

TOWN OF NORTH CASTLE, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2017
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:	Michael Schiliro	12/31/17
TOWN BOARD:	Stephen D'Angelo	12/31/20
	Josè L. Berra	12/31/20
	Barry Reiter	12/31/17
	Barbara DiGiacinto	12/31/17
TOWN CLERK:	Alison Simon	12/31/19
RECIEVER OF TAXES:	Patricia A. Colombo	12/31/17
TOWN ADMINISTRATOR:	Joan Goldberg	

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



TOWN OF NORTH CASTLE
Town Hall Annex – 17 Bedford Road
Armonk, New York 10504

Established 1736

Joan Goldberg
Town Administrator

(914) 273-7305
jgoldberg@northcastleny.com

May 17, 2018

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, 2017 is herewith submitted. The New York State Comptroller’s Office requires the Town to submit an annual report of the financial record and transactions presented in conformity with generally accepted accounting principles (“GAAP”). The Town has elected to have these statement 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 present in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town’s assets from loss, theft or misuse and to compile sufficient, reliable information for the preparation of the Town’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town’s financial statements have been audited by 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, 2017 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 reasonable basis for rendering unqualified opinions that the Town’s basic financial statements, for the year ended December 31, 2017, 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, 2017 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 incorporated in 1788 by New York State as 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 Town Supervisor is elected for a two-year term of office. 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 is the Town's Chief Operating Officer and handles the administration of the Town's daily functions, including contract negotiations and departmental management. Additionally, under the supervision of the Town Supervisor, the Town Administrator prepares the annual budget.

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 all 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 Director of Finance on or before October 20th. Estimates for each fire district situated within the Town must also be filed with the Director of Finance 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. The tentative budget is filed with the Town Clerk no later than October 30th. 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 10th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are consistent with the provision of the law. Following this review process, the tentative budget, including any modifications, 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 10th. 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 member 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 20th, at which

time the preliminary budget becomes the adopted 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 modification 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 funds subsection of this report.

Factors Affecting Financial Condition

The information represented 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”), 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 completed in the year ending 12/31/17:

- Old Route 22 Streetscape Improvements
- Replacement telephone system for town offices
- LT2 UV Disinfection Facility
- Reconstruction of 14.7 miles of Town roads
- Replacement SMART traffic light

Long-Term Financial Planning

The Town’s future projects include the following:

- Utilize road maintenance plan to increase the Town’s Pavement Condition Index
- Maintain Town equipment and truck replacement schedule using budgeted monies
- Review of town owned buildings and land for maximum benefit determination
- Construction of additional parking in business district to encourage growth
- Possible future acquisition of local pool for municipal use
- Renovation/expansion of Town library/community center
- Park improvements
- Additional water sources for town water districts

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. Since the enactment of the tax cap, North Castle's annual tax levy increase has not exceeded the cap limits.

Awards and Acknowledgments

The Town has been awarded a Certificate of Achievement for Excellence in Financial Reporting for its CAFR from the Government Finance Officers Associations ("GFOA") for the fiscal year ended December 31, 2016. 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. Thank you to all who participated in the process.

Respectfully submitted,



Joan Goldberg
Town Administrator



Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

May 17, 2018

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, each major fund and the aggregate remaining fund information of the Town of North Castle, New York (Town), as of and for the year ended December 31, 2017, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress-other postemployment benefit plans, schedule of proportionate share of net pension liability and schedule of contributions-pension plans, 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.

Other 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, 2017

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, 2017. 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 2017 are as follows:

- On the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,287,446.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,749,757 representing a change in fund balance of \$5,348,898 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,092,551, which is 48.5% of total General Fund expenditures for 2017; an increase from the previous year of \$2,733,654.

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, and Capital Projects 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.

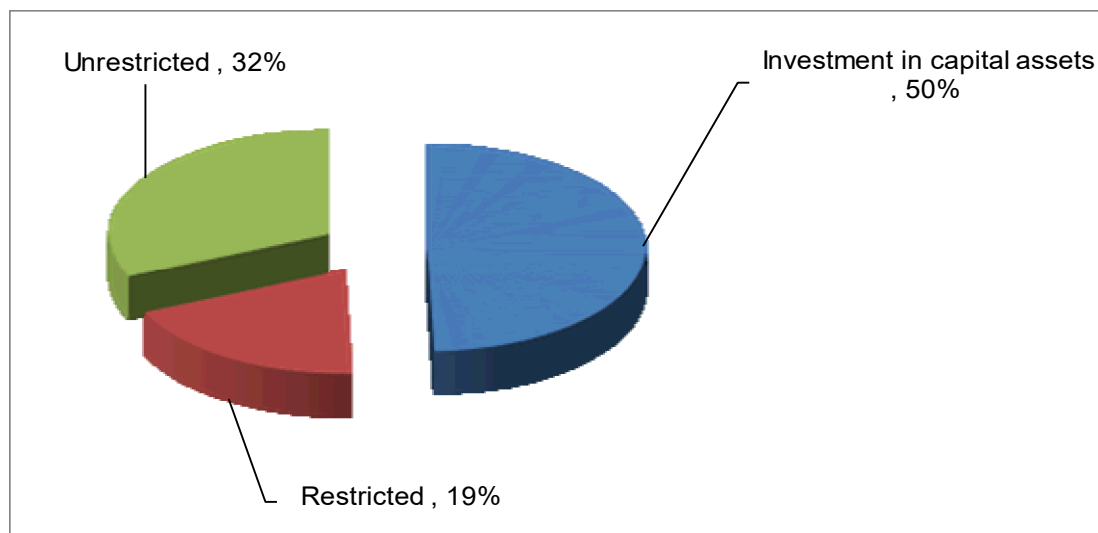
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,287,446 at the close of 2017.

NET POSITION

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Percent Change</u>
Assets:			
Current and other assets	\$ 57,438,171	\$ 53,274,836	8%
Capital assets, net	<u>39,235,208</u>	<u>38,245,495</u>	3%
Total assets	<u>96,673,379</u>	<u>91,520,331</u>	6%
Deferred outflows of resources	<u>5,219,188</u>	<u>9,724,629</u>	-46%
Total assets and deferred outflows	<u>101,892,567</u>	<u>101,244,960</u>	1%
Liabilities:			
Current liabilities	38,030,429	39,443,545	-4%
Long-term debt outstanding	<u>52,639,063</u>	<u>50,353,496</u>	5%
Total liabilities	<u>90,669,492</u>	<u>89,797,041</u>	1%
Deferred inflows of resources	<u>935,629</u>	<u>1,131,889</u>	-17%
Net position			
Investment in capital assets	13,779,772	15,367,333	-10%
Restricted	5,126,632	4,816,040	6%
Unrestricted	<u>(8,618,958)</u>	<u>(9,867,343)</u>	-13%
Total net position	<u>\$ 10,287,446</u>	<u>\$ 10,316,030</u>	0%

Net Position Distribution December 31, 2017



By far, the largest component of the Town's net position is its investment in capital assets (land improvements, building improvements, infrastructure, machinery and equipment and construction-in-progress) (50%). 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 \$5,126,632 represents resources that are subject to external restrictions on how they may be used. These restrictions are as follows:

	Fiscal Year 2017	Fiscal Year 2016	Percent Change
Workers' compensation benefits	\$ 1,692	\$ 1,692	0%
Capital projects	367,076	-	100%
Special districts	<u>4,757,864</u>	<u>4,814,348</u>	-1%
Total	<u>\$ 5,126,632</u>	<u>\$ 4,816,040</u>	6%

Net position subject to external restrictions on how they may be used is \$18,906,404 with the remaining balance of unrestricted net position, which is a deficit of \$8,618,958 which 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 post-employment benefit (\$22.5 million) and net pension obligations (\$4.7 million) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

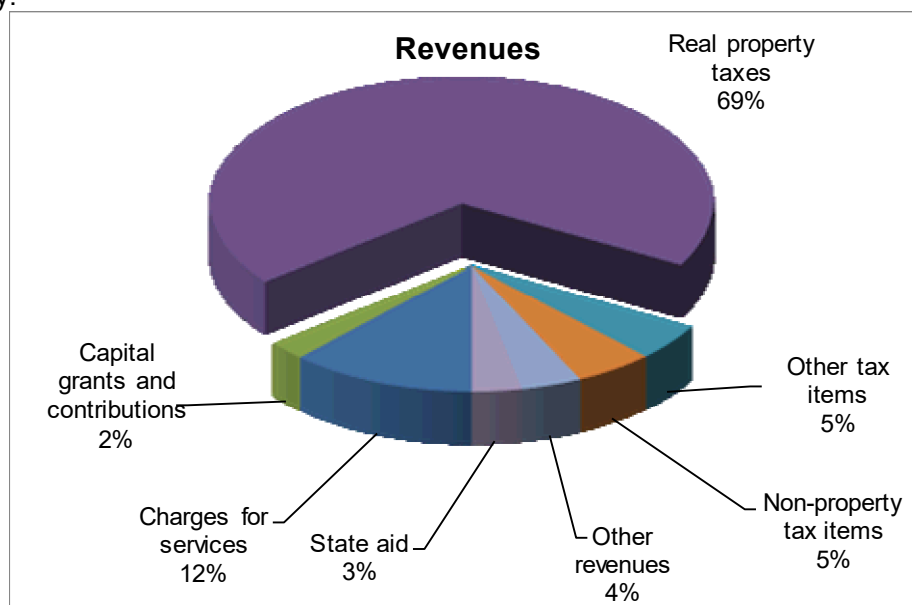
Change in Net Position

	Fiscal Year 2017	Fiscal Year 2016	Percent Change
Revenue:			
Program revenue:			
Charges for services	\$ 4,256,616	\$ 4,612,332	-8%
Operating grants and contributions	2,441	3,488	-30%
Capital grants and contributions	835,160	966,473	-14%
General revenue:			
Real property taxes	24,435,159	22,614,818	8%
Other tax items	1,670,613	1,774,281	-6%
Non-property tax items	1,806,640	1,728,947	4%
Miscellaneous local sources	562,153	390,991	44%
Use of money and property	403,151	303,665	33%
Sale of property and compensation for loss	419,108	125,387	234%
State aid	<u>1,137,995</u>	<u>901,713</u>	26%
Total revenue	<u>35,529,036</u>	<u>33,422,095</u>	6%
Expenses:			
General support	4,427,237	4,473,649	-1%
Public safety	10,104,712	10,857,915	-7%
Health	345,485	269,585	28%
Transportation	10,574,161	8,691,886	22%
Economic assistance and opportunity	258,113	254,387	1%
Culture and recreation	5,133,034	5,664,608	-9%
Home and community services	4,029,260	5,174,154	-22%
Debt service	<u>685,618</u>	<u>732,123</u>	-6%
Total expenses	<u>35,557,620</u>	<u>36,118,307</u>	-2%
Change in Net Position	(28,584)	(2,696,212)	-99%
Net position - beginning of year	<u>10,316,030</u>	<u>13,012,242</u>	
Net position - end of year	<u>\$ 10,287,446</u>	<u>\$ 10,316,030</u>	

GOVERNMENTAL ACTIVITIES

For the fiscal year ended December 31, 2017, revenues from governmental activities totaled \$35,529,036. Tax and other tax items revenues of \$27,912,412 comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (79%). The \$2,106,941 increase in total governmental activities revenues from the prior year is the result of a combination of the following significant factors:

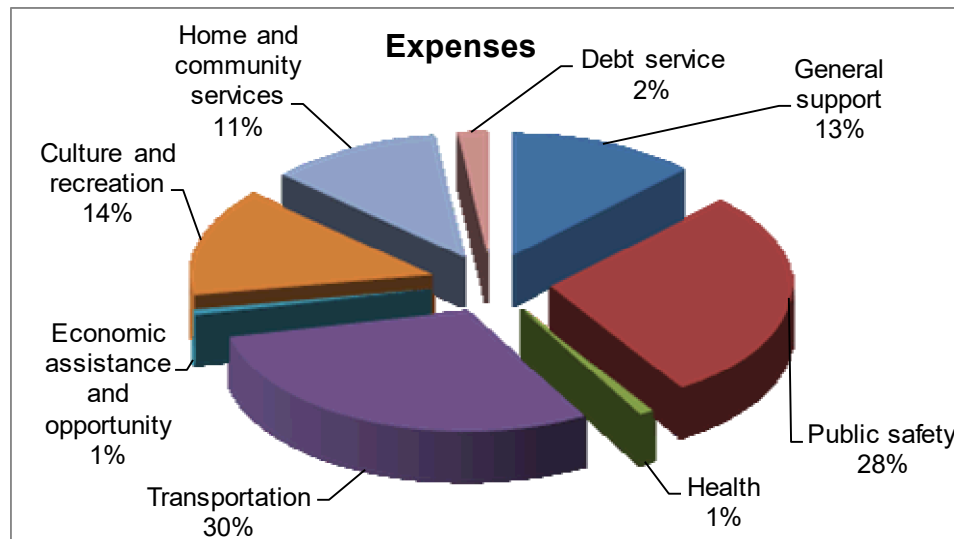
- Property taxes increased by approximately \$1.2 million due to a reduction in deferred taxes. More property owners paid their taxes on time, which allowed the town to lower the deferred portion of the property tax revenue, resulting in an increase in current year tax revenue.
- Charges for services decreased \$355,716 primarily due to a reduction in building permit revenues.
- Capital grants decreased by \$131,313 as a result of a large grant that was received in 2016 towards the construction of a UV treatment facility for our sewer plant. Although the Town received an additional grant in 2017, the 2017 grant was not as large.
- Sale of property and compensation for loss increased \$293,721 due to an increase sales of property.



For the fiscal year ended December 31, 2017, expenses from governmental activities totaled \$35,557,620. The largest components of governmental activities expenses are public safety \$10,104,712 (28%), transportation \$10,574,161 (30%), home and community services \$4,029,260 (11%), culture and recreation \$5,133,034 (14%), and general government support \$4,427,237 (12%). Expenses decreased from the prior year by \$560,687, or 1.6%, primarily as a result of a combination of the following significant factors:

- Public safety decreased by \$753,203 primarily as a result of several retirements and open positions.
- Transportation increased by \$1,882,275 primarily as a result of increased road pavement projects as a result of \$4 million public improvement bond.
- Culture and recreation decreased by \$531,574 primarily as a result of decreased library costs of approximately \$130,000 (\$87,000 relating to a decrease in renovations from the prior year) and an increase of approximately \$400,000 in capital expenditures which are capitalized, and thus not expenses, in the Government Wide financial statements.
- Home and community services decreased by \$1,144,894 due to the completion of a major water project in the prior year.

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 \$17,749,757 a change of \$5,348,898 compared to last years ending balance of \$12,400,859. The non-spendable fund balance component is \$515,212, consisting of amounts representing prepaid expenditures. Fund balance of \$5,126,632 is restricted primarily for special district funds. The assigned fund balance classification aggregates \$3,015,362, consisting primarily of amounts reserved for encumbrances and special districts. The remaining fund balance of \$9,092,551 is unassigned and represents the remaining positive fund balance in the General Fund 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 \$9,092,551, representing 94.6% of the total General fund balance of \$9,609,455. This is an increase from the prior year, when the total unassigned fund balance was \$6,358,897. 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 48% unassigned fund balance as compared to total expenditures and other financing uses, up from 33% in the prior year. Total unassigned general fund balance increased \$2,733,654 or 43% due to a change in deferred taxes, mortgage tax revenues and retirements resulting in open positions in public safety.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Governmental Funds (Continued)

The fund balance of the General Fund increased by \$2,724,813 during the fiscal year ended December 31, 2017. Actual expenditures and other financing uses were \$74,592 less than the amount contained in the final budget, representing a savings of .4% of the total budget. All expenditures were within 1% or less of the final budgets due to tight control on expenditures. Actual revenues and other financing sources came in \$2,757,981 higher than the final budget, a positive variance of 15%. The majority of this variance came from three sources. Real property taxes surpassed the budget by \$1,267,700, mainly due to a change in deferred property taxes resulting from an increase in payments from tax payers in the month of December. The second significant positive variance resulted from increased proceeds from the sale of property and compensation for loss, which exceeded budget by \$328,755. Lastly, a positive variance of \$404,932 in state aid resulted from an increase in mortgage tax received and grant revenue related to the Rt. 22 streetscape.

The Town continues 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 2018 fiscal year.

The Highway Fund's total fund balance at the end of the current fiscal year was \$2,746,784, an increase of \$1,413,560 from the previous year. This was primarily due to the proceeds from \$4 million public improvement bond offset partially by increased road paving relating to the bond issuance.

The Library Fund's total fund balance at the end of the current fiscal year was \$268,578, an increase of \$100,202 from the previous year. Expenditures decreased primarily as a result of reduced renovation costs as the project comes to an end.

The Special Districts Fund's total fund balance at the end of the current fiscal year was \$4,757,864 an decrease of \$56,484 from the previous year, mainly due to tight expenditure controls.

The Capital Projects Fund reflects a fund balance of \$367,076 at the end of the current fiscal year, an increase of \$1,166,807 from the previous year. Two main projects encompass the majority of the capital activity, the LT2 UV disinfection facility and closing out an outstanding Open Space Ban.

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 \$18,728,489 and the actual results at \$21,486,470 a net positive variance of \$2,757,981.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUE:				
Real property taxes and tax items	\$ 15,356,390	\$ 15,356,390	\$ 16,918,228	\$ 1,561,838
Departmental income	1,691,799	1,691,799	1,780,180	88,381
Licenses and permits	637,000	637,000	796,868	159,868
State aid	777,000	777,000	1,181,932	404,932
Federal aid	-	-	2,441	2,441
Other revenue	266,300	266,300	793,822	527,522
Transfer from other fund	-	-	12,999	12,999
Total revenue	<u>18,728,489</u>	<u>18,728,489</u>	<u>21,486,470</u>	<u>2,757,981</u>
EXPENDITURES:				
General governmental support	4,274,926	3,996,389	3,956,417	39,972
Public Safety	9,094,659	8,716,021	8,688,286	27,735
Other expenditures	5,078,177	5,490,066	5,483,181	6,885
Debt service	<u>280,727</u>	<u>633,773</u>	<u>633,773</u>	<u>-</u>
Total expenditures	<u>18,728,489</u>	<u>18,836,249</u>	<u>18,761,657</u>	<u>74,592</u>
NET CHANGE IN FUND BALANCES	-	(107,760)	2,724,813	2,832,573
FUND BALANCE - beginning of year	<u>6,884,642</u>	<u>6,884,642</u>	<u>6,884,642</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 6,884,642</u>	<u>\$ 6,776,882</u>	<u>\$ 9,609,455</u>	<u>\$ 2,832,573</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for governmental activities at December 31, 2017, net of \$39,260,053 of accumulated depreciation, was \$39,235,208. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

More detailed information on capital assets can be found in Note 3. C. Capital Assets in the notes to the financial statements.

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

Governmental Activities

- Highway equipment
- LT UV Disinfection Facility

Capital Assets (Net of Accumulated Depreciation)

	Fiscal Year 2017	Fiscal Year 2016	Percent Change
Land	\$ 3,572,141	\$ 3,556,741	0%
Land improvements	2,620,323	2,688,469	-3%
Construction in progress	1,100,007	1,100,007	0%
Buildings and improvements	10,879,430	9,968,160	9%
Machinery and equipment	4,404,003	3,957,719	11%
Infrastructure	16,659,304	16,974,399	-2%
 Total capital assets	 <u>\$ 39,235,208</u>	 <u>\$ 38,245,495</u>	 3%

Long-term Debt

In 2017, Moody's Investors Services reaffirmed the Town's rating of Aaa to the Town. The Aaa rating, which is the highest rating achievable, 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 \$25,243,582. 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.

More detailed information on long-term debt can be found in Note 3. F. Long-term Liabilities in the notes to the financial statements.

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, 2017, the Town had only utilized 2.01% of its constitutional debt limit, and had the authority to issue an additional \$343,864,570 of general obligation long-term debt.

The Town anticipates a modest capital budget for 2018. Essential equipment will be considered to maintain the Town's long range equipment replacement plan, and the accelerated road improvements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the New York State Department of Labor, the unemployment rate for the Town was 4.2% as of December 2017. This compares favorably with the rate of 4.8% for New York State and with the 4.7% national unemployment rate. As the collective bargaining agreements were in place for 2017, labor costs were predictable for the next fiscal year. All of these factors were taken into consideration in developing the 2018 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:

Joan Goldberg, Town Administrator
Town of North Castle
15 Bedford Road
Armonk, New York 10504

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 34,453,717
Receivables:	
Taxes, net	21,270,485
Accounts	370,263
Water rents	249,432
Due from other governments	579,062
Prepaid items	<u>515,212</u>
Total current assets	<u>57,438,171</u>
Capital Assets:	
Non-depreciable	3,572,141
Depreciable, net	<u>35,663,067</u>
Total capital assets	<u>39,235,208</u>
Deferred outflows of resources:	
Deferred outflows of resources - pensions	<u>5,219,188</u>
Total assets and deferred outflows of resources	<u>101,892,567</u>
LIABILITIES	
Accounts payable	2,022,946
Retainages payable	92,026
Accrued interest	170,499
Due to school districts	34,205,958
Current portion of long term debt	<u>1,539,000</u>
Total current liabilities	<u>38,030,429</u>
Non-current liabilities:	
Compensated absences	1,485,300
Other postemployment benefits	22,554,566
Net pension liability	4,682,761
Bonds payable	<u>23,916,436</u>
Total long-term liabilities	<u>52,639,063</u>
Total liabilities	<u>90,669,492</u>
Deferred inflows of resources:	
Deferred inflows of resources - pensions	<u>935,629</u>
Total liabilities and deferred inflows of resources	<u>91,605,121</u>
NET POSITION	
Net investment in capital assets	13,779,772
Restricted for:	
Workers' compensation benefits	1,692
Capital projects	367,076
Special districts -	
Water	2,483,106
Sewer	2,100,260
Street Lighting	45,328
Fire	100,542
Parking	3,062
Ambulance	25,566
Unrestricted	<u>(8,618,958)</u>
Total net position	<u>\$ 10,287,446</u>

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities -					
General governmental support	\$ 4,427,237	\$ 405,442	\$ -	\$ 43,937	\$ (3,977,858)
Public safety	10,104,712	99,607	-	-	(10,005,105)
Health	345,485	-	-	-	(345,485)
Transportation	10,574,161	172,176	2,441	508,784	(9,890,760)
Economic opportunity and development	258,113	-	-	-	(258,113)
Culture and recreation	5,133,034	1,346,505	-	61,037	(3,725,492)
Home and community services	4,029,260	2,232,886	-	221,402	(1,574,972)
Interest	<u>685,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,618)</u>
Total governmental activities	<u>\$ 35,557,620</u>	<u>\$ 4,256,616</u>	<u>\$ 2,441</u>	<u>\$ 835,160</u>	<u>(30,463,403)</u>
GENERAL REVENUES:					
Real property taxes and other tax items					24,435,159
Payments in lieu of taxes					1,018,302
Interest and penalties on real property taxes					652,311
Non-property tax distribution from County					1,806,640
Franchise fees - cable TV					319,983
Use of money and property					403,151
Sale of property and compensation for loss					419,108
State aid					1,137,995
Miscellaneous					<u>242,170</u>
Total general revenues					<u>30,434,819</u>
Change in net position					(28,584)
Net position - beginning of year					<u>10,316,030</u>
Net position - end of year					\$ 10,287,446

TOWN OF NORTH CASTLE, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General Fund	Highway Fund	Public Library Fund	Special Districts Fund	Capital Projects Fund	Total
ASSETS						
Cash and cash equivalents	\$ 25,798,486	\$ 2,982,883	\$ 320,412	\$ 4,722,436	\$ 629,500	\$ 34,453,717
Taxes receivable	21,270,485	-	-	-	-	21,270,485
Other Receivables:						
Accounts	90,761	271,994	-	7,508	-	370,263
Water rents	-	-	-	249,432	-	249,432
Due from other governments	579,062	-	-	-	-	579,062
Prepaid expenses	515,212	-	-	-	-	515,212
Total assets	<u>\$ 48,254,006</u>	<u>\$ 3,254,877</u>	<u>\$ 320,412</u>	<u>\$ 4,979,376</u>	<u>\$ 629,500</u>	<u>\$ 57,438,171</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 1,055,068	\$ 434,165	\$ 51,834	\$ 219,454	\$ 262,424	\$ 2,022,945
Retainages payable	16,040	73,928	-	2,058	-	92,026
Due to school districts	34,205,958	-	-	-	-	34,205,958
Total liabilities	<u>35,277,066</u>	<u>508,093</u>	<u>51,834</u>	<u>221,512</u>	<u>262,424</u>	<u>36,320,929</u>
DEFERRED INFLOWS OF RESOURCES:						
Property tax revenues	3,367,485	-	-	-	-	3,367,485
Total deferred inflows of resources	<u>3,367,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,367,485</u>
FUND BALANCES:						
Nonspendable	515,212	-	-	-	-	515,212
Restricted	1,692	-	-	4,757,864	367,076	5,126,632
Assigned	-	2,746,784	268,578	-	-	3,015,362
Unassigned	9,092,551	-	-	-	-	9,092,551
Total fund balances	<u>9,609,455</u>	<u>2,746,784</u>	<u>268,578</u>	<u>4,757,864</u>	<u>367,076</u>	<u>17,749,757</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 48,254,006</u>	<u>\$ 3,254,877</u>	<u>\$ 320,412</u>	<u>\$ 4,979,376</u>	<u>\$ 629,500</u>	<u>\$ 57,438,171</u>

TOWN OF NORTH CASTLE, NEW YORK

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2017

Total fund balance - governmental funds	\$ 17,749,757
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Total net position reported for governmental activities in the statement of net position is different because:

GASB 68 related government wide activity:

Deferred outflows of resources	5,219,188
Net pension liability	(4,682,761)
Deferred inflows of resources	(935,629)

Capital assets used in governmental activities are not current financial resources and; therefore, are not reported in the funds.	39,235,208
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Real property taxes	3,367,484

Long-term liabilities that are not due and payable in the current period are not reported in the funds	
Accrued interest payable	(170,499)
Bonds payable	(25,455,436)
Compensated absences	(1,485,300)
Other postemployment benefits	<u>(22,554,566)</u>

Total net position of governmental activities	<u>\$ 10,287,446</u>
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TOWN OF NORTH CASTLE, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Highway Fund	Public Library Fund	Special Districts Fund	Capital Projects Fund	Total
REVENUES:						
Real property taxes	\$ 13,120,992	\$ 6,022,167	\$ 1,629,957	\$ 3,052,219	\$ -	\$ 23,825,335
Other tax items	1,670,613	-	-	-	-	1,670,613
Nonproperty tax items	2,126,623	-	-	-	-	2,126,623
Departmental income	1,780,180	-	13,811	1,388,731	-	3,182,722
Intergovernmental charges	-	170,661	-	-	-	170,661
Use of money and property	198,908	-	16,286	187,957	-	403,151
Licenses and permits	796,868	-	-	-	-	796,868
Fines and forfeitures	104,852	-	-	-	-	104,852
Sale of property and compensation for loss	355,255	45,896	12,445	5,512	-	419,108
Interfund revenue	-	1,515	-	-	-	1,515
State aid	1,181,932	508,784	61,037	-	221,402	1,973,155
Federal aid	2,441	-	-	-	-	2,441
Miscellaneous	134,807	251	16,624	90,488	-	242,170
Total revenues	<u>21,473,471</u>	<u>6,749,274</u>	<u>1,750,160</u>	<u>4,724,907</u>	<u>221,402</u>	<u>34,919,214</u>
EXPENDITURES:						
General governmental support	3,956,417	69,928	-	19,766	-	4,046,111
Public safety	8,688,286	-	-	479,195	-	9,167,481
Health	2,584	-	-	342,901	-	345,485
Transportation	741,450	9,248,555	-	129,198	-	10,119,203
Economic opportunity and development	231,596	-	-	-	-	231,596
Culture and recreation	3,042,360	-	1,649,958	-	-	4,692,318
Home and community services	1,465,191	-	-	2,373,840	-	3,839,031
Debt service -						
Principal	572,020	170,000	-	863,980	-	1,606,000
Interest	61,753	59,085	-	572,511	-	693,349
Capital outlay	-	-	-	-	34,178	34,178
Total expenditures	<u>18,761,657</u>	<u>9,547,568</u>	<u>1,649,958</u>	<u>4,781,391</u>	<u>34,178</u>	<u>34,774,752</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,711,814</u>	<u>(2,798,294)</u>	<u>100,202</u>	<u>(56,484)</u>	<u>187,224</u>	<u>144,462</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	12,999	-	-	-	-	12,999
Bans redeemed from appropriations	-	-	-	-	457,000	457,000
Proceeds from the issuance of debt	-	4,000,000	-	-	535,582	4,535,582
Premium on obligations	-	211,854	-	-	-	211,854
Transfers out	-	-	-	-	(12,999)	(12,999)
Total other financing sources and uses	<u>12,999</u>	<u>4,211,854</u>	<u>-</u>	<u>-</u>	<u>979,583</u>	<u>5,204,436</u>
CHANGE IN FUND BALANCE	<u>2,724,813</u>	<u>1,413,560</u>	<u>100,202</u>	<u>(56,484)</u>	<u>1,166,807</u>	<u>5,348,898</u>
FUND BALANCE - beginning of year	<u>6,884,642</u>	<u>1,333,224</u>	<u>168,376</u>	<u>4,814,348</u>	<u>(799,731)</u>	<u>12,400,859</u>
FUND BALANCE - end of year	<u>\$ 9,609,455</u>	<u>\$ 2,746,784</u>	<u>\$ 268,578</u>	<u>\$ 4,757,864</u>	<u>\$ 367,076</u>	<u>\$ 17,749,757</u>

The accompanying notes are an integral part of these statements.

TOWN OF NORTH CASTLE, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - governmental funds	\$ 5,348,898
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 less disposals	2,213,285
Depreciation expense	(1,223,574)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(769,957)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	609,824
Proceeds from the issuance of long-term debt is reported as revenue in the governmental funds; however, is reclassified as long-term debt in the statement of net position.	(4,535,582)
Governmental funds report premiums on bonds as revenue. However, in the statement of activities the premiums are amortized over the life of the debt.	(211,854)
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 position. 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	1,149,000
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	7,731
Compensated absences	(53,232)
Other post employment benefit obligations	(2,563,123)
Change in net position of governmental activities	\$ <u>(28,584)</u>

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, 2017**

	<u>Agency</u>	<u>Private Purpose Trusts</u>
ASSETS		
Cash	\$ 2,122,302	\$ 6,124
Accounts receivable	<u>6,713</u>	<u>203</u>
Total assets	<u>\$ 2,129,015</u>	<u>\$ 6,327</u>
LIABILITIES		
Accounts payable	\$ 25,016	\$ 11,738
Deposits and escrows	727,304	-
Escrows	<u>1,376,695</u>	<u>(5,411)</u>
Total liabilities	<u>\$ 2,129,015</u>	<u>\$ 6,327</u>
NET POSITION		
Restricted for trusts		<u>-</u>
Total net position		<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TOWN OF NORTH CASTLE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 burden 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. The majority of revenue resources consist of property taxes, intergovernmental charges, state aid and transfers from the general fund.
 - Public Library Fund - The Public Library Fund is used to account for the activities of the Town's Public Library. The majority of revenue resources consist of property taxes.
 - 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. The majority of revenue resources consist of property taxes, departmental income and rental income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements (Continued)

a. Governmental Funds (Continued)

- 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Fund Balances

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.

Deposits, Investments and Risk Disclosure

- Cash and Cash Equivalents - Cash and cash 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, 2017.

- 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits, Investments and Risk Disclosure (Continued)

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, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.
- Inventory - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.
- Prepaid Expenses/Expenditures - 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.

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

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

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

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

	Life in Years
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 \$3,367,485 for real property taxes in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits, Investments and Risk Disclosure (Continued)

- 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.

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.

- 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 represents 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 includes, net investment 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.

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)**

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.

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.

H. Deferred Outflows and Inflows

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow or inflow of resources (expenses/expenditure/revenues) until then.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

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.
- 9) 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.

2. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (Continued)

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).

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents and Investments

As of December 31, 2017, all of the Town's cash and cash equivalents 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	<u>\$ 34,993,958</u>	<u>\$ 36,582,143</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name	\$ 33,993,958	
Covered by FDIC insurance	<u>1,000,000</u>	
Total	<u>\$ 34,993,958</u>	

B. Taxes Receivable

Taxes receivable at December 31, 2017 consisted of the following:

	<u>Town and County Taxes</u>	<u>School District Taxes</u>	<u>Total</u>
Current year	\$ 211,963	\$ 20,422,509	\$ 20,634,472
Overdue	<u>80,261</u>	<u>555,752</u>	<u>636,013</u>
	<u>\$ 292,224</u>	<u>\$ 20,978,261</u>	21,270,485
Allowance for uncollectible taxes			<u>-</u>
			<u>\$ 21,270,485</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2018. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$3,367,485, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	December 31, 2016 Balance	Additions	Disposals	Adjustments(*)	December 31, 2017 Balance
Governmental activities:					
Capital assets that are not depreciated:					
Land	\$ 3,556,741	\$ 15,400	\$ -	\$ -	\$ 3,572,141
Construction in progress	1,100,007	-	-	-	1,100,007
Total non-depreciable cost	4,656,748	15,400	-	-	4,672,148
Capital assets that are depreciated:					
Land improvements	4,265,165	-	-	-	4,265,165
Buildings and improvements	17,519,161	1,303,927	-	-	18,823,088
Machinery and equipment	11,257,480	893,960	(35,896)	-	12,115,544
Infrastructure	38,619,316	-	-	-	38,619,316
Total depreciable historical cost	71,661,122	2,197,887	(35,896)	-	73,823,113
Less accumulated depreciation:					
Land improvements	1,576,696	45,426	-	22,720	1,644,842
Buildings and improvements	7,551,001	385,284	-	7,373	7,943,658
Machinery and equipment	7,299,761	257,455	(35,896)	190,221	7,711,541
Infrastructure	21,644,917	315,095	-	-	21,960,012
Total accumulated depreciation	38,072,375	1,003,260	(35,896)	220,314	39,260,053
Total cost, net	\$ 38,245,495	\$ 1,210,027	\$ -	\$ (220,314)	\$ 39,235,208

(*) – During the current year, the Town updated its depreciation schedule and noted certain necessary adjustments to its estimates for accumulated depreciation. Those adjustments are disclosed in the adjustments column.

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

General government support	\$ 192,841
Public safety	474,218
Transportation	230,199
Economic Assistance and Opportunity	13,417
Culture and recreation	222,272
Home and community services	90,627
Total depreciation expense	<u>\$ 1,223,574</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans

Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("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
2017	\$ 1,089,221	\$ 971,624
2016	\$ 1,054,662	\$ 1,002,751
2015	\$ 1,349,324	\$ 1,319,633

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.

New York State Employee Retirement System

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported a liability of \$2,145,584 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion was 0.0228345 percent, which was a decrease from its proportion measured December 31, 2016 of 0.0246400 percent.

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State Employee Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the Town recognized pension expense of \$1,324,998 related to the NYS Retirement System. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,766	\$ 325,819
Changes of Assumptions	733,010	-
Net difference between projected and actual earnings on pension plan investments	428,560	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	349,495	58,780
Contributions subsequent to the measurement date	816,916	-
Total	<u>\$ 2,381,747</u>	<u>\$ 384,599</u>

\$816,916 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending March 31,	2018	\$ 502,074
	2019	502,074
	2020	448,316
	2021	(272,232)
	2022	-
Thereafter		-
		<u>\$ 1,180,232</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State Employee Retirement System (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary scale	3.8% in ERS, indexed by service
Investment Rate of Return, including inflation	7.0% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2017 and 2016 in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.75%
Real Estate	10%	5.80%
Absolute Return Strategies	2%	4.00%
Opportunistic Portfolio	3%	5.89%
Real Assets	3%	5.54%
Bonds & Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed Bonds	4%	1.50%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State Employee Retirement System (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6%) or 1 percent higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Proportionate Share of Net Pension liability	\$ 6,852,571	\$ 2,145,584	\$ (1,834,164)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the plan as of March 31, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	Town's proportionate share of Plan's Fiduciary Net Position	Town's allocation percentage as determined by the Plan
Total pension liability	\$ 177,400,586,000	\$ 40,508,537	0.0228345%
Net position	(168,004,363,000)	(38,362,953)	0.0228345%
Net pension liability (asset)	<u>\$ 9,396,223,000</u>	<u>\$ 2,145,584</u>	0.0228345%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

New York State and Local Police and Fire Retirement System

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported a liability of \$2,537,177 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion was 0.12242121 percent, which was a decrease from its proportion measured December 31, 2016 of 0.1441239 percent.

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State and Local Police and Fire Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the Town recognized pension expense of \$1,504,946 related to the NYS Retirement System. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 332,834	\$ 438,368
Changes of Assumptions	1,249,961	-
Net difference between projected and actual earnings on pension plan investments	378,924	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	147,004	112,662
Contributions subsequent to the measurement date	728,718	-
Total	<u>\$ 2,837,441</u>	<u>\$ 551,030</u>

\$728,108 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ending March 31,	2018	\$ 515,654
	2019	515,654
	2020	487,373
	2021	(2,842)
	2022	41,853
Thereafter		-
		<u>\$ 1,557,692</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State and Local Police and Fire Retirement System (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary scale	3.8% in ERS, indexed by service
Investment Rate of Return, including inflation	7.0% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic of real rates of return for each major asset class are summarized as of March 31, 2017 and 2016 in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.75%
Real Estate	10%	5.80%
Absolute Return Strategies	2%	4.00%
Opportunistic Portfolio	3%	5.89%
Real Assets	3%	5.54%
Bonds & Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-Indexed Bonds	4%	1.50%
	<u>100%</u>	

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Pension Plans (Continued)

New York State and Local Police and Fire Retirement System (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6%) or 1 percent higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Proportionate Share of Net Pension liability	\$ 7,192,750	\$ 2,537,177	\$ (1,367,709)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the plan as of March 31, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	Town's proportionate share of Plan's Fiduciary Net Position	Town's allocation percentage as determined by the Plan
Total pension liability	\$ 31,670,483,000	\$ 38,768,503	0.1224121%
Net position	(29,597,831,000)	(36,231,326)	0.1224121%
Net pension liability (asset)	\$ 2,072,652,000	\$ 2,537,177	0.1224121%
Fiduciary net position as a percentage of total pension liability	93.5%	93.5%	

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Short-Term Capital Borrowings

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

Capital related BANS

	Year of original issue	Maturity Date	Rate of interest	Beginning Balance	Issued	Redeemed	Ending Balance
Bond anticipation notes payable:							
WD#1, WD#2, Open Space & Copier	2016	2017	1.22%	\$ 440,000	\$ -	\$ 440,000	\$ -
EFC - 2016 General, SMRF	2016	2017	0.00%	581,162	-	581,162	-
				<u>\$ 1,021,162</u>	<u>\$ -</u>	<u>\$ 1,021,162</u>	<u>\$ -</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.

F. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2017:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Capital construction	\$ 21,857,000	\$ 4,535,582	\$ 1,149,000	\$ 25,243,582	\$ 1,539,000
Unamortized premium on obligations	-	211,854	-	211,854	-
	<u>21,857,000</u>	<u>4,747,436</u>	<u>1,149,000</u>	<u>25,455,436</u>	<u>1,539,000</u>
Other liabilities:					
Other postemployment benefits	19,991,443	4,220,253	1,657,130	22,554,566	-
Net pension liability	8,221,985	-	3,539,224 (A)	4,682,761	-
Compensated absences	1,432,068	53,232	- (A)	1,485,300	-
Total other liabilities	<u>29,645,496</u>	<u>4,273,485</u>	<u>5,196,354</u>	<u>28,722,627</u>	<u>-</u>
Total long-term liabilities	<u>\$ 51,502,496</u>	<u>\$ 9,020,921</u>	<u>\$ 6,345,354</u>	<u>\$ 54,178,063</u>	<u>\$ 1,539,000</u>

(A) Additions and deletions to compensated absences and net pension liability are shown net because it is impracticable to

3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Liabilities (Continued)

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 general, highway and special districts funds.

Bonds Payable

Bonds payable at December 31, 2017 are comprised of the following individual issues:

<u>Bond Issue</u>	<u>Original</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Firehouse acquisition	\$ 500,000	2004	2024	3.975%	\$ 450,000
Firehouse acquisition	600,000	2006	2026	3.973%	540,000
Public improvements	1,145,000	2007	2022	3.625%	975,000
Sewer No. 2 treatment plant upgrade	3,225,000	2007	2037	3.630%	3,105,000
Sewer nitrogen removal - Environmental Facilities Corporation	3,817,000	2009	2033	4.270%	3,613,000
Refunding bonds	735,000	2010	2021	2.000%	600,000
Public improvements	435,000	2010	2026	1.250%	400,000
Public improvements	1,855,000	2011	2026	1.50% - 2.65%	1,685,000
Public improvements	9,545,000	2014	2044	1.50%-5.0%	9,340,000
Water Project EFC Project #18170	535,582	2017	2037	1.067%-3.574%	535,582
Public improvements	4,000,000	2017	2029	2.0%-5.0%	4,000,000
					<u>\$ 25,243,582</u>

Interest expenditures of \$693,349 were recorded in the fund financial statements for long term debt. Interest expense of \$685,618 were recorded in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2017 are as follows:

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.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending December 31,			
2018	\$ 1,539,000	\$ 669,865	\$ 2,208,865
2019	1,539,582	633,557	2,173,139
2020	1,579,000	596,366	2,175,366
2021	1,629,000	551,069	2,180,069
2022	1,504,000	500,220	2,004,220
2023-2027	6,289,000	2,005,289	8,294,289
2028-2032	4,554,000	1,313,569	5,867,569
2033-2037	3,275,000	753,478	4,028,478
2038-2042	2,295,000	313,100	2,608,100
2043-2044	1,040,000	26,100	1,066,100
Totals	<u>\$ 25,243,582</u>	<u>\$ 7,362,613</u>	<u>\$ 32,606,195</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Liabilities (Continued)

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 \$32,000 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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.

3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Liabilities (Continued)

Other Post Employment Benefit Obligations Payable (Continued)

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:

Assumed rates of increase in OPEB

Year Ended	Medical Rates		Dental and Vision
	Non Medicare	Medicare	
2018	8.00%	5.00%	5.00%
2019	7.00%	5.00%	5.00%
2020	6.00%	5.00%	5.00%
2020+	5.00%	5.00%	5.00%

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 21.7 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.

The estimated number of participants as of December 31, 2017 was as follows:

Participants

Active employees	116
Retired employees	101
	<u>\$ 217</u>

Annual required contribution	\$4,476,959
Interest on net OPEB obligation	799,658
Adjustment to ARC	<u>(1,056,364)</u>
Annual OPEB cost (expense)	\$4,220,253
Contributions made	<u>(1,657,130)</u>
Increase in net OPEB obligation	2,563,123
Net OPEB obligation - beginning of year	<u>19,991,443</u>
Net OPEB obligation - end of year	<u>\$ 22,554,566</u>
Percentage of annual OPEB cost contributed	39%

3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Liabilities (Continued)

Other Post Employment Benefit Obligations Payable (Continued)

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:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Contribution (ARC)</u>	<u>OPEB Cost Contributed</u>	<u>% of ARC Contributed</u>	<u>OPEB Obligation</u>
12/31/17	\$ 4,220,253	\$ 4,220,253	\$ 1,657,130	39%	\$ 22,554,566
12/31/16	\$ 4,054,836	\$ 4,054,836	\$ 1,441,094	36%	\$ 19,991,443
12/31/15	\$ 3,856,407	\$ 3,328,099	\$ 1,121,956	34%	\$ 14,992,782

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.

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.

G. Revenues and Expenditures

Interfund Transfers

The interfund transfers reflected below have been reflected as transfers:

	<u>Interfund</u>	
	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 12,999	\$ -
Highway fund	-	-
Special districts fund	-	-
Capital fund	-	12,999
Debt Service Fund	-	-
Total government activities	<u>\$ 12,999</u>	<u>\$ 12,999</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.

3. DETAILED NOTES ON ALL FUNDS (Continued)

H. Net Position

The components of net position are detailed below:

Net Investment 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 "net investment in capital assets".

I. 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, 2017, the Town Board has assigned the amounts below to be appropriated from the ensuing year's budget.

3. DETAILED NOTES ON ALL FUNDS (Continued)

I. Fund Balances (Continued)

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	Total
Nonspendable						
Prepaid expenditures	\$ 515,212	\$ -	\$ -	\$ -	\$ -	\$ 515,212
Restricted						
Capital Projects	-	-	-	-	367,076	367,076
Workers Compensation	1,692	-	-	-	-	1,692
Special Districts	-	-	-	4,757,864	-	4,757,864
	<u>1,692</u>	<u>-</u>	<u>-</u>	<u>4,757,864</u>	<u>367,076</u>	<u>5,126,632</u>
Assigned						
Highway	-	2,746,784	-	-	-	2,746,784
Public library	-	-	268,578	-	-	268,578
	<u>-</u>	<u>2,746,784</u>	<u>268,578</u>	<u>-</u>	<u>-</u>	<u>3,015,362</u>
Unassigned	<u>9,092,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,092,551</u>
Total fund balances	<u>\$ 9,609,455</u>	<u>\$ 5,493,568</u>	<u>\$ 268,578</u>	<u>\$ 4,757,864</u>	<u>\$ 367,076</u>	<u>\$ 17,749,757</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. 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 NYS 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 expired 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.

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.

6. PROPERTY TAX ABATEMENT

The Town has 3 real property tax abatement agreements entered into by the Westchester County IDA (IDA) under Article 18-A of the real property tax law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA's Uniform Tax Exemption Policy (the Policy). In accordance with the policy, the IDA grants PILOT's in accordance with various activities for various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available on the IDA's website.

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2017:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
1/1/1998	IBM	\$ 6,139,500	\$ 165.1067	\$ 1,013,673	\$ 614,659	\$ 399,014
1/1/2000	Swiss Re Holding Corporation	\$ 2,908,200	\$ 165.1067	\$ 480,163	\$ 324,164	\$ 155,999
1/1/2012	Engel Burman	\$ 470,000	\$ 165.1067	\$ 77,600	\$ 79,478	\$ -

7. FUTURE CHANGES IN ACCOUNTING STANDARDS

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for fiscal years beginning after June 15, 2017.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria and focuses on governments that control assets for fiduciary activities, as well as, the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement address practice issues that were identified during the implementation and application of certain GASB Statements, including but not limited to the measurement and application of postemployment benefits. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2018. Earlier adoption is encouraged.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

The Town has not assessed the impact of these statements on its future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORTH CASTLE, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Real property taxes	\$ 11,853,292	\$ 11,853,292	\$ 13,120,992	\$ 1,267,700
Other tax items	1,573,098	1,573,098	1,670,613	97,515
Nonproperty tax items	1,930,000	1,930,000	2,126,623	196,623
Departmental income	1,691,799	1,691,799	1,780,180	88,381
Use of money and property	94,800	94,800	198,908	104,108
Licenses and permits	637,000	637,000	796,868	159,868
Fines and forfeitures	120,000	120,000	104,852	(15,148)
Sale of property and compensation for loss	26,500	26,500	355,255	328,755
State aid	777,000	777,000	1,181,932	404,932
Federal aid	-	-	2,441	2,441
Miscellaneous	25,000	25,000	134,807	109,807
Total revenues	18,728,489	18,728,489	21,473,471	2,744,982
EXPENDITURES:				
General governmental support	4,274,926	3,996,389	3,956,417	39,972
Public safety	9,094,659	8,716,021	8,688,286	27,735
Health	2,337	2,584	2,584	-
Transportation	363,789	742,089	741,450	639
Economic opportunity and development	225,829	233,597	231,596	2,001
Culture and recreation	3,096,116	3,045,816	3,042,360	3,456
Home and community services	1,390,106	1,465,980	1,465,191	789
Employee Benefits	-	-	-	-
Debt service - principal	222,020	572,020	572,020	-
Debt service - interest	58,707	61,753	61,753	-
Total expenditures	18,728,489	18,836,249	18,761,657	74,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(107,760)	2,711,814	2,819,574
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	12,999	12,999
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	12,999	12,999
CHANGE IN FUND BALANCE	-	(107,760)	2,724,813	2,832,573
FUND BALANCE - beginning of year	6,884,642	6,884,642	6,884,642	-
FUND BALANCE - end of year	\$ 6,884,642	\$ 6,776,882	\$ 9,609,455	\$ 2,832,573

TOWN OF NORTH CASTLE, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HIGHWAY FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Real property taxes	\$ 6,022,167	\$ 6,022,167	\$ 6,022,167	\$ -
Intergovernmental charges	115,000	115,000	170,661	55,661
Sale of property and compensation for loss	31,000	31,000	45,896	14,896
Interfund revenue	-	-	1,515	1,515
State aid	200,000	200,000	508,784	308,784
Miscellaneous	-	-	251	251
Total revenues	6,368,167	6,368,167	6,749,274	381,107
EXPENDITURES:				
General governmental support	-	69,928	69,928	-
Transportation	6,158,635	9,262,008	9,248,555	13,453
Debt service - principal	170,000	170,000	170,000	-
Debt service - interest	39,532	59,085	59,085	-
Total expenditures	6,368,167	9,561,021	9,547,568	13,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,192,854)	(2,798,294)	394,560
OTHER FINANCING SOURCES (USES):				
Proceeds from the issuance of debt	-	-	4,000,000	4,000,000
Premium on obligations	-	-	211,854	211,854
Total other financing sources and uses	-	-	4,211,854	4,211,854
CHANGE IN FUND BALANCE	-	(3,192,854)	1,413,560	4,606,414
FUND BALANCE - beginning of year	1,333,224	1,333,224	1,333,224	-
FUND BALANCE - end of year	\$ 1,333,224	\$ (1,859,630)	\$ 2,746,784	\$ 4,606,414

TOWN OF NORTH CASTLE, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PUBLIC LIBRARY FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Public Library Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Real property taxes	\$ 1,629,957	\$ 1,629,957	\$ 1,629,957	\$ -
Departmental income	14,000	14,000	13,811	(189)
Use of money and property	12,000	12,000	16,286	4,286
Sale of property and compensation for loss	1,500	1,500	12,445	10,945
State aid	12,000	12,000	61,037	49,037
Miscellaneous	10,200	10,200	16,624	6,424
Total revenues	1,679,657	1,679,657	1,750,160	70,503
EXPENDITURES:				
Culture and recreation	1,679,657	1,690,637	1,649,958	40,679
Total expenditures	1,679,657	1,690,637	1,649,958	40,679
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(10,980)	100,202	111,182
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
CHANGE IN FUND BALANCE	-	(10,980)	100,202	111,182
FUND BALANCE - beginning of year	168,376	168,376	168,376	-
FUND BALANCE - end of year	\$ 168,376	\$ 157,396	\$ 268,578	\$ 111,182

TOWN OF NORTH CASTLE, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL DISTRICT FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Districts Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Real property taxes	\$ 3,052,219	\$ 3,052,219	\$ 3,052,219	\$ -
Departmental income	1,491,580	1,491,580	1,388,731	(102,849)
Use of money and property	198,432	198,432	187,957	(10,475)
Sale of property and compensation for loss	-	-	5,512	5,512
Miscellaneous	-	-	90,488	90,488
Total revenues	<u>4,742,231</u>	<u>4,742,231</u>	<u>4,724,907</u>	<u>(17,324)</u>
EXPENDITURES:				
General governmental support	8,714	22,377	19,766	2,611
Public safety	496,695	496,633	479,195	17,438
Health	309,542	342,901	342,901	-
Transportation	138,919	137,736	129,198	8,538
Home and community services	2,904,008	2,929,474	2,373,840	555,634
Debt service - principal	846,980	863,980	863,980	-
Debt service - interest	<u>579,018</u>	<u>582,055</u>	<u>572,511</u>	<u>9,544</u>
Total expenditures	<u>5,283,876</u>	<u>5,375,156</u>	<u>4,781,391</u>	<u>593,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(541,645)</u>	<u>(632,925)</u>	<u>(56,484)</u>	<u>576,441</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	(541,645)	(632,925)	(56,484)	576,441
FUND BALANCE - beginning of year	<u>4,814,348</u>	<u>4,814,348</u>	<u>4,814,348</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 4,272,703</u>	<u>\$ 4,181,423</u>	<u>\$ 4,757,864</u>	<u>\$ 576,441</u>

TOWN OF NORTH CASTLE, NEW YORK

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
December 31, 2017**

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
January 1, 2012	\$ -	\$ 42,913,205	\$ 42,913,205	0.00%	N/A	N/A
January 1, 2014	\$ -	\$ 48,373,886	\$ 48,373,886	0.00%	N/A	N/A
January 1, 2016	\$ -	\$ 52,494,038	\$ 52,494,038	0.00%	N/A	N/A

TOWN OF NORTH CASTLE, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.022835%	0.024640%	0.022636%							
Proportionate share of the net pension liability (asset)	\$ 2,145,584	\$ 3,954,784	\$ 764,701							
Covered-employee payroll	\$ 7,266,448	\$ 6,944,581	\$ 6,870,015							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.53%	56.95%	11.13%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.122412%	0.144124%	0.115271%							
Proportionate share of the net pension liability (asset)	\$ 2,537,177	\$ 4,267,201	\$ 317,295							
Covered-employee payroll	\$ 4,322,100	\$ 4,393,866	\$ 4,676,032							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.70%	97.12%	6.79%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.50%	90.20%	99.00%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

TOWN OF NORTH CASTLE, NEW YORK

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,089,221	\$ 1,349,325	\$ 1,177,993	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Contributions in relation to the contractually required contribution	1,089,221	1,349,325	1,177,993							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 7,266,448	\$ 6,944,581	\$ 6,870,015							
Contributions as a percentage of covered-employee payroll	14.99%	19.43%	17.15%							

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 971,624	\$ 1,319,633	\$ 1,016,189	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.						
Contributions in relation to the contractually required contribution	971,624	1,319,633	1,016,189							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 4,322,100	\$ 4,393,866	\$ 4,676,032							
Contributions as a percentage of covered-employee payroll	22.48%	30.03%	21.73%							

SUPPLEMENTARY INFORMATION

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEETS - GENERAL FUND DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash:		
Demand deposits	\$ 25,797,886	\$ 10,988,482
Petty cash	600	600
Taxes receivable	21,270,485	32,309,009
Other receivables:		
Other	90,761	67,050
Due from other governments	579,062	562,342
Prepaid expenditures	<u>515,212</u>	<u>514,353</u>
Total assets	<u><u>\$ 48,254,006</u></u>	<u><u>\$ 44,441,836</u></u>
LIABILITIES		
Accounts payable	\$ 1,055,068	\$ 327,306
Retainage Payable	16,040	-
Due to school districts	<u>34,205,958</u>	<u>34,472,227</u>
Total liabilities	<u>35,277,066</u>	<u>34,799,533</u>
DEFERRED INFLOWS OF RESOURCES:	<u>3,367,485</u>	<u>2,757,661</u>
FUND BALANCE		
Non-spendable	515,212	514,353
Restricted	1,692	1,692
Committed	-	-
Assigned	-	9,700
Unassigned	<u>9,092,551</u>	<u>6,358,897</u>
Total fund balance	<u>9,609,455</u>	<u>6,884,642</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 48,254,006</u></u>	<u><u>\$ 44,441,836</u></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, 2017 AND 2016**

	2017				2016			
	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	\$ 11,853,292	\$ 11,853,292	\$ 13,120,992	\$ 1,267,700	\$ 11,593,324	\$ 11,593,324	\$ 12,368,680	\$ 775,356
Other tax items	1,573,098	1,573,098	1,670,613	97,515	1,689,045	1,689,045	1,774,281	85,236
Nonproperty tax items	1,930,000	1,930,000	2,126,623	196,623	1,780,000	1,780,000	2,037,387	257,387
Departmental income	1,691,799	1,691,799	1,780,180	88,381	1,568,688	1,568,688	1,737,993	169,305
Use of money and property	94,800	94,800	198,908	104,108	94,800	94,800	98,533	3,733
Licenses and permits	637,000	637,000	796,868	159,868	640,000	640,000	1,129,946	489,946
Fines and forfeitures	120,000	120,000	104,852	(15,148)	142,000	142,000	151,439	9,439
Sale of property and compensation for loss	26,500	26,500	355,255	328,755	26,500	26,500	95,947	69,447
State aid	777,000	777,000	1,181,932	404,932	777,000	777,000	941,166	164,166
Federal aid	-	-	2,441	2,441	-	-	3,488	3,488
Miscellaneous	25,000	25,000	134,807	109,807	80,320	80,320	65,361	(14,959)
Total revenues	18,728,489	18,728,489	21,473,471	2,744,982	18,391,677	18,391,677	20,404,221	2,012,544
EXPENDITURES:								
General governmental support	4,274,926	3,996,389	3,956,417	39,972	4,222,884	4,088,074	3,849,011	239,063
Public safety	9,094,659	8,716,021	8,688,286	27,735	8,867,585	8,928,608	8,913,695	14,913
Health	2,337	2,584	2,584	-	2,339	2,339	2,144	195
Transportation	363,789	742,089	741,450	639	352,141	350,141	344,165	5,976
Economic opportunity and development	225,829	233,597	231,596	2,001	227,195	227,795	221,760	6,035
Culture and recreation	3,096,116	3,045,816	3,042,360	3,456	3,095,085	3,196,279	3,100,803	95,476
Home and community services	1,390,106	1,465,980	1,465,191	789	1,316,884	1,333,421	1,301,282	32,139
Employee benefits	-	-	-	-	8,000	8,000	-	8,000
Debt service - principal	222,020	572,020	572,020	-	237,020	222,020	127,020	95,000
Debt service - interest	58,707	61,753	61,753	-	62,544	62,544	62,530	14
Total expenditures	18,728,489	18,836,249	18,761,657	74,592	18,391,677	18,419,221	17,922,410	496,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(107,760)	2,711,814	2,819,574	-	(27,544)	2,481,811	2,509,355
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	12,999	12,999	-	-	5,017	5,017
Transfers out	-	-	-	-	-	(1,400,426)	(1,495,426)	(95,000)
Total other financing sources and uses	-	-	12,999	12,999	-	(1,400,426)	(1,490,409)	(89,983)
CHANGE IN FUND BALANCE	-	(107,760)	2,724,813	2,832,573	-	(1,427,970)	991,402	2,419,372
FUND BALANCE - beginning of year	6,884,642	6,884,642	6,884,642	-	5,893,240	5,893,240	5,893,240	-
FUND BALANCE - end of year	\$ 6,884,642	\$ 6,776,882	\$ 9,609,455	\$ 2,832,573	\$ 5,893,240	\$ 4,465,270	\$ 6,884,642	\$ 2,419,372

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEETS - HIGHWAY FUND DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash - demand deposits	\$ 2,982,883	\$ 2,183,748
Due from other funds	-	-
Due from other governments	-	-
Accounts receivable	<u>271,994</u>	<u>288,399</u>
Total assets	<u>\$ 3,254,877</u>	<u>\$ 2,472,147</u>
LIABILITIES		
Accounts payable	\$ 434,165	\$ 1,103,203
Retainage payable	<u>73,928</u>	<u>35,720</u>
Total liabilities	<u>508,093</u>	<u>1,138,923</u>
FUND BALANCE		
Assigned	<u>2,746,784</u>	<u>1,333,224</u>
Total fund balance	<u>2,746,784</u>	<u>1,333,224</u>
Total liabilities and fund balance	<u>\$ 3,254,877</u>	<u>\$ 2,472,147</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, 2017 AND 2016**

	2017				2016			
	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	\$ 6,022,167	\$ 6,022,167	\$ 6,022,167	\$ -	\$ 5,829,264	\$ 5,829,264	\$ 5,829,261	\$ (3)
Intergovernmental charges	115,000	115,000	170,661	55,661	115,000	115,000	124,867	9,867
Miscellaneous sources	-	-	251	251	-	-	173	173
Sale of property and compensation for loss	31,000	31,000	45,896	14,896	31,000	31,000	24,287	(6,713)
Interfund revenues	-	-	1,515	1,515	-	-	719	719
State aid	200,000	200,000	508,784	308,784	200,000	200,000	224,435	24,435
Total revenues	6,368,167	6,368,167	6,749,274	381,107	6,175,264	6,175,264	6,203,742	28,478
EXPENDITURES:								
General governmental support	-	69,928	69,928	-	7,500	5,221	5,221	-
Transportation	6,158,635	9,262,008	9,248,555	13,453	5,997,764	8,273,237	8,168,736	104,501
Debt service -principal	170,000	170,000	170,000	-	170,000	170,000	170,000	-
Debt service - interest	39,532	59,085	59,085	-	41,657	41,657	41,656	1
Total expenditures	6,368,167	9,561,021	9,547,568	13,453	6,216,921	8,490,115	8,385,613	104,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,192,854)	(2,798,294)	367,654	(41,657)	(2,314,851)	(2,181,871)	132,980
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	1,400,426	1,462,455	62,029
Proceeds from the issuance of debt	-	-	4,000,000	4,000,000	-	-	-	-
Premium on obligations	-	-	211,854	211,854	-	-	-	-
Total other financing sources and uses	-	-	4,211,854	4,211,854	-	1,400,426	1,462,455	62,029
CHANGE IN FUND BALANCE	-	(3,192,854)	1,413,560	4,579,508	(41,657)	(914,425)	(719,416)	195,009
FUND BALANCE - beginning of year	1,333,224	1,333,224	1,333,224	-	2,052,640	2,052,640	2,052,640	-
FUND BALANCE - end of year	\$ 1,333,224	\$ (1,859,630)	\$ 2,746,784	\$ 4,606,414	\$ 2,010,983	\$ 1,138,215	\$ 1,333,224	\$ 195,009

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEETS - PUBLIC LIBRARY DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash:		
Demand deposits	\$ 319,997	\$ 235,247
Petty cash	415	415
Receivables:		
Accounts receivable	<u>-</u>	<u>346</u>
Total assets	<u>\$ 320,412</u>	<u>\$ 236,008</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	<u>\$ 51,834</u>	<u>\$ 67,632</u>
FUND BALANCE		
Assigned	<u>268,578</u>	<u>168,376</u>
Total liabilities and fund balance	<u>\$ 320,412</u>	<u>\$ 236,008</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, 2017 AND 2016**

	2017				2016			
	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	\$ 1,629,957	\$ 1,629,957	\$ 1,629,957	\$ -	\$ 1,618,948	\$ 1,618,948	\$ 1,618,947	\$ (1)
Departmental income	14,000	14,000	13,811	(189)	14,000	14,000	14,938	938
Use of money and property	12,000	12,000	16,286	4,286	15,000	15,000	12,440	(2,560)
Sale of property and compensation for loss	1,500	1,500	12,445	10,945	1,500	1,500	1,454	(46)
State aid	12,000	12,000	61,037	49,037	10,000	10,000	69,923	59,923
Miscellaneous	10,200	10,200	16,624	6,424	9,200	9,200	17,016	7,816
Total revenues	<u>1,679,657</u>	<u>1,679,657</u>	<u>1,750,160</u>	<u>70,503</u>	<u>1,668,648</u>	<u>1,668,648</u>	<u>1,734,718</u>	<u>66,070</u>
EXPENDITURES:								
Culture and recreation	<u>1,679,657</u>	<u>1,690,637</u>	<u>1,649,958</u>	<u>40,679</u>	<u>1,668,648</u>	<u>1,817,637</u>	<u>1,779,125</u>	<u>38,512</u>
Total expenditures	<u>1,679,657</u>	<u>1,690,637</u>	<u>1,649,958</u>	<u>40,679</u>	<u>1,668,648</u>	<u>1,817,637</u>	<u>1,779,125</u>	<u>38,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(10,980)</u>	<u>100,202</u>	<u>111,182</u>	<u>-</u>	<u>(148,989)</u>	<u>(44,407)</u>	<u>104,582</u>
FUND BALANCE - beginning of year	<u>168,376</u>	<u>168,376</u>	<u>168,376</u>	<u>-</u>	<u>212,783</u>	<u>212,783</u>	<u>212,783</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 168,376</u>	<u>\$ 157,396</u>	<u>\$ 268,578</u>	<u>\$ 111,182</u>	<u>\$ 212,783</u>	<u>\$ 63,794</u>	<u>\$ 168,376</u>	<u>\$ 104,582</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, 2017**

(With Comparative Totals for 2016)

	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	\$ 270,615	\$ 477,083	\$ 1,233,926	\$ 277,372	\$ 4,590	\$ 95,246	\$ 496,760	\$ 642,775	\$ 545,809	\$ 145,364	\$ 328,094
Receivables:											
Water rents	89,377	60,577	88,711	7,341	-	3,426	-	-	-	-	-
Accounts receivable	795	1,030	3,512	152	-	9	199	1,654	97	28	32
Total assets	360,787	538,690	1,326,149	284,865	4,590	98,681	496,959	644,429	545,906	145,392	328,126
LIABILITIES:											
Accounts payable	82,123	32,779	12,256	1,229	-	211	106	57,622	2,111	696	17
Retainage Payable	-	2,058	-	-	-	-	-	-	-	-	-
Total liabilities	82,123	34,837	12,256	1,229	-	211	106	57,622	2,111	696	17
DEFERRED INFLOWS OF RESOURCES:	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS):											
Assigned	278,664	503,853	1,313,893	283,636	4,590	98,470	496,853	586,807	543,795	144,696	328,109
Total liabilities and fund balances (deficits)	\$ 360,787	\$ 538,690	\$ 1,326,149	\$ 284,865	\$ 4,590	\$ 98,681	\$ 496,959	\$ 644,429	\$ 545,906	\$ 145,392	\$ 328,126

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

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEET - SPECIAL DISTRICT FUNDS
DECEMBER 31, 2017 (Continued)
(With Comparative Totals for 2016)

	Carried Forward	Street Lighting Districts			Fire Protection District No. 1	Parking District No. 1	Ambulance Districts		Totals	
		No. 1	No. 2	No. 3	No. 1	No. 1	No. 1	No. 2	2017	2016
Cash:										
Demand deposits	\$ 4,517,634	\$ 39,374	\$ 19,061	\$ 10,655	\$ 100,542	\$ 3,062	\$ 27,050	\$ 5,058	\$ 4,722,436	\$ 4,769,367
Receivables:										
Water rents	249,432	-	-	-	-	-	-	-	249,432	151,947
Accounts receivable	<u>7,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,508</u>	<u>15,015</u>
Total assets	<u>4,774,574</u>	<u>39,374</u>	<u>19,061</u>	<u>10,655</u>	<u>100,542</u>	<u>3,062</u>	<u>27,050</u>	<u>5,058</u>	<u>4,979,376</u>	<u>4,936,329</u>
LIABILITIES:										
Accounts payable	189,150	9,617	13,854	291	-	-	6,542	-	219,454	121,981
Retainage payable	<u>2,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,058</u>	<u>-</u>
Total liabilities	<u>191,208</u>	<u>9,617</u>	<u>13,854</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>6,542</u>	<u>-</u>	<u>221,512</u>	<u>121,981</u>
DEFERRED INFLOWS FROM RESOURCES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):										
Assigned	<u>4,583,366</u>	<u>29,757</u>	<u>5,207</u>	<u>10,364</u>	<u>100,542</u>	<u>3,062</u>	<u>20,508</u>	<u>5,058</u>	<u>4,757,864</u>	<u>4,814,348</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,774,574</u>	<u>\$ 39,374</u>	<u>\$ 19,061</u>	<u>\$ 10,655</u>	<u>\$ 100,542</u>	<u>\$ 3,062</u>	<u>\$ 27,050</u>	<u>\$ 5,058</u>	<u>\$ 4,979,376</u>	<u>\$ 4,936,329</u>

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

TOWN OF NORTH CASTLE, NEW YORK

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL- SPECIAL DISTRICTS FUND
DECEMBER 31, 2017 (Continued)
(With Comparative Totals for 2016)**

	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
REVENUES:											
Real property taxes	\$ 125,490	\$ 718,642	\$ 6,509	\$ 30,000	\$ -	\$ 34,353	\$ 83,000	\$ 972,295	\$ 85,000	\$ 24,500	\$ 25,374
Departmental income	515,866	349,260	405,946	98,123	-	19,460	25	26	-	-	25
Use of money and property	5,475	4,400	4,052	514	-	161	-	173,355	-	-	-
Sale of property and compensation for loss	795	1,030	1,516	152	-	9	199	1,654	97	28	32
Miscellaneous	-	7,788	-	-	-	-	-	-	-	-	-
Total revenues	647,626	1,081,120	418,023	128,789	-	53,983	83,224	1,147,330	85,097	24,528	25,431
EXPENDITURES:											
General governmental support	11,852	34	1	-	-	-	2,970	415	-	146	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Home and community services	592,832	422,137	347,262	66,579	-	9,137	74,448	789,723	46,180	12,896	12,646
Debt service - principal	118,310	344,523	5,357	30,536	-	28,274	-	336,980	-	-	-
Debt service - interest	27,217	374,118	1,152	6,565	-	6,079	-	157,380	-	-	-
Total expenditures	750,211	1,140,812	353,772	103,680	-	43,490	77,418	1,284,498	46,180	13,042	12,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(102,585)	(59,692)	64,251	25,109	-	10,493	5,806	(137,168)	38,917	11,486	12,785
OTHER FINANCING SOURCES (USES):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN FUND BALANCE	(102,585)	(59,692)	64,251	25,109	-	10,493	5,806	(137,168)	38,917	11,486	12,785
FUND BALANCE - beginning of year	381,249	563,545	1,249,642	258,527	4,590	87,977	491,047	723,975	504,878	133,210	315,324
FUND BALANCE - end of year	\$ 278,664	\$ 503,853	\$ 1,313,893	\$ 283,636	\$ 4,590	\$ 98,470	\$ 496,853	\$ 586,807	\$ 543,795	\$ 144,696	\$ 328,109

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

TOWN OF NORTH CASTLE, NEW YORK

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL- SPECIAL DISTRICTS FUNDS
DECEMBER 31, 2017 (Continued)
(With Comparative Totals for 2016)**

		Lighting Districts			Fire Protection District	Parking District	Ambulance Districts		Totals	
	Carried Forward	No. 1	No. 2	No. 3	No. 1	No. 2	No. 1	No. 2	2017	2016
REVENUES:										
Real property taxes	\$ 2,105,163	\$ 59,929	\$ 77,420	\$ 2,970	\$ 496,695	\$ -	\$ 82,000	\$ 228,042	\$ 3,052,219	\$ 3,143,671
Departmental income	1,388,731	-	-	-	-	-	-	-	1,388,731	1,451,804
Use of money and property	187,957	-	-	-	-	-	-	-	187,957	192,692
Sale of property and compensation for loss	5,512	-	-	-	-	-	-	-	5,512	3,699
Miscellaneous	7,788	-	-	-	82,700	-	-	-	90,488	1
Total revenues	3,695,151	59,929	77,420	2,970	579,395	-	82,000	228,042	4,724,907	4,791,867
EXPENDITURES:										
General governmental support	15,418	1,583	90	-	62	-	2,393	220	19,766	4,910
Public safety	-	-	-	-	479,195	-	-	-	479,195	496,695
Health	-	-	-	-	-	-	114,857	228,044	342,901	267,441
Transportation	-	52,227	75,160	1,811	-	-	-	-	129,198	133,711
Home and community services	2,373,840	-	-	-	-	-	-	-	2,373,840	2,238,160
Debt service - principal	863,980	-	-	-	-	-	-	-	863,980	831,978
Debt service - interest	572,511	-	-	-	-	-	-	-	572,511	602,520
Total expenditures	3,825,749	53,810	75,250	1,811	479,257	-	117,250	228,264	4,781,391	4,575,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(130,598)	6,119	2,170	1,159	100,138	-	(35,250)	(222)	(56,484)	216,452
OTHER FINANCING SOURCES (USES):										
Transfers in	-	-	-	-	-	-	-	-	-	558,857
Transfers out	-	-	-	-	-	-	-	-	-	(556,612)
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	2,245
CHANGE IN FUND BALANCE	(130,598)	6,119	2,170	1,159	100,138	-	(35,250)	(222)	(56,484)	218,697
FUND BALANCE - beginning of year	4,713,964	23,638	3,037	9,205	404	3,062	55,758	5,280	4,814,348	4,595,651
FUND BALANCE - end of year	\$ 4,583,366	\$ 29,757	\$ 5,207	\$ 10,364	\$ 100,542	\$ 3,062	\$ 20,508	\$ 5,058	\$ 4,757,864	\$ 4,814,348

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

TOWN OF NORTH CASTLE, NEW YORK

COMPARATIVE BALANCE SHEETS - CAPITAL PROJECTS FUND DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash - demand deposits	\$ 629,500	\$ -
Restricted Investments	-	-
Accounts Receivable	-	1,188,515
Due from other funds	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 629,500</u>	<u>\$ 1,188,515</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 262,424	\$ 918,938
Retainages payable	-	48,146
Bond anticipation notes payable	-	1,021,162
	<hr/>	<hr/>
Total liabilities	<u>262,424</u>	<u>1,988,246</u>
FUND BALANCE		
Restricted	<u>367,076</u>	<u>(799,731)</u>
	<hr/>	<hr/>
Total fund balance	<u>367,076</u>	<u>(799,731)</u>
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 629,500</u>	<u>\$ 1,188,515</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES:		
Miscellaneous	\$ -	\$ 24,112
State aid	<u>221,402</u>	<u>609,174</u>
Total revenues	<u>221,402</u>	<u>633,286</u>
EXPENDITURES:		
General governmental support	-	113,392
Capital outlay	<u>34,178</u>	<u>1,379,494</u>
Total expenditures	<u>34,178</u>	<u>1,492,886</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>187,224</u>	<u>(859,600)</u>
OTHER FINANCING SOURCES (USES):		
Bans redeemed from appropriations	457,000	-
Proceeds from bond issuance	535,582	-
Premium on obligations	-	-
Transfers in	-	651,612
Transfers out	<u>(12,999)</u>	<u>(622,251)</u>
Total other financing sources and uses	<u>979,583</u>	<u>29,361</u>
CHANGE IN FUND BALANCE	1,166,807	(830,239)
FUND BALANCE - beginning of year	<u>(799,731)</u>	<u>30,508</u>
FUND BALANCE - end of year	<u>\$ 367,076</u>	<u>\$ (799,731)</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, 2017

Project Name	Project Number	Budget 1/1/17	Amendments 2017	Budget 12/31/17	Funding Source	Expenditures			Revenue			Fund Balance 12/31/2017	BANS O/S
						Prior Year	2017	Total	Prior Year	2017	Total		
Parks Improvements	100	\$ 459,305	\$ -	\$ 459,305	Various	\$ 447,155	\$ -	\$ 447,155	\$ 459,305	\$ -	\$ 459,305	\$ 12,150	\$ -
Wampus Brook Pathway	106	240,015	-	240,015	T&A/Fed	31,300	-	31,300	83,375	-	83,375	52,075	-
Sewer & Water Building - new	122	655,003	-	655,003	Interfund Trans	-	-	-	225,003	-	225,003	225,003	-
LT2 UV Disinfection Facility	H1	1,500,000	-	1,500,000	BOND	1,228,169	34,178	1,262,347	605,729	773,984	1,379,713	117,366	-
Gazebo	HG	285,669	-	285,669	Insurance	291,255	-	291,255	251,737	-	251,737	(39,518)	-
Open Space	H	430,000	-	430,000	BAN	417,001	12,999	430,000	430,000	-	430,000	-	-
Open Space	HO	500,000	-	500,000	Transfer/BAN	500,000	-	500,000	75,000	425,000	500,000	-	-
Copiers	HR	55,000	-	55,000	BAN	55,628	-	55,628	40,628	15,000	55,628	-	-
TOTAL		\$ 4,124,992	\$ -	\$ 4,124,992		\$ 2,970,508	\$ 47,177	\$ 3,017,685	\$ 2,170,777	\$ 1,213,984	\$ 3,384,761	\$ 367,076	\$ -

STATISTICAL SECTION (UNAUDITED)

TOWN OF NORTH CASTLE, NEW YORK

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
PRIMARY GOVERNMENT:								
Invested in capital assets	\$ 18,307,276	\$ 18,309,183	\$ 17,780,215	\$ 19,232,497	\$ 12,049,991	\$ 14,247,485	\$ 15,367,333	\$ 13,779,772
Restricted	5,037,797	4,964,130	4,834,354	4,921,231	10,793,424	4,631,502	4,816,040	5,126,632
Unrestricted	<u>(4,207,861)</u>	<u>(4,667,973)</u>	<u>(2,261,648)</u>	<u>(1,686,158)</u>	<u>(3,870,614)</u>	<u>(5,866,745)</u>	<u>(9,867,343)</u>	<u>(8,618,958)</u>
Total primary government net position	<u>\$ 19,137,212</u>	<u>\$ 18,605,340</u>	<u>\$ 20,352,921</u>	<u>\$ 22,467,570</u>	<u>\$ 18,972,801</u>	<u>\$ 13,012,242</u>	<u>\$ 10,316,030</u>	<u>\$ 10,287,446</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities								
EXPENSES:								
General government support	\$ 4,166,045	\$ 4,252,016	\$ 3,563,786	\$ 4,171,299	\$ 4,491,082	\$ 4,621,722	\$ 4,473,649	\$ 4,427,237
Public safety	9,345,182	9,256,357	8,982,600	9,148,519	9,468,143	11,170,848	10,857,915	10,104,712
Health	261,169	258,321	281,807	306,612	273,690	274,296	269,585	345,485
Transportation	5,607,814	5,579,877	4,476,680	5,694,950	5,749,561	7,928,052	8,691,886	10,574,161
Economic opportunity and development	102,376	111,048	195,911	210,864	237,086	300,679	254,387	258,113
Culture and recreation	4,673,102	4,569,492	4,753,269	4,628,823	4,746,241	5,747,153	5,664,608	5,133,034
Home and community services	4,546,129	4,621,888	4,199,220	4,103,472	7,664,127	7,402,203	5,174,154	4,029,260
Interest	<u>502,723</u>	<u>436,361</u>	<u>517,320</u>	<u>312,665</u>	<u>477,255</u>	<u>725,766</u>	<u>732,123</u>	<u>685,618</u>
Total primary government expense	<u>29,204,540</u>	<u>29,085,360</u>	<u>26,970,593</u>	<u>28,577,204</u>	<u>33,107,185</u>	<u>38,170,719</u>	<u>36,118,307</u>	<u>35,557,620</u>
PROGRAM REVENUES:								
Charges for services -								
General government support	40,131	34,404	14,131	10,557	777,683	37,095	395,456	405,442
Public safety	983,252	857,614	300,772	228,705	176,440	172,938	107,731	99,607
Transportation	269,271	204,523	217,986	115,896	146,296	483,577	125,586	172,176
Culture and recreation	1,029,766	1,077,690	1,118,769	1,279,329	1,068,987	1,337,710	1,344,830	1,346,505
Home and community services	1,527,383	1,697,959	2,203,773	2,271,611	1,698,987	2,575,406	2,638,729	2,232,886
Operating grants and contributions	639,773	297,626	444,581	114,525	61,836	2,405	3,488	2,441
Capital grants and contributions	<u>152,800</u>	<u>160,372</u>	<u>-</u>	<u>752,582</u>	<u>338,359</u>	<u>352,932</u>	<u>966,473</u>	<u>835,160</u>
Total primary government program revenues	<u>4,642,376</u>	<u>4,330,188</u>	<u>4,300,012</u>	<u>4,773,205</u>	<u>4,268,588</u>	<u>4,962,063</u>	<u>5,582,293</u>	<u>5,094,217</u>
Total primary government net expense	(24,562,164)	(24,755,172)	(22,670,581)	(23,803,999)	(28,838,597)	(33,208,656)	(30,536,014)	(30,463,403)
GENERAL REVENUES:								
Taxes -								
Real property taxes	20,354,370	20,094,810	20,318,166	21,010,015	20,789,170	21,777,992	22,614,818	24,435,159
Other tax items	1,414,904	1,304,046	1,486,744	1,463,862	1,376,678	1,613,511	1,774,281	1,670,613
Non-property taxes	1,648,859	1,779,878	1,562,191	1,665,649	1,724,158	1,707,607	1,728,947	1,806,640
Unrestricted use of money and property	70,509	94,968	59,935	75,040	98,710	337,977	303,665	403,151
Unrestricted sale of property and compensation for loss	13,593	3,011	-	-	-	-	-	-
Unrestricted State aid	739,217	799,064	754,243	897,204	863,425	775,351	901,713	1,137,995
Gain on sale of real property	49,699	-	608,440	367,069	99,890	235,584	125,387	419,108
Donated assets	-	-	-	-	-	-	-	-
Miscellaneous	57,803	39,251	726,038	359,145	391,593	660,214	390,991	562,153
Insurance recoveries	<u>-</u>	<u>108,272</u>	<u>65,905</u>	<u>80,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>24,348,954</u>	<u>24,223,300</u>	<u>25,581,662</u>	<u>25,918,648</u>	<u>25,343,624</u>	<u>27,108,236</u>	<u>27,839,802</u>	<u>30,434,819</u>
CHANGE IN NET POSITION TOTAL PRIMARY GOVERNMENT	<u>\$ (213,210)</u>	<u>\$ (531,872)</u>	<u>\$ 2,911,081</u>	<u>\$ 2,114,649</u>	<u>\$ (3,494,973)</u>	<u>\$ (6,100,420)</u>	<u>\$ (2,696,212)</u>	<u>\$ (28,584)</u>

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL FUND:										
Nonspendable	\$ -	\$ -	\$ -	\$ 135,633	\$ 488,548	\$ 602,927	\$ 551,545	\$ 587,230	\$ 514,353	\$ 515,212
Restricted	-	-	-	1,692	1,692	1,692	1,692	1,692	1,692	1,692
Committed	-	-	-	9,700	9,700	9,700	109,234	-	-	-
Assigned	-	-	-	103,493	110,448	46,665	-	9,700	9,700	-
Unassigned	-	-	-	2,994,260	4,689,179	6,975,440	8,037,532	5,294,618	6,358,897	9,092,551
Reserved	228,191	212,312	247,560	-	-	-	-	-	-	-
Unreserved	<u>964,383</u>	<u>1,007,625</u>	<u>2,091,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<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>	<u>7,636,424</u>	<u>8,700,003</u>	<u>5,893,240</u>	<u>6,884,642</u>	<u>9,609,455</u>
ALL OTHER GOVERNMENTAL FUNDS:										
Restricted	-	-	-	3,219,292	548,487	3,651	10,791,732	4,599,302	4,814,348	4,757,864
Assigned	-	-	-	4,218,321	5,408,176	6,814,274	1,490,537	2,265,423	1,501,600	3,015,362
Reserved	1,430,435	1,448,148	1,615,236	-	-	-	-	-	-	-
Unreserved, reported in special revenue funds	4,302,140	4,889,546	4,752,202	-	-	-	-	-	-	-
Capital projects fund	<u>(1,778,216)</u>	<u>161,213</u>	<u>467,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,004,324</u>	<u>30,508</u>	<u>(799,731)</u>	<u>367,076</u>
Total all other governmental funds	<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>	<u>6,817,925</u>	<u>18,286,593</u>	<u>6,895,233</u>	<u>5,516,217</u>	<u>8,140,302</u>
Total governmental funds	<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>	<u>\$ 14,454,349</u>	<u>\$ 26,986,596</u>	<u>\$ 12,788,473</u>	<u>\$ 12,400,859</u>	<u>\$ 17,749,757</u>

(a) 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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Real property taxes	\$ 18,083,022	\$ 18,661,599	\$ 19,814,989	\$ 19,880,035	\$ 19,397,786	\$ 21,174,858	\$ 21,274,513	\$ 20,591,429	\$ 22,960,559	\$ 23,825,335
Other tax items	924,947	1,013,986	1,414,904	1,304,046	1,486,744	1,463,862	1,376,678	1,613,511	1,774,281	1,670,613
Non-property taxes	1,635,068	1,526,691	1,648,859	1,779,878	1,754,584	1,991,126	2,010,854	2,011,724	2,037,387	2,126,623
Departmental income	2,544,908	2,471,583	2,789,504	2,775,509	2,823,632	2,961,704	2,930,663	3,206,772	3,204,735	3,182,722
Intergovernmental changes	156,667	213,612	195,849	126,000	148,964	115,896	116,296	435,659	124,867	170,661
Use of money and property	569,362	419,705	368,525	401,666	591,190	399,807	349,611	337,977	303,665	403,151
Licenses and permits	613,132	578,110	411,450	533,168	709,348	646,808	556,968	781,959	1,129,946	796,868
Fines and forfeitures	185,497	213,835	207,824	204,197	149,737	180,997	104,334	125,364	151,439	104,852
Sale of property and compensation for loss	56,179	117,673	42,136	35,988	100,935	42,302	99,890	235,584	125,387	419,108
Interfund revenues	2,822	3,207	3,381	4,051	1,581	1,193	2,480	2,639	719	1,515
State aid	1,639,294	914,981	1,059,846	1,090,886	968,931	1,200,318	1,129,129	1,128,283	1,844,698	1,973,155
Federal aid	718,252	189,978	163,031	9,156	229,893	563,493	41,242	65,281	3,488	2,441
Miscellaneous	557,500	188,315	285,333	89,912	404,755	33,668	104,897	347,429	106,664	242,170
Total revenues	27,686,650	26,513,275	28,405,631	28,234,492	28,768,080	30,776,032	30,097,555	30,883,611	33,767,835	34,919,214
EXPENDITURES:										
Current -										
General governmental support	3,543,513	3,454,054	3,412,651	4,325,763	3,473,734	3,828,575	4,203,539	4,067,939	3,972,534	4,046,111
Public safety	8,174,825	7,868,895	8,492,596	8,491,391	8,115,036	8,475,654	8,534,775	10,341,420	9,410,390	9,167,481
Health	237,438	244,683	261,169	258,321	281,807	305,763	272,675	273,617	269,585	345,485
Transportation	4,780,947	4,679,960	4,710,690	4,949,428	4,318,345	5,198,899	6,710,277	7,128,012	8,646,612	10,119,203
Economic opportunity and development	175,844	115,401	96,002	107,883	173,295	188,759	211,331	276,934	221,760	231,596
Culture and recreation	4,047,050	4,021,306	4,079,107	4,090,155	4,124,512	4,022,416	4,103,840	4,830,758	4,879,928	4,692,318
Home and community services	4,069,299	3,667,265	3,816,148	4,027,513	3,540,955	3,467,269	3,566,183	3,334,834	3,539,442	3,839,031
Employee benefits (1)	-	-	-	-	948	-	-	-	-	-
Debt service -										
Principal	480,000	495,000	713,563	758,000	774,000	1,049,000	1,094,511	1,115,000	1,128,998	1,606,000
Interest	457,581	440,729	536,464	450,819	501,057	318,289	432,292	726,227	706,706	693,349
Refunding bond issuance costs	-	-	51,039	-	-	-	-	-	-	-
Capital Outlay	3,132,273	4,323,113	1,527,501	1,874,383	1,792,959	874,362	4,564,000	6,992,494	1,379,494	34,178
Total expenditures	29,098,770	29,310,406	27,696,930	29,333,656	27,096,648	27,728,986	33,693,423	39,087,235	34,155,449	34,774,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,412,120)	(2,797,131)	708,701	(1,099,164)	1,671,432	3,047,046	(3,595,868)	(8,203,624)	(387,614)	144,462
OTHER FINANCING SOURCES (USES):										
Sale of real property	-	124,042	49,699	-	-	-	-	-	-	-
BAN's redeemed from appropriations	-	-	-	-	-	-	253,900	-	-	457,000
Bonds issued	-	5,245,000	645,000	2,500,000	-	-	9,950,000	-	-	4,535,582
Insurance recoveries	-	-	-	108,272	65,905	80,664	-	-	-	-
Refunding bonds issued	-	-	1,740,000	-	-	-	-	-	-	-
Issuance premium	-	-	161,390	-	-	-	-	-	-	211,854
Payment to refunded bond escrow agent	-	-	(1,850,351)	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	125	-	-
Transfers in	1,423,115	1,438,043	2,232,747	1,998,287	2,179,194	2,258,574	759,673	2,053,316	2,677,941	12,999
Transfers out	(1,423,115)	(1,438,043)	(2,232,747)	(1,998,287)	(2,179,194)	(2,258,574)	(759,673)	(2,053,316)	(2,677,941)	(12,999)
Total other financing sources and uses	-	5,369,042	745,738	2,608,272	65,905	80,664	10,203,900	125	-	5,204,436
CHANGE IN FUND BALANCE	\$ (1,412,120)	\$ 2,571,911	\$ 1,454,439	\$ 1,509,108	\$ 1,737,337	\$ 3,127,710	\$ 6,608,032	\$ (8,203,499)	\$ (387,614)	\$ 5,348,898

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

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

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

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Special Franchise (1)</u>	<u>Total Taxable Assessed Value</u>	<u>State Special Equalization Rate (2)</u>	<u>Estimated Actual Taxable Value</u>	<u>Total Effective Tax Rate (3)</u>
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	1.94 %	\$ 6,014,523,763	\$ 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	\$ 115,365,654	2.30 %	\$ 5,015,898,000	\$ 150.03
2012	\$ 90,141,695	\$ 22,990,000	\$ 312,200	\$ 1,589,186	\$ 115,033,081	2.24 %	\$ 5,135,405,402	\$ 152.19
2013	\$ 89,697,730	\$ 23,051,440	\$ 308,900	\$ 1,513,633	\$ 114,571,703	2.36 %	\$ 4,854,733,178	\$ 156.33
2014	\$ 90,580,408	\$ 22,856,250	\$ 301,500	\$ 1,535,940	\$ 115,274,098	2.37 %	\$ 4,863,885,992	\$ 158.30
2015	\$ 90,817,768	\$ 22,613,550	\$ 299,500	\$ 1,914,566	\$ 115,645,384	2.25 %	\$ 5,139,794,844	\$ 162.21
2016	\$ 91,790,047	\$ 22,704,400	\$ 299,500	\$ 1,752,278	\$ 116,546,225	2.34 %	\$ 4,980,607,906	\$ 162.59
2017	\$ 92,162,992	\$ 22,582,440	\$ 299,500	\$ 1,904,243	\$ 116,949,175	2.19 %	\$ 5,340,144,977	\$ 165.11

(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.
Source: Town of North Castle Assessor

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					
		Operating	Sewer Districts (Range)		School Districts (Range)		
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	\$ 152.19	\$ 124.01	\$ 23.02	\$ 46.39	\$ 497.30	\$ 826.26	
2013	\$ 156.33	\$ 160.25	\$ 21.38	\$ 26.98	\$ 541.57	\$ 810.05	
2014	\$ 158.30	\$ 155.86	\$ 24.03	\$ 24.83	\$ 543.30	\$ 871.68	
2015	\$ 162.21	\$ 148.60	\$ 23.39	\$ 28.80	\$ 548.42	\$ 873.34	
2016	\$ 162.59	\$ 149.26	\$ 23.89	\$ 26.13	\$ 539.20	\$ 864.80	
2017	\$ 165.11	\$ 139.95	\$ 23.48	\$ 24.64	\$ 532.36	\$ 855.61	

Source: Town of North Castle Assessor

(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.

The accompanying notes are an integral part of these statements

TOWN OF NORTH CASTLE, NEW YORK

PRINCIPAL TAXPAYERS CURRENT YEAR AND 10 YEARS AGO

2017				
<u>Rank</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Percent of Taxable Assessed Valuation (1)</u>
1	New York City	Watershed	\$ 8,560,240	7.32%
2	Con Edison	Utility	1,901,497	1.63%
3	Westchester County	Airport	1,801,700	1.54%
4	Airport Campus I LLC	Commercial	1,146,000	0.98%
5	IBM	Commercial	1,087,300	0.93%
6	Citigroup, Inc.	Commercial	888,800	0.76%
7	Armonk Square LLC	Commercial	466,000	0.40%
8	Fifth Avenue Properties	Residential	390,600	0.33%
9	Lashins	Commercial	315,000	0.27%
10	99 Business Park Drive	Commercial	315,000	0.27%
Total			<u>\$ 16,872,137</u>	<u>14.43%</u>

2007				
<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	\$ 7,885,300	6.74%
2	Westchester County	Airport	1,847,200	1.58%
3	MBIA	Commercial	1,630,075	1.39%
4	IBM	Commercial	1,393,600	1.19%
5	Con Edison	Utility	1,376,867	1.18%
6	North White Plains Shopping Center	Commercial	672,600	0.57%
7	NYNEX/Verizon	Utility	577,340	0.49%
8	Lashins	Commercial	504,500	0.43%
9	No. Castle Leisure	Commercial	372,900	0.32%
10	Armonk Fairview, LLC	Commercial	268,600	0.23%
Total			<u>\$ 16,528,982</u>	<u>14.13%</u>

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

TOWN OF NORTH CASTLE, NEW YORK

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Year	Taxes Levied for the Fiscal year (1)	Collected within the Fiscal Year of the Levy			Total Collection to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
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 %	\$ 149,002	\$ 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	98.88 %	\$ 340,487	\$ 40,910,429	98.41 %	
2013	\$ 41,991,452	\$ 41,638,972	97.59 %	\$ 178,445	\$ 41,733,970	99.39 %	
2014	\$ 41,664,490	\$ 41,199,500	98.88 %	\$ 244,014	\$ 41,443,514	99.47 %	
2015	\$ 41,745,818	\$ 41,428,437	99.24 %	\$ 201,940	\$ 41,630,377	99.72 %	
2016	\$ 42,198,812	\$ 41,897,524	99.29 %	\$ 186,746	\$ 42,084,270	99.73 %	
2017	\$ 41,503,591	\$ 41,291,628	99.49 %	\$ 55,364	\$ 41,346,992	99.62 %	

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>
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	\$ 14,984,000	\$ 3,651	\$ 14,980,349	13.02%	1.52 %	\$ 1,265
2013	\$ 15,099,000	\$ 3,651	\$ 15,095,349	13.18%	1.51 %	\$ 1,275
2014	\$ 24,095,000	\$ 3,651	\$ 24,091,349	20.90%	2.32 %	\$ 2,035
2015	\$ 22,986,000	\$ 3,651	\$ 22,982,349	19.87%	2.08 %	\$ 1,941
2016	\$ 21,857,000	\$ -	\$ 21,857,000	18.75%	1.91 %	\$ 1,846
2017	\$ 25,243,582	\$ -	\$ 25,243,582	21.59%	info not available	

(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, 2017

<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	\$ 1,122,593,660	1.75 %	19,638,803
School Districts (as of June 30, 2015):			
Byram Hills	30,180,000	85.87 %	25,915,241
Bedford	39,402,615	2.18 %	857,534
Harrison	-	0.02 %	-
Mount Pleasant	17,040,000	2.19 %	373,562
Valhalla	41,624,457	27.82 %	11,579,484
			58,364,623
Town direct debt			<u>25,243,582</u>
Net direct and overlapping debt			<u>\$ 83,608,205</u>

(1) 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 368,819,521	\$ 396,198,251	\$ 402,921,485	\$ 401,535,118	\$ 390,439,336	\$ 370,623,117	\$ 354,354,021	\$ 350,136,044	\$ 352,729,710	\$ 343,864,570
Total net debt applicable to limit	<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>	<u>7,806,900</u>	<u>7,155,000</u>	<u>4,220,696</u>	<u>3,668,676</u>	<u>6,926,656</u>
Legal debt margin	\$ 356,036,861	\$ 380,091,348	\$ 387,694,987	\$ 384,368,327	\$ 375,354,326	\$ 362,816,217	\$ 347,199,021	\$ 345,915,348	\$ 349,061,034	\$ 336,937,914
Total net debt applicable to the limit as a percentage of debt limit	3.47%	4.07%	3.78%	4.28%	3.86%	2.11%	2.02%	1.21%	1.04%	2.01%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessment Roll

<u>Year</u>	<u>Budget Year</u>	<u>Assessed Valuation</u>	<u>State Special Equalization Ratio</u>	<u>Full Valuation</u>
2016	2017	\$ 116,949,175	2.34 %	\$ 4,997,827,991
2015	2016	\$ 116,546,225	2.25 %	5,179,832,222
2014	2015	\$ 115,645,384	2.37 %	4,879,552,068
2013	2014	\$ 115,274,098	2.36 %	4,884,495,678
2012	2013	\$ 114,571,703	2.24 %	<u>5,114,808,170</u>
Total five year valuation				<u>\$ 25,056,516,129</u>
Five year average full valuation of taxable real property				\$ 5,011,303,226
Debt limit - 7% of five year average valuation				<u>350,791,226</u>
Outstanding Town debt:				
Serial bonds				25,243,582
Bond anticipation notes				<u>-</u>
				25,243,582
Less:				
Exclusion for water and sewer districts				18,316,926
Net indebtedness subject to debt limit				<u>6,926,656</u>
Net debt contracting margin				<u>\$ 343,864,570</u>

TOWN OF NORTH CASTLE, NEW YORK

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Unemployment Rate (3)</u>
2007	10,849	\$ 659,499,861	\$ 60,789	3.70 %
2008	10,849	\$ 695,518,541	\$ 64,109	4.80 %
2009	10,849	\$ 875,460,055	\$ 80,695	7.10 %
2010	10,849	\$ 875,460,055	\$ 80,695	7.40 %
2011	11,841 (3)	\$ 942,768,579	\$ 79,619	7.10 %
2012	11,841	\$ 983,691,075	\$ 83,075	7.30 %
2013	11,841	\$ 996,858,267	\$ 84,187	6.30 %
2014	11,841	\$ 1,039,367,457	\$ 87,777	5.10 %
2015	11,841	\$ 1,103,924,589	\$ 93,229	4.60 %
2016	11,841	\$ 1,146,196,959	\$ 96,799	4.60 %

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: U.S. Department of Commerce. Per capita income not available for the Town.
As such, the information reflected represent data for the County.

(3) New York State Department of Labor - Unemployment statistics are not available for the Town.
As such, the information reflected represent data for the County.

TOWN OF NORTH CASTLE, NEW YORK

PRINCIPAL EMPLOYERS CURRENT YEAR AND 10 YEARS AGO

2017		
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<u>Employer</u>	<u>Employees</u>	<u>Percent of Total Employment</u>
IBM	3,000	31.18%
Byram Hills School System	586	6.09%
Breezemont Day Camp	267	2.77%
Mariani Gardens	250	2.60%
Carquest Auto Parts	150	1.56%
Production Resource Group	150	1.56%
Town of North Castle	138	1.43%
Grand Luxe Realty, Inc.	100	1.04%
Heraeus Kulzer Inc.	91	0.95%
Intuition Medical Group	84	0.87%
Total	4,816	50.05%

2007		
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<u>Employer</u>	<u>Employees</u>	<u>Percent of Total Employment</u>
IBM	850	13.04%
MBIA Capital Management	500	7.67%
Byram Hills School System	498	7.64%
Breezemont Day Camp	267	4.10%
Town of North Castle	201	3.08%
Carquest Auto Parts	150	2.30%
Cine Magnetics Inc	150	2.30%
Fox Meadow Farm	101	1.55%
Alfredo, Inc.	100	1.53%
BWP Distributors	100	1.53%
Total	2,917	44.75%

TOWN OF NORTH CASTLE, NEW YORK

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

<u>Function</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	61	53	51	49	52	53	52	56	59	60
Public safety	52	45	44	39	43	45	45	46	41	41
Culture and recreation	64	65	60	57	46	46	44	49	50	46
Home and community services	13	12	11	11	7	7	7	7	8	8
Total	190	175	166	156	148	151	148	158	158	155

Source: Town's Finance Department

TOWN OF NORTH CASTLE, NEW YORK

OPERATING INDICATOR BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL GOVERNMENT SUPPORT:										
Building permit issued	457	457	521	513	579	611	511	670	611	637
PUBLIC SAFETY:										
Police -										
Physical arrests	218	152	135	127	98	153	112	102	152	168
Parking violations	936	798	873	587	395	384	669	484	357	598
Traffic violations	1,643	984	1,085	752	956	1505	720	855	799	894
CULTURE AND RECREATION:										
Recreation -										
Adult programs	30	30	26	110	53	51	54	47	36	32
Children's programs	70	70	60	142	153	160	168	146	150	128
Camp	10	9	10	13	17	14	14	8	8	9
Senior citizen's programs	3	7	2	5	2	6	8	8	8	10
Pre-school classes	17	17	15	45	28	31	33	46	53	44
Special events	4	3	3	3	3	3	3	3	6	9
Library -										
Volumes in collections	82,266	87,000	86,661	85,947	84,692	108,265	138,714	102,284	106,376	102,341
Circulation	203,370	205,000	198,000	195,000	178,000	137,785	143,336	153,235	183,160	172,790
HOME AND COMMUNITY SERVICES:										
Water district No. 1 -										
Average daily consumption	364,348	394,240	467,738	451,900	335,100	352,100	327,443	322,013	315,871	339,653
Peak daily consumption	532,679	487,750	552,976	634,000	441,968	428,000	418,000	412,782	431,772	380,154
Water district No. 2 -										
Average daily consumption	161,750	129,384	159,290	137,000	168,798	159,288	205,525	225,450	147,717	133,615
Peak daily consumption	333,080	248,672	368,000	350,000	364,832	357,714	382,804	364,860	294,500	309,000
Water district No. 4 -										
Average daily consumption	363,235	311,309	362,259	334,000	357,400	348,000	369,359	386,404	369,519	351,283
Peak daily consumption	607,480	511,872	707,444	673,000	670,400	622,744	653,000	639,916	662,280	603,000
Water district No. 5 -										
Average daily consumption	76,812	57,487	82,232	58,800	54,530	59,457	58,090	74,454	72,428	65,328
Peak daily consumption	163,400	133,350	235,240	157,600	170,600	150,100	131,070	153,900	138,390	151,612

Source: Various Town's Departments

TOWN OF NORTH CASTLE, NEW YORK

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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	21	19	20	20	20	19	17	17	16	17
TRANSPORTATION:										
Miles of streets	98	98	94	94	94	94	94	94	90	92
Number of street lights	607	607	659	659	659	659	659	659	659	659
Number of traffic lights	1	1	1	1	1	1	1	1	1	1
CULTURE AND RECREATION:										
Number of community centers	3	2	3	3	3	2	2	2	2	2
Number of parks/playgrounds	8	8	12	12	12	12	12	12	12	12
Acres of parks	343	343	341	341	341	341	341	341	341	341
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Outdoor tennis courts	9	10	9	10	10	10	10	10	10	10
Soccer fields	5	5	5	5	5	5	5	5	5	5
Nature trails	1	1	1	1	1	1	1	1	1	1
Picnic areas	2	2	2	2	2	2	2	2	2	2
Libraries	2	2	2	2	2	2	2	2	2	2
HOME AND COMMUNITY SERVICES:										
Miles of water mains	31	32	31	31	31	31	31	32	32	32
Fire hydrants	278	278	278	278	282	282	282	303	303	303
Miles of sanitary sewers	22	23	23	23	23	23	23	23	23	23

Source: Various Town's Departments