  
LAST EIGHT FISCAL YEARS**

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	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
PRIMARY GOVERNMENT:								
Invested in capital assets	\$ 16,336,338	\$ 16,240,323	\$ 18,080,605	\$ 17,894,852	\$ 17,628,645	\$ 18,307,276	\$ 18,309,183	\$ 17,780,215
Restricted	4,607,940	5,013,402	4,760,947	4,697,246	4,942,924	5,037,797	4,964,130	4,834,354
Unrestricted	<u>1,175,414</u>	<u>935,831</u>	<u>218,968</u>	<u>(2,086,371)</u>	<u>(3,221,147)</u>	<u>(4,207,861)</u>	<u>(4,667,973)</u>	<u>(2,261,648)</u>
Total primary government net position	<u>\$ 22,119,692</u>	<u>\$ 22,189,556</u>	<u>\$ 23,060,520</u>	<u>\$ 20,505,727</u>	<u>\$ 19,350,422</u>	<u>\$ 19,137,212</u>	<u>\$ 18,605,340</u>	<u>\$ 20,352,921</u>

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

**TOWN OF NORTH CASTLE, NEW YORK**

**CHANGES IN NET POSITION  
LAST EIGHT FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities</b>								
EXPENSES:								
General government support	\$ 4,042,548	\$ 3,621,935	\$ 3,747,161	\$ 4,446,771	\$ 3,890,067	\$ 4,166,045	\$ 4,252,016	\$ 3,563,786
Public safety	7,263,641	7,549,646	7,958,370	9,004,425	8,873,203	9,345,182	9,256,357	8,982,600
Health	269,268	223,688	228,708	237,438	244,683	261,169	258,321	281,807
Transportation	6,087,402	4,919,039	5,479,945	6,434,122	5,861,894	5,607,814	5,579,877	4,476,680
Economic opportunity and development	122,915	134,444	189,028	175,844	122,141	102,376	111,048	195,911
Culture and recreation	4,060,072	4,154,578	4,373,182	4,967,238	4,603,292	4,673,102	4,569,492	4,753,269
Home and community services	3,657,852	4,235,059	4,368,012	4,635,011	4,293,741	4,546,129	4,621,888	4,199,220
Interest	254,414	284,595	368,398	454,503	461,259	502,723	436,361	517,320
Total primary government expense	<u>25,758,112</u>	<u>25,122,984</u>	<u>26,712,804</u>	<u>30,355,352</u>	<u>28,350,280</u>	<u>29,204,540</u>	<u>29,085,360</u>	<u>26,970,593</u>
PROGRAM REVENUES:								
Charges for services -								
General government support	24,413	28,887	25,995	24,749	26,998	40,131	34,404	14,131
Public safety	1,187,174	975,116	984,952	921,082	917,723	983,252	857,614	300,772
Transportation	211,864	166,765	203,670	212,572	273,452	269,271	204,523	217,986
Culture and recreation	1,050,697	1,054,398	1,029,834	1,074,560	1,182,668	1,029,766	1,077,690	1,118,769
Home and community services	1,277,475	1,404,400	1,493,133	1,515,187	1,319,284	1,527,383	1,697,959	2,203,773
Operating grants and contributions	959,910	942,652	918,778	410,621	347,363	639,773	297,626	444,581
Capital grants and contributions	<u>1,506,041</u>	<u>215,403</u>	<u>405,723</u>	<u>1,499,890</u>	<u>445,050</u>	<u>152,800</u>	<u>160,372</u>	<u>-</u>
Total primary government program revenues	<u>6,217,574</u>	<u>4,787,621</u>	<u>5,062,085</u>	<u>5,658,661</u>	<u>4,512,538</u>	<u>4,642,376</u>	<u>4,330,188</u>	<u>4,300,012</u>
Total primary government net expense	(19,540,538)	(20,335,363)	(21,650,719)	(24,696,691)	(23,837,742)	(24,562,164)	(24,755,172)	(22,670,581)
GENERAL REVENUES:								
Taxes -								
Real property taxes	14,934,941	15,610,515	16,693,034	18,199,753	19,224,451	20,354,370	20,094,810	20,318,166
Other tax items	968,969	1,059,455	1,012,391	924,947	1,013,986	1,414,904	1,304,046	1,486,744
Non-property taxes	1,471,777	1,507,662	1,611,500	1,635,068	1,526,691	1,648,859	1,779,878	1,562,191
Unrestricted use of money and property	196,980	321,986	354,512	214,990	112,782	70,509	94,968	59,935
Unrestricted sale of property and compensation for loss	-	-	-	-	-	13,593	3,011	-
Unrestricted State aid	2,416,845	1,829,720	1,653,570	1,119,304	579,654	739,217	799,064	754,243
Gain on sale of real property	-	-	-	-	122,055	49,699	-	608,440
Donated assets	-	-	1,141,984	-	-	-	-	-
Miscellaneous	29,116	75,889	54,692	47,836	102,818	57,803	39,251	726,038
Insurance recoveries	-	-	-	-	-	-	108,272	65,905
Total primary government	<u>20,018,628</u>	<u>20,405,227</u>	<u>22,521,683</u>	<u>22,141,898</u>	<u>22,682,437</u>	<u>24,348,954</u>	<u>24,223,300</u>	<u>25,581,662</u>
CHANGE IN NET POSITION TOTAL PRIMARY GOVERNMENT	<u>\$ 478,090</u>	<u>\$ 69,864</u>	<u>\$ 870,964</u>	<u>\$ (2,554,793)</u>	<u>\$ (1,155,305)</u>	<u>\$ (213,210)</u>	<u>\$ (531,872)</u>	<u>\$ 2,911,081</u>

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

TOWN OF NORTH CASTLE, NEW YORK

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>
GENERAL FUND:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,633	\$ 488,548
Restricted	-	-	-	-	-	-	-	-	1,692	1,692
Committed	-	-	-	-	-	-	-	-	9,700	9,700
Assigned	-	-	-	-	-	-	-	-	103,493	110,448
Unassigned	-	-	-	-	-	-	-	-	2,994,260	4,689,179
Reserved	325,742	442,355	314,987	510,996	220,494	228,191	212,312	247,560	-	-
Unreserved	<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>1,007,625</u>	<u>2,091,073</u>	-	-
Total general fund	<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>	<u>1,219,937</u>	<u>2,338,633</u>	<u>3,244,778</u>	<u>5,299,567</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Restricted	-	-	-	-	-	-	-	-	3,219,292	548,487
Assigned	-	-	-	-	-	-	-	-	4,218,321	5,408,176
Reserved	2,844,723	1,984,565	2,901,995	4,866,099	3,252,877	1,430,435	1,448,148	1,615,236	-	-
Unreserved, reported in special revenue funds	2,733,024	2,924,057	2,906,860	3,481,506	3,963,533	4,302,140	4,889,546	4,752,202	-	-
Capital projects fund	<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>161,213</u>	<u>467,212</u>	-	-
Total all other governmental funds	<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>6,498,907</u>	<u>6,834,650</u>	<u>7,437,613</u>	<u>5,956,663</u>
Total governmental funds	<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>	<u>\$ 7,718,844</u>	<u>\$ 9,173,283</u>	<u>\$ 10,682,391</u>	<u>\$ 11,256,230</u>

(1) The Town implemented the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended December 31, 2011.

TOWN OF NORTH CASTLE, NEW YORK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES:</b>										
Real property taxes	\$ 12,401,382	\$ 13,755,673	\$ 14,771,418	\$ 15,622,212	\$ 16,791,769	\$ 18,083,022	\$ 18,661,599	\$ 19,814,989	\$ 19,880,035	\$ 19,397,786
Other tax items	983,920	984,868	968,969	1,059,455	1,012,391	924,947	1,013,986	1,414,904	1,304,046	1,486,744
Non-property taxes	1,169,095	1,370,110	1,471,777	1,507,662	1,611,500	1,635,068	1,526,691	1,648,859	1,779,878	1,754,584
Departmental income	2,527,115	2,732,671	2,451,325	2,423,280	2,511,669	2,544,908	2,471,583	2,789,504	2,775,509	2,823,632
Intergovernmental changes	76,550	81,649	169,377	123,872	152,908	156,667	213,612	195,849	126,000	148,964
Use of money and property	367,428	376,051	594,870	824,690	947,730	569,362	419,705	368,525	401,666	591,190
Licenses and permits	492,361	606,747	751,458	684,164	660,460	613,132	578,110	411,450	533,168	709,348
Fines and forfeitures	215,286	157,546	173,054	172,140	194,258	185,497	213,835	207,824	204,197	149,737
Sale of property and compensation for	66,521	67,806	133,194	67,369	49,969	56,179	117,673	42,136	35,988	100,935
Interfund revenues	18,257	28,028	3,174	2,466	1,723	2,822	3,207	3,381	4,051	1,581
State aid	2,672,526	2,786,237	3,891,950	2,095,975	2,108,902	1,639,294	914,981	1,059,846	1,090,886	968,931
Federal aid	92,700	-	-	-	70,675	718,252	189,978	163,031	9,156	229,893
Miscellaneous	105,818	248,254	695,287	623,726	428,288	557,500	188,315	285,333	89,912	404,755
<b>Total revenues</b>	<b>21,188,959</b>	<b>23,195,640</b>	<b>26,075,853</b>	<b>25,207,011</b>	<b>26,542,242</b>	<b>27,686,650</b>	<b>26,513,275</b>	<b>28,405,631</b>	<b>28,234,492</b>	<b>28,768,080</b>
<b>EXPENDITURES:</b>										
Current -										
General governmental support	2,622,774	2,701,987	2,923,428	2,871,813	3,626,721	3,543,513	3,454,054	3,412,651	4,325,763	3,473,734
Public safety	4,665,996	5,152,762	5,252,436	5,434,016	7,801,024	8,174,825	7,868,895	8,492,596	8,491,391	8,115,036
Health	179,163	182,770	268,893	223,314	228,708	237,438	244,683	261,169	258,321	281,807
Transportation	2,638,091	2,638,820	3,117,793	2,958,213	4,408,191	4,780,947	4,679,960	4,710,690	4,949,428	4,318,345
Economic opportunity and developm	98,551	114,026	122,915	128,070	182,299	175,844	115,401	96,002	107,883	173,295
Culture and recreation	2,977,781	3,079,465	3,276,217	3,312,893	4,177,619	4,047,050	4,021,306	4,079,107	4,090,155	4,124,512
Home and community services	2,854,902	3,091,870	3,272,861	3,493,233	3,879,994	4,069,299	3,667,265	3,816,148	4,027,513	3,540,955
Employee benefits (1)	2,957,783	4,084,671	4,387,169	4,598,400	-	-	-	-	-	948
Debt service -										
Principal	275,000	280,000	335,000	335,000	280,000	480,000	495,000	713,563	758,000	774,000
Interest	227,324	205,829	233,248	239,078	363,153	457,581	440,729	536,464	450,819	501,057
Refunding bond issuance costs	-	-	-	-	-	-	-	51,039	-	-
Capital Outlay	1,546,856	1,872,853	3,214,738	4,868,559	4,726,276	3,132,273	4,323,113	1,527,501	1,874,383	1,792,959
<b>Total expenditures</b>	<b>21,044,221</b>	<b>23,405,053</b>	<b>26,404,698</b>	<b>28,462,589</b>	<b>29,673,985</b>	<b>29,098,770</b>	<b>29,310,406</b>	<b>27,696,930</b>	<b>29,333,656</b>	<b>27,096,648</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>										
	<b>144,738</b>	<b>(209,413)</b>	<b>(328,845)</b>	<b>(3,255,578)</b>	<b>(3,131,743)</b>	<b>(1,412,120)</b>	<b>(2,797,131)</b>	<b>708,701</b>	<b>(1,099,164)</b>	<b>1,671,432</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Sale of real property	-	-	-	-	-	-	124,042	49,699	-	-
Bonds issued	-	1,100,000	-	1,100,000	6,603,563	-	5,245,000	645,000	2,500,000	-
Insurance recoveries	-	-	-	-	-	-	-	-	108,272	65,905
Refunding bonds issued	-	-	-	-	-	-	-	1,740,000	-	-
Issuance premium	-	-	-	-	-	-	-	161,390	-	-
Payment to refunded bond escrow ag	-	-	-	-	-	-	-	(1,850,351)	-	-
Transfers in	1,020,195	1,033,832	1,468,793	1,759,832	1,924,314	1,423,115	1,438,043	2,232,747	1,998,287	2,179,194
Transfers out	(1,020,195)	(1,033,832)	(1,468,793)	(1,759,832)	(1,924,314)	(1,423,115)	(1,438,043)	(2,232,747)	(1,998,287)	(2,179,194)
<b>Total other financing sources and</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>1,100,000</b>	<b>6,603,563</b>	<b>-</b>	<b>5,369,042</b>	<b>745,738</b>	<b>2,608,272</b>	<b>65,905</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ 144,738</b>	<b>\$ 890,587</b>	<b>\$ (328,845)</b>	<b>\$ (2,155,578)</b>	<b>\$ 3,471,820</b>	<b>\$ (1,412,120)</b>	<b>\$ 2,571,911</b>	<b>\$ 1,454,439</b>	<b>\$ 1,509,108</b>	<b>\$ 1,737,337</b>

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

**TOWN OF NORTH CASTLE, NEW YORK**

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

Year	Residential Property	Commercial Property	Industrial Property	Special Franchise (1)	Total Taxable Assessed Value	State Special Equalization Rate (2)	Estimated Actual Taxable Value	Total Effective Tax Rate (3)
2003	\$ 83,233,710	\$ 25,106,885	\$ 329,800	\$ 1,543,999	\$ 110,214,394	2.81 %	\$ 3,922,220,427	\$ 99.62
2004	\$ 85,481,460	\$ 25,420,785	\$ 329,800	\$ 1,567,382	\$ 112,799,427	2.81 %	\$ 4,014,214,484	\$ 108.00
2005	\$ 87,738,045	\$ 25,176,285	\$ 329,800	\$ 1,354,470	\$ 114,598,600	2.31 %	\$ 4,960,978,355	\$ 114.41
2006	\$ 89,302,215	\$ 24,496,505	\$ 321,100	\$ 1,474,520	\$ 115,594,340	2.26 %	\$ 5,114,793,805	\$ 118.51
2007	\$ 90,941,365	\$ 24,273,750	\$ 321,100	\$ 1,457,663	\$ 116,993,878	1.94 %	\$ 6,030,612,268	\$ 124.45
2008	\$ 90,287,065	\$ 24,238,250	\$ 315,500	\$ 1,373,095	\$ 116,213,910	1.91 %	\$ 6,084,497,906	\$ 133.10
2009	\$ 90,925,745	\$ 24,011,619	\$ 315,500	\$ 1,428,897	\$ 116,681,761	1.91 %	\$ 6,108,992,723	\$ 139.25
2010	\$ 90,909,470	\$ 23,255,625	\$ 315,500	\$ 1,417,165	\$ 115,897,760	2.13 %	\$ 5,441,209,390	\$ 147.36
2011	\$ 90,551,423	\$ 23,067,840	\$ 312,200	\$ 1,434,191	\$ 115,362,654	2.30 %	\$ 5,015,767,565	\$ 150.03
2012	\$ 90,414,695	\$ 22,990,000	\$ 312,200	\$ 1,589,186	\$ 115,306,081	2.24 %	\$ 5,147,592,902	\$ 152.19

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

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

(3) The Town has a complex rate structure that would make such a calculation extremely difficult, since its revenue base cannot be sufficiently segregated for each applicable rate. The Town substituted an effective tax rate instead.

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.

**TOWN OF NORTH CASTLE, NEW YORK**

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

Year	Total Effective Tax Rate (1)	Overlapping Rates				
		Westchester County			School Districts (Range)	
		Operating	Sewer Districts (Range)			
2003	\$ 99.62	\$ 102.74	\$ 13.83	\$ 17.90	\$ 296.22	\$ 536.98
2004	\$ 108.00	\$ 116.42	\$ 14.32	\$ 17.90	\$ 295.74	\$ 573.13
2005	\$ 114.41	\$ 125.48	\$ 13.89	\$ 16.87	\$ 355.95	\$ 562.55
2006	\$ 118.51	\$ 138.97	\$ 17.67	\$ 19.98	\$ 402.52	\$ 654.75
2007	\$ 124.45	\$ 133.85	\$ 20.52	\$ 23.14	\$ 428.15	\$ 664.26
2008	\$ 133.10	\$ 142.85	\$ 22.69	\$ 24.29	\$ 475.30	\$ 748.06
2009	\$ 139.25	\$ 151.66	\$ 23.27	\$ 26.08	\$ 499.77	\$ 793.89
2010	\$ 147.36	\$ 157.86	\$ 21.80	\$ 26.83	\$ 492.53	\$ 793.89
2011	\$ 150.03	\$ 158.12	\$ 21.85	\$ 27.68	\$ 492.53	\$ 766.54
2012	\$ 152.79	\$ 154.01	\$ 23.02	\$ 46.39	\$ 497.30	\$ 826.26

Source: Town of North Castle Department of Finance

(1) The Town has a complex rate structure that would make such a calculation extremely difficult, since its revenue base cannot be sufficiently disaggregated for each applicable rate. The Town substituted an effective rate instead.

**TOWN OF NORTH CASTLE, NEW YORK**

**PRINCIPAL TAXPAYERS  
CURRENT YEAR AND 10 YEARS AGO**

2012

<u>Rank</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Percent of Taxable Assessed Valuation</u>
1	New York City	Watershed	\$ 8,243,900	7.03 %
2	Westchester County	Airport	1,795,800	1.53 %
3	Con Edison	Utility	1,451,445	1.24 %
4	MBIA	Commercial	1,267,300	1.08 %
5	IBM	Commercial	1,284,100	1.09 %
6	Citigroup, Inc.	Commercial	888,800	0.76 %
7	North White Plains Shopping Center	Commercial	672,600	0.57 %
8	Lashins	Commercial	547,000	0.47 %
9	NYNEX/Verizon	Utility	430,242	0.37 %
10	Frank Gillbride	Commercial	390,600	0.33 %
	Total		<u>\$ 16,971,787</u>	<u>14.47 %</u>

2011

<u>Rank</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Percent of Taxable Assessed Valuation</u>
1	New York City	Watershed	\$ 7,884,000	7.28 %
2	MBIA	Commercial	2,632,500	2.43 %
3	Westchester County	Airport	2,235,900	2.07 %
4	IBM	Commercial	2,009,300	1.86 %
5	Con Edison	Utility	1,644,321	1.52 %
6	Verizon	Utility	713,823	0.66 %
7	North White Plains Shopping Center	Commercial	620,400	0.57 %
8	North Castle Leisure	Commercial	603,500	0.56 %
9	Ronald Targan	Hotel	356,000	0.33 %
10	Lashins	Commercial	306,500	0.28 %
	Total		<u>\$ 19,006,244</u>	<u>17.56 %</u>

Source: Town of North Castle's Assessor's Office  
(1) Information not available for 2002.

**TOWN OF NORTH CASTLE, NEW YORK**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

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<u>Year</u>	<u>Taxes Levied for the Fiscal year (1)</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collection to Date</u>		
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>	
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 %	\$ 40,978	\$ 37,058,141	99.58 %	
2009	\$ 39,291,251	\$ 38,843,930	98.86 %	\$ 244,956	\$ 39,088,886	99.48 %	
2010	\$ 41,197,468	\$ 40,710,885	98.82 %	\$ -	\$ 40,710,885	98.82 %	
2011	\$ 40,914,602	\$ 40,454,316	98.88 %	\$ 58,225	\$ 40,512,541	99.02 %	
2012	\$ 41,569,942	\$ 40,569,942	97.59 %	\$ 340,487	\$ 40,910,429	98.41 %	

Source: Town of North Castle Department of Finance

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

**TOWN OF NORTH CASTLE, NEW YORK**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Long-Term Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
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	9.02 %	1.51 %	\$ 966
2009	15,228,563	966	15,227,597	13.05 %	1.74 %	\$ 1,404
2010	15,065,000	966	15,064,034	13.00 %	1.72 %	\$ 1,389
2011	16,807,000	3,651	16,803,349	14.57 %	1.78 %	\$ 1,419
2012	16,033,000	3,651	16,029,349	13.78 %	1.64 %	\$ 1,366

(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, 2012

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<u>Government Unit</u>	<u>Net Long-Term Debt Outstanding (1)</u>	<u>Percentage of Applicable to North Castle (2)</u>	<u>Amount Applicable to North Castle</u>
County of Westchester	\$ 1,012,426,484	2.26 %	22,855,771
School Districts (as of June 30, 2012):			
Armonk	70,593,877	86.52 %	61,077,822
Bedford	59,065,000	2.30 %	1,358,495
Harrison	3,330,000	0.03 %	999
Mount Pleasant	27,179,692	1.39 %	377,798
Valhalla	28,229,177	32.25 %	<u>9,103,910</u>
			94,774,795
Town direct debt			<u>16,033,000</u>
Net direct and overlapping debt			<u>\$ 110,807,795</u>

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

(2) The percentage of overlapping debt applicable is estimated using taxable assessed values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value

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**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 198,818,044	\$ 240,849,418	\$ 301,516,595	\$ 296,617,449	\$ 336,599,471	\$ 368,819,521	\$ 396,198,251	\$ 402,921,485	\$ 401,535,118	\$ 390,439,336
Total net debt applicable to limit	<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>16,106,903</u>	<u>15,226,498</u>	<u>17,166,791</u>	<u>15,085,010</u>
Legal debt margin	<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>	<u>\$ 380,091,348</u>	<u>\$ 387,694,987</u>	<u>\$ 384,368,327</u>	<u>\$ 375,354,326</u>
Total net debt applicable to the limit as a percentage of	2.72%	2.40%	1.68%	2.95%	3.75%	3.47%	4.07%	3.78%	4.28%	3.86%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessment Roll

<u>Year</u>	<u>Budget Year</u>	<u>Assessed Valuation</u>	<u>State Special Equalization Ratio</u>	<u>Full Valuation</u>
2011	2012	117,332,464	2.24%	\$5,238,056,429
2010	2011	115,362,654	2.30%	5,015,767,565
2009	2010	115,897,760	2.13%	5,441,209,390
2008	2009	116,681,761	1.91%	6,108,992,723
2007	2008	116,213,910	1.91%	<u>6,084,497,906</u>
Total five year valuation				<u>\$27,888,524,013</u>
Five year average full valuation of taxable real property				<u>5,577,704,803</u>
Debt limit - 7% of five year average valuation				<u>390,439,336</u>
Outstanding Town debt:				
Serial bonds			16,033,000	
Bond anticipation notes			<u>839,237</u>	16,872,237
Less:				
Exclusion for water and sewer districts			1,345,770	
Appropriations in 2012 budget, exclusive of water and sewer districts			<u>441,457</u>	<u>1,787,227</u>
Net indebtedness subject to debt limit				15,085,010
Net debt contracting margin				\$375,354,326

## TOWN OF NORTH CASTLE, NEW YORK

### DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (1)</u>	<u>Unemployment Rate (2)</u>
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	\$ 695,518,541	\$ 64,109	5.70 %
2009	10,849	\$ 875,460,055	\$ 80,695	6.90 %
2010	10,849	\$ 875,460,055	\$ 80,695	6.90 %
2011	11,841 (3)	942,768,579	\$ 79,619	6.50 %
2012	11,841	\$ 983,691,075	\$ 83,075	7.10 %

(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 represent rates for the County.

(3) 2010 U.S. Census

**TOWN OF NORTH CASTLE, NEW YORK**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND 10 YEARS AGO**

2012 (2)

<u>Employer</u>	<u>Employees</u>	<u>Percent of Total Employment</u>
IBM	1,200	21.43 %
Swiss Re Life and Health America	700	12.50 %
MBIA	450	8.04 %
Byram Hills School District	410	7.32 %
Trinity Packaging Corp	240	4.29 %
Cine Magnetics	150	2.68 %
Car Quest Distributions	150	2.68 %
Town of North Castle	135	2.41 %
Production Resource Corp	150	2.68 %
Semiconductor Packaging Materials	100	1.79 %
BWP Distributors	100	1.79 %
Total	<u>2,585</u>	<u>46.16 %</u>

2001 (1)

<u>Employer</u>	<u>Employees</u>	<u>Percent of Total Employment</u>
IBM	650	12.23 %
Swiss Re Life and 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	325	6.11 %
J.F. Jelenko & Co	150	2.82 %
Car Quest Distributions	120	2.26 %
Safe Light Instrument	105	1.98 %
Semiconductor Packaging	100	1.88 %
Total	<u>3,166</u>	<u>59.56 %</u>

Source: North Castle Library, Reference USA

(1) bases upon estimated Town employment of 5,316 in 2001. Information not available for 2002.

(2) total employees bases upon Town employment of 5,600 in 2010. Information not available for 2012.

**TOWN OF NORTH CASTLE, NEW YORK**

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

Full-Time Equivalent Employees as of December 31,										
<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	58	57	62	63	62	61	53	51	49	43
Public safety	54	52	49	52	54	52	45	44	39	36
Culture and recreation	63	63	68	69	74	64	65	60	57	28
Home and community services	11	12	13	14	14	13	12	11	11	2
Total	<u>186</u>	<u>184</u>	<u>192</u>	<u>198</u>	<u>204</u>	<u>190</u>	<u>175</u>	<u>166</u>	<u>156</u>	<u>109</u>

Source: Town's Finance Department

**TOWN OF NORTH CASTLE, NEW YORK**

**OPERATING INDICATOR BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
GENERAL GOVERNMENT SUPPORT:										
Building permit issued	642	548	726	597	576	669	625	521	513	1,665
PUBLIC SAFETY:										
Police -										
Physical arrests	297	278	295	215	244	218	152	135	127	98
Parking violations	1,241	1,320	1,273	1,126	1,236	936	798	873	587	395
Traffic violations	1,761	1,884	1,777	1,176	1,716	1,643	984	1,085	752	956
CULTURE AND RECREATION:										
Recreation -										
Adult programs	24	24	24	24	28	30	30	26	110	53
Children's programs	56	56	56	56	65	70	70	60	142	153
Camp	9	9	9	9	10	10	9	10	13	17
Senior citizen's programs	2	2	2	2	3	3	7	2	5	2
Pre-school classes	14	14	14	14	17	17	17	15	45	28
Special events	3	3	3	3	4	4	3	3	3	3
Library -										
Volumes in collections	90,890	90,890	85,488	81,859	87,578	82,266	87,000	86,661	85,947	84,692
Circulation	208,341	205,399	196,731	196,902	186,000	203,370	205,000	198,000	195,000	178,000
HOME AND COMMUNITY SERVICES:										
Water district No. 1 -										
Average daily consumption	408,746	421,970	348,473	370,819	366,025	364,348	394,240	467,738	451,900	335,100
Peak daily consumption	443,900	477,160	424,293	440,170	418,760	532,679	487,750	552,976	634,000	441,968
Water district No. 2 -										
Average daily consumption	137,020	147,279	157,125	137,260	166,314	161,750	129,384	159,290	137,000	168,798
Peak daily consumption	211,910	196,430	256,690	195,543	273,157	333,080	248,672	368,000	350,000	364,832
Water district No. 4 -										
Average daily consumption	297,553	281,198	317,522	355,971	377,677	363,235	311,309	362,259	334,000	357,400
Peak daily consumption	502,436	417,544	520,532	605,999	580,051	607,480	511,872	707,444	673,000	670,400
Water district No. 5 -										
Average daily consumption	69,261	59,792	70,173	68,421	95,824	76,812	57,487	82,232	58,800	54,530
Peak daily consumption	109,145	96,645	125,225	122,183	153,709	163,400	133,350	235,240	157,600	170,600

Source: Various Town's Departments

**TOWN OF NORTH CASTLE, NEW YORK**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
GENERAL GOVERNMENT SUPPORT:										
Number of general government buildings	5	5	5	5	5	5	5	5	5	5
PUBLIC SAFETY:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	20	20	20	21	21	21	19	20	20	20
TRANSPORTATION:										
Miles of streets	93	93	93	93	94	98	98	94	94	94
Number of street lights	602	605	606	606	607	607	607	659	659	659
Number of traffic lights	1	1	1	1	1	1	1	1	1	1
CULTURE AND RECREATION:										
Number of community centers										
Number of parks/playgrounds	2	2	2	3	3	3	2	3	3	3
Acres of parks	8	8	8	8	8	8	8	12	12	12
Baseball/softball diamonds	341	341	341	343	343	343	343	341	341	341
Outdoor tennis courts	10	10	10	10	10	10	10	10	10	10
Soccer fields	9	9	9	9	9	9	10	9	10	10
Nature trails	5	5	5	5	5	5	5	5	5	5
Picnic areas	1	1	1	1	1	1	1	1	1	1
Libraries	2	2	2	2	2	2	2	2	2	2
	2	2	2	2	2	2	2	2	2	2
HOME AND COMMUNITY SERVICES:										
Miles of water mains	31	31	31	31	32	31	32	31	31	31
Fire hydrants	264	270	270	270	276	278	278	278	278	282
Miles of sanitary sewers	21	21	21	21	22	22	23	23	23	23

Source: Various Town's Departments