

Town of Lewisboro, New York

Financial Statements
and
Supplementary Information

Year Ended December 31, 2013

Town of Lewisboro, New York

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Independent Auditors' Report

**The Honorable Supervisor and Town Board of
the Town of Lewisboro, 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 Lewisboro, New York ("Town") as of and for the year ended December 31, 2013, 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.

Auditors' 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 auditors' 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 Town'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 Town'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, 2013, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits 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.

Supplementary and 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
May 29, 2014

Town of Lewisboro, New York

Management's Discussion and Analysis (MD&A) December 31, 2013

Introduction

The following discussion and analysis of the Town of Lewisboro, New York's financial statements provides an overview of the financial activities of the Town for the fiscal year ending December 31, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- On the government-wide financial statements, the Town's liabilities exceeded its assets at the close of fiscal year 2013 by \$6,427,475. Of this amount, the unrestricted portion is a deficit of \$8,169,194. This deficit results primarily from the accrual of certain operating liabilities pursuant to GASB Statement No. 34, inclusive of other post employment benefit obligations ("OPEB"), coupled with the deficits reported in the Special Districts funds and the Capital Projects Fund.
- As of the close of fiscal year 2013, the Town's governmental funds reported a combined ending deficit fund balance of \$408,341, an overall decrease in the deficit of \$551,158 as compared to the prior year. The net decrease in the deficit is attributed to the combination of a surplus generated by the General Fund of \$311,141, and a surplus in the Special Districts Fund of \$312,591 while the Highway Fund and Capital Fund had shortfalls of \$43,458 and \$29,116, respectively.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$334,280 and represented 4.42% of total General Fund expenditures and other financing uses. The General Fund reported a total ending fund balance of \$1,048,096, an increase of \$311,141 as compared to the prior year, as a result of a current year operating surplus.
- During the current fiscal year, the Town retired \$630,000 of general obligation debt and did not issue any new debt. The Town's outstanding general obligation bonds payable at December 31, 2013 totaled \$11,000,000.
- Throughout the current fiscal year, the Town retired \$65,650 of short-term capital debt in the form of bond anticipation notes and did not issue any new short term debt in 2013. Short-term obligations amounted to \$2,247,850 at the end of the fiscal year.

Overview of the Financial Statements

The following is intended to serve as an introduction to the Town's financial statements, which includes three basic components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, 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 reflecting 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 result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave and OPEB obligations).

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

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

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

Governmental Funds

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.

Government-wide financial statements cover a broad spectrum of financial reporting. It is, therefore, also useful to examine the information presented in each separate governmental fund since it more closely represents the cost of individual governmental activities. This will also help readers understand both the long and short-term impacts of financial decisions. The governmental fund balance sheets and statement of revenues, expenditures and changes in the year-end fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, Special Districts Fund and Capital Projects Fund, which are considered to be major funds. Individual fund data for the non-major governmental fund, the Debt Service Fund, is provided elsewhere in this report.

The Town adopts an annual appropriation budget for its General Fund, Highway Fund, Special Districts and Debt Service Funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the respective budgets.

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 statement because the resources of those funds are *not* available to support the Town programs. The Town maintains only one type of fiduciary fund, 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 financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the 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 the financial statements. These include the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, liabilities exceeded assets by \$6,427,475 at the close of the current fiscal year.

Statement of Net Position

	2013	2012
Current Assets	\$ 35,742,394	\$ 36,808,771
Capital Assets, net	14,297,159	15,060,660
Total Assets	50,039,553	51,869,431
Current Liabilities	35,990,290	37,647,804
Long-term Liabilities	20,476,738	19,715,537
Total Liabilities	56,467,028	57,363,341
Net Position		
Net investment in capital assets	1,741,719	1,904,336
Unrestricted	(8,169,194)	(7,398,246)
Total Net Position	\$ (6,427,475)	\$ (5,493,910)

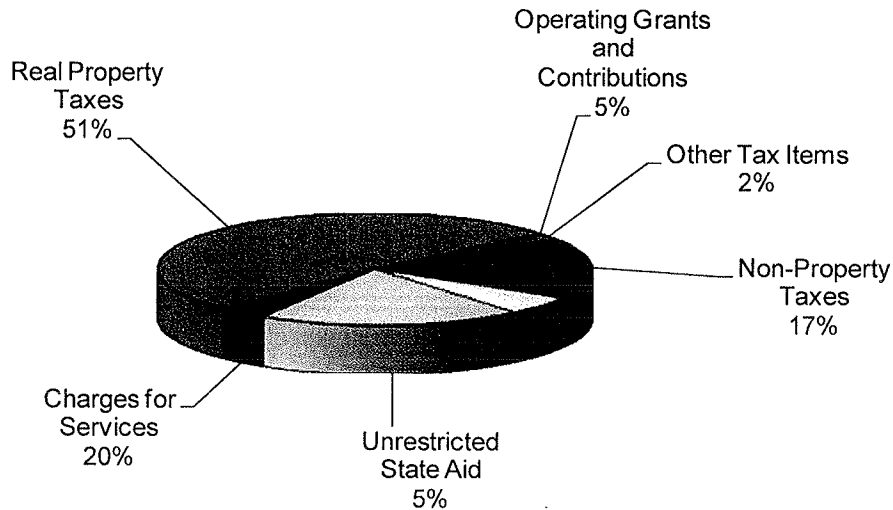
The largest component of the Town's net position reflects its net investment in capital assets, amounting to \$1,741,719. The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position, which is a deficit of \$8,169,194, must be financed from future operations. This deficit results from a combination of the deficits in the Special Districts Fund, plus the Town's long-term commitments, including repayment of general obligation bonds (\$11,000,000), retirement incentives and other pension obligations (\$506,053), compensated absences (\$472,103), claims payable (\$221,035) and other post employment benefit obligations (\$8,277,547). These obligations are greater than currently available resources. Payments for these liabilities will be budgeted in the year the actual payment will be made.

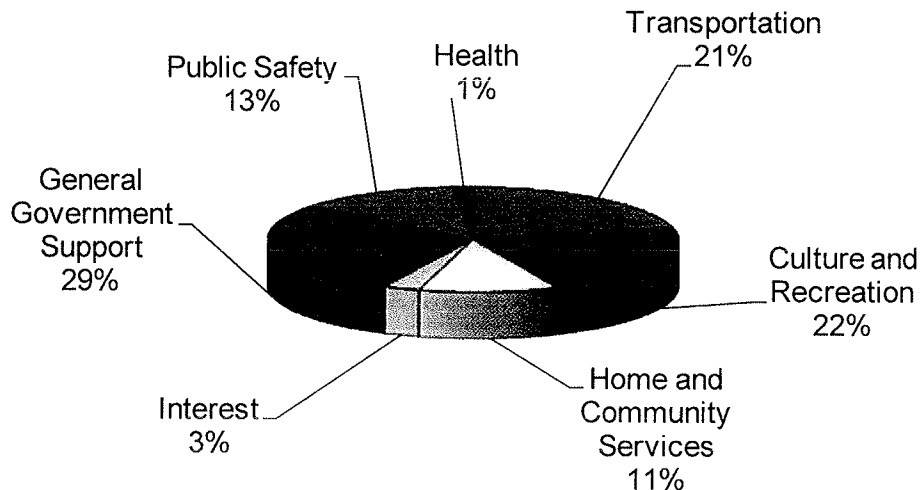
Changes in Net Position
December 31,

	<u>2013</u>	<u>2012</u>
Program Revenues		
Charges for Services	\$ 2,329,241	\$ 2,037,965
Operating Grants and Contributions	420,570	616,661
Capital Grants and Contributions	8,450	148,800
General Revenues		
Real Property Taxes	6,097,960	5,873,876
Other Tax items	235,363	307,834
Non-Property Taxes	2,061,598	1,871,886
Unrestricted Use of Money and Property	17,237	23,131
Sale of Property and Compensation for Loss	52,107	12,911
Unrestricted State Aid	644,286	525,176
Miscellaneous	9,990	30,863
Total Revenues	<u>11,876,802</u>	<u>11,449,103</u>
Program Expenses		
General Government Support	3,678,846	3,389,237
Public Safety	1,622,961	1,355,212
Health	199,378	187,179
Transportation	2,711,119	2,307,026
Culture and Recreation	2,826,081	3,041,520
Home and Community Services	1,404,382	1,982,339
Interest	367,600	381,433
Total Expenses	<u>12,810,367</u>	<u>12,643,946</u>
Change in Net Position	(933,565)	(1,194,843)
Deficit - Beginning	<u>(5,493,910)</u>	<u>(4,299,067)</u>
Deficit - Ending	<u><u>\$ (6,427,475)</u></u>	<u><u>\$ (5,493,910)</u></u>

Sources of Revenue for Fiscal Year 2013 Governmental Activities



Expenses for Fiscal Year 2013 Governmental Activities



Governmental Activities: Governmental activities decreased the Town's deficit by \$993,565 for the fiscal year ended December 31, 2013. The total Town governmental activities revenues were \$11,876,802. Real property taxes provide 51% of total revenues and non-property tax items provide 17%. Charges for services and operating grants and contributions provided 25%. Total revenues increased by \$427,699 from the prior year. Governmental activities expenditures of the Town for the year ended December 31, 2013 totaled \$12,810,367. The largest components of these expenses are in the areas of General Government Support (29%), Culture and Recreation (22%) and Transportation (21%). Total expenses increased by \$166,421 from the prior year.

The major changes in 2013 as compared to 2012 are as follows:

Revenues:

- Real Property Taxes increased by \$194,911 due to better than anticipated tax collections.
- Operating grants and contributions as well as capital grants and contributions primarily decreased due to Federal and State reimbursements received from the Emergency Management Agency relating to the storm damage and clean-up in the prior year.

Expenses:

- General government support expenditures increased by \$289,609, primarily due to small increases amongst several accounts as well as costs associated with OPEB.
- Transportation expenditures increased by \$404,093 and that was attributable to more road resurfacing, paving and repair work which occurred in 2013 as compared to 2012. Expenditures relating to overtime and sand/salt purchases were greater in 2013 due to a more demanding winter as compared to 2012.
- Home and Community expenditures are down \$577,957 primarily due to sewer plant upgrades which occurred in 2012 as well as increased costs associated with employee benefits and OPEB.

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 deficits of \$408,341, a decrease in the deficit of \$551,158, from the prior year. Of the total combined fund deficits, \$1,260,487 constitutes unassigned fund deficit.

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund reflected a positive fund balance of \$1,048,096, an overall increase of \$311,141 from the prior year which resulted from the surplus in current year's operations. The unassigned fund balance of the General Fund was \$334,280 and represented 31.9% of total fund balance of the General Fund. The nonspendable fund balance component is \$713,816. This consists of amounts representing prepaid expenditures of \$207,173. Prepaid expenditures have been established to account for insurance payments and a portion of the New York State retirement payments made in advance. The balance of

\$506,643 represents an estimate of school taxes receivable which will not be collected within the subsequent year. Overall, General Fund expenditures and other financing uses were \$7,569,861, which generated \$7,208 in budgetary savings. The budget in the aggregate and by function was very close to the actual results with no major variances observed. General Fund revenues were \$7,881,002, which resulted in a budgetary surplus of \$303,933, mainly due to Non Property tax items including franchise fees and sales tax as well as State aid - Mortgage tax.

The Highway Fund containing activity for transportation expenditures reflected a fund balance of \$52,382 at the end of the current fiscal year, a decrease to fund balance of \$43,458. Overall, actual Highway Fund expenditures and other financing uses were \$115,386 greater than the final budget and actual revenues were \$71,928 greater than the final budget, resulting in the total budgetary shortfall of \$43,458.

The Capital Projects Fund reflected a deficit of \$1,555,440 at December 31, 2013. This represents an increase from prior year's deficit of \$1,526,324. The increase is partially attributed to the increase in capital spending. This deficit arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance capital projects are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

The Special Districts Fund reflected a combined fund balance of \$46,621. This is an increase from a deficit in the prior year of \$265,970. This overall deficit was corrected in 2013 by keeping expenditures flat while increasing revenues. There was a new source of revenue in 2013 of \$200,000 from an agreement in connection with the Town's sewer infrastructure.

The Non-Major Governmental Fund consists of the Debt Service Fund. The Debt Service Fund has no fund balance in the beginning or end of 2013.

General Fund Budgetary Highlights

Actual revenues exceeded budgetary expectations by \$303,933. The major areas where revenues exceed anticipated budget amounts were non property tax items (\$1,940,000 vs. \$2,061,598), resulting from sales tax revenue and franchise fees. Additionally mortgage tax revenue exceeded the budget by \$121,947. Actual expenditures and other financing uses resulted in budgetary savings of \$7,208.

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2013, amounted to \$14,297,159 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets
(Net of Accumulated Depreciation)

	2013	2012
Land	\$ 725,000	\$ 725,000
Land Improvements	1,018,864	1,010,835
Buildings and Improvements	915,629	960,651
Machinery and Equipment	54,412	62,153
Infrastructure	11,583,254	12,302,021
Total	<u>\$ 14,297,159</u>	<u>\$ 15,060,660</u>

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

Long-term / Short-Term Indebtedness

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$11,000,000. As required by New York State Law, all bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town.

The Town did not issue any new bonds in fiscal year 2013 and paid \$630,000 in principal on outstanding obligations.

Short-term debt for the Town totaled \$2,247,850 in the form of bond anticipation notes (BAN's). The Town redeemed \$64,650 of short-term debt.

Additional information on the Town's long-term debt can be found in Note 3,G, of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Supervisor, Town of Lewisboro, 11 Main Street, South Salem, NY 10590.

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Town of Lewisboro, New York

Statement of Net Position

December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 11,759,078
Receivables	
Taxes, net	22,823,120
Accounts	242,233
Due from other governments	442,871
State and Federal aid	176,210
Prepaid expenses	298,882
Capital assets	
Not being depreciated	725,000
Being depreciated, net	<u>13,572,159</u>
 Total Assets	 <u>50,039,553</u>
 LIABILITIES	
Accounts payable	132,828
Accrued liabilities	112,228
Due to school districts	33,166,217
Unearned revenues	102,912
Deposits	168,607
Bond anticipation notes payable	2,247,850
Accrued interest payable	59,648
Non-current liabilities	
Due within one year	997,006
Due in more than one year	<u>19,479,732</u>
 Total Liabilities	 <u>56,467,028</u>
 NET POSITION	
Net investment in capital assets	1,741,719
Unrestricted	<u>(8,169,194)</u>
 Total Net Position	 <u><u>\$ (6,427,475)</u></u>

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

Town of Lewisboro, New York

Statement of Activities

Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,678,846	\$ 38,336	\$ 6,300	\$ -
Public safety	1,622,961	638,853	60,818	-
Health	199,378	2,820	-	-
Transportation	2,711,119	4,325	186,978	-
Culture and recreation	2,826,081	1,230,193	-	-
Home and community services	1,404,382	414,714	166,474	8,450
Interest	367,600	-	-	-
Total Governmental Activities	<u>\$ 12,810,367</u>	<u>\$ 2,329,241</u>	<u>\$ 420,570</u>	<u>\$ 8,450</u>

General revenues

Real property taxes

Other tax items

Interest and penalties on real property taxes

Non-property taxes

Franchise fees

Non-property tax distribution from County

Unrestricted use of money and property

Sale of property and compensation for loss

Unrestricted State aid

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - Ending

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

<hr/> Net (Expense) Revenue and Changes in Net Assets <hr/>	
\$	(3,634,210)
	(923,290)
	(196,558)
	(2,519,816)
	(1,595,888)
	(814,744)
	(367,600)
	<hr/>
	(10,052,106)
	<hr/>
	6,097,960
	235,363
	315,768
	1,745,830
	17,237
	52,107
	644,286
	9,990
	<hr/>
	9,118,541
	<hr/>
	(933,565)
	(5,493,910)
	<hr/>
\$	<u><u>(6,427,475)</u></u>

Town of Lewisboro, New York

Balance Sheet
Governmental Funds
December 31, 2013

	General	Highway	Capital Projects
ASSETS			
Cash and equivalents	\$ 11,090,430	\$ 171,017	\$ 323,894
Taxes receivable, net	22,823,120	-	-
Other receivables			
Accounts	164,879	-	-
Due from other governments	442,871	-	-
State and Federal aid	49,245	-	-
Due from other funds	9,235	-	3,064,967
	666,230	-	3,064,967
Prepaid expenditures	207,173	91,709	-
Total Assets	<u>\$ 34,786,953</u>	<u>\$ 262,726</u>	<u>\$ 3,388,861</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 77,602	\$ 26,276	\$ 2,692
Accrued liabilities	106,338	5,890	-
Due to school districts	33,166,217	-	-
Due to other funds	-	178,178	2,590,847
Unearned revenues	-	-	102,912
Deposits	168,607	-	-
Bond anticipation notes payable	-	-	2,247,850
Total Liabilities	33,518,764	210,344	4,944,301
Deferred inflows of resources			
Deferred tax revenues	220,093	-	-
Total Liabilities and Deferred Inflows of Resources	<u>33,738,857</u>	<u>210,344</u>	<u>4,944,301</u>
Fund balances (deficits)			
Nonspendable	713,816	91,709	-
Assigned	-	-	-
Unassigned	334,280	(39,327)	(1,555,440)
Total Fund Balances (Deficits)	<u>1,048,096</u>	<u>52,382</u>	<u>(1,555,440)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 34,786,953</u>	<u>\$ 262,726</u>	<u>\$ 3,388,861</u>

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

Special Districts	Other Governmental	Total Governmental Funds
\$ 173,737	\$ -	\$ 11,759,078
-	-	22,823,120
77,354	-	242,233
-	-	442,871
126,965	-	176,210
163,222	893,868	4,131,292
367,541	893,868	4,992,606
-	-	298,882
\$ 541,278	\$ 893,868	\$ 39,873,686
\$ 26,258	\$ -	\$ 132,828
-	-	112,228
-	-	33,166,217
468,399	893,868	4,131,292
-	-	102,912
-	-	168,607
-	-	2,247,850
494,657	893,868	40,061,934
-	-	220,093
494,657	893,868	40,282,027
-	-	805,525
46,621	-	46,621
-	-	(1,260,487)
46,621	-	(408,341)
\$ 541,278	\$ 893,868	\$ 39,873,686

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Town of Lewisboro, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2013

Fund Deficits - Total Governmental Funds	\$ (408,341)
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,297,159
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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	220,093
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Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(59,648)
Bonds payable	(11,000,000)
Compensated absences	(472,103)
Retirement incentives and other pension obligations	(506,053)
Claims payable	(221,035)
Other post employment benefit obligations payable	(8,277,547)
	(20,536,386)

Net Position of Governmental Activities	\$ (6,427,475)
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The notes to the financial statements are an integral part of this statement.

Town of Lewisboro, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Highway	Capital Projects
REVENUES			
Real property taxes	\$ 2,839,918	\$ 2,544,233	\$ -
Other tax items	235,363	-	-
Non-property taxes	2,061,598	-	-
Departmental income	1,725,899	-	-
Intergovernmental charges	8,354	-	-
Use of money and property	37,552	16	-
Licenses and permits	16,052	-	-
Fines and forfeitures	189,065	-	-
Sale of property and compensation for loss	52,107	2,605	-
State aid	705,104	169,971	8,450
Federal aid	-	6,967	-
Miscellaneous	9,990	7,469	-
Total Revenues	7,881,002	2,731,261	8,450
EXPENDITURES			
Current			
General government support	2,202,031	58,324	-
Public safety	839,642	-	-
Health	197,283	-	-
Transportation	126,550	1,637,269	-
Culture and recreation	1,850,816	-	-
Home and community services	163,493	-	-
Employee benefits	1,740,935	745,808	-
Debt service			
Principal	-	-	-
Interest	12,136	2,293	-
Capital outlay	-	-	103,216
Total Expenditures	7,132,886	2,443,694	103,216
Excess (Deficiency) of Revenues Over Expenditures	748,116	287,567	(94,766)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	65,650
Transfers out	(436,975)	(331,025)	-
Total Other Financing Sources (Uses)	(436,975)	(331,025)	65,650
Net Change in Fund Balances	311,141	(43,458)	(29,116)
FUND BALANCES (DEFICITS)			
Beginning of Year	736,955	95,840	(1,526,324)
End of Year	\$ 1,048,096	\$ 52,382	\$ (1,555,440)

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

Special Districts	Other Governmental	Total Governmental Funds
\$ 675,076	\$ -	\$ 6,059,227
-	-	235,363
-	-	2,061,598
375,806	-	2,101,705
-	-	8,354
60	-	37,628
-	-	16,052
-	-	189,065
869	-	55,581
165,545	-	1,049,070
-	-	6,967
-	-	17,459
1,217,356	-	11,838,069
24,680	-	2,285,035
-	-	839,642
-	-	197,283
12,647	-	1,776,466
-	-	1,850,816
585,371	-	748,864
-	-	2,486,743
-	630,000	630,000
5,766	348,651	368,846
-	-	103,216
628,464	978,651	11,286,911
588,892	(978,651)	551,158
-	978,651	1,044,301
(276,301)	-	(1,044,301)
(276,301)	978,651	-
312,591	-	551,158
(265,970)	-	(959,499)
\$ 46,621	\$ -	\$ (408,341)

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Town of Lewisboro, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$ 551,158
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay expenditures	103,216
Depreciation expense	(866,717)
	<u>(763,501)</u>

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

Real property taxes	<u>38,733</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal paid on bonds	<u>630,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	1,246
Compensated absences	51,128
Retirement incentives and other pension obligations	(174,357)
Claims payable	(33,167)
Other post employment benefit obligations	(1,234,805)
	<u>(1,389,955)</u>

Change in Net Position of Governmental Activities	<u>\$ (933,565)</u>
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The notes to the financial statements are an integral part of this statement.

Town of Lewisboro, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway Funds and Special Districts Funds
Year Ended December 31, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,875,788	\$ 2,875,788	\$ 2,839,918	\$ (35,870)
Other tax items	225,000	225,000	235,363	10,363
Non-property taxes	1,940,000	1,940,000	2,061,598	121,598
Departmental income	1,672,500	1,672,500	1,725,899	53,399
Intergovernmental charges	7,100	7,100	8,354	1,254
Use of money and property	42,940	42,940	37,552	(5,388)
Licenses and permits	15,241	15,241	16,052	811
Fines and forfeitures	180,000	180,000	189,065	9,065
Sale of property and compensation for loss	-	-	52,107	52,107
State aid	595,000	595,000	705,104	110,104
Federal aid	-	-	-	-
Miscellaneous	23,500	23,500	9,990	(13,510)
Total Revenues	7,577,069	7,577,069	7,881,002	303,933
EXPENDITURES				
Current				
General government support	2,164,986	2,202,031	2,202,031	-
Public safety	803,018	839,642	839,642	-
Health	197,283	197,283	197,283	-
Transportation	124,414	126,550	126,550	-
Culture and recreation	1,901,756	1,850,816	1,850,816	-
Home and community services	183,457	163,493	163,493	-
Employee benefits	1,760,378	1,753,827	1,740,935	12,892
Debt service				
Interest	12,137	12,136	12,136	-
Total Expenditures	7,147,429	7,145,778	7,132,886	12,892
Excess of Revenues Over Expenditures	429,640	431,291	748,116	316,825
OTHER FINANCING USES				
Transfers out	(429,640)	(431,291)	(436,975)	(5,684)
Net Change in Fund Balances	-	-	311,141	311,141
FUND BALANCES (DEFICITS)				
Beginning of Year	-	-	736,955	736,955
End of Year	\$ -	\$ -	\$ 1,048,096	\$ 1,048,096

Highway Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,544,233	\$ 2,544,233	\$ 2,544,233	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	16	16
-	-	-	-
-	-	-	-
100	100	2,605	2,505
115,000	115,000	169,971	54,971
-	-	6,967	6,967
-	-	7,469	7,469
2,659,333	2,659,333	2,731,261	71,928
56,000	58,324	58,324	-
-	-	-	-
-	-	-	-
1,506,934	1,516,981	1,637,269	(120,288)
-	-	-	-
-	-	-	-
763,081	750,710	745,808	4,902
2,293	2,293	2,293	-
2,328,308	2,328,308	2,443,694	(115,386)
331,025	331,025	287,567	(43,458)
(331,025)	(331,025)	(331,025)	-
-	-	(43,458)	(43,458)
-	-	95,840	95,840
\$ -	\$ -	\$ 52,382	\$ 52,382

(Continued)

Town of Lewisboro, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Continued)
General, Highway and Special Districts Funds
Year Ended December 31, 2013

	Special Districts Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 675,076	\$ 675,076	\$ 675,076	\$ -
Other tax items	-	-	-	-
Non-property taxes	-	-	-	-
Departmental income	188,143	188,143	375,806	187,663
Intergovernmental charges	-	-	-	-
Use of money and property	-	-	60	60
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	-	869	869
State aid	152,700	152,700	165,545	12,845
Federal aid	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,015,919	1,015,919	1,217,356	201,437
EXPENDITURES				
Current				
General government support	40,900	34,938	24,680	10,258
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	13,725	13,725	12,647	1,078
Culture and recreation	-	-	-	-
Home and community services	664,977	670,939	585,371	85,568
Employee benefits	-	-	-	-
Debt service				
Interest	5,766	5,766	5,766	-
Total Expenditures	725,368	725,368	628,464	96,904
Excess of Revenues Over Expenditures	290,551	290,551	588,892	298,341
OTHER FINANCING USES				
Transfers out	(290,551)	(290,551)	(276,301)	14,250
Net Change in Fund Balances	-	-	312,591	312,591
FUND BALANCES (DEFICITS)				
Beginning of Year	-	-	(265,970)	(265,970)
End of Year	\$ -	\$ -	\$ 46,621	\$ 46,621

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

Town of Lewisboro, New York

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 718,116
Accounts receivable	<u>6,000</u>
 Total Assets	 <u><u>\$ 724,116</u></u>
LIABILITIES	
Accounts payable	\$ 218,044
Deposits	<u>506,072</u>
 Total Liabilities	 <u><u>\$ 724,116</u></u>

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

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Note 1 - Summary of Significant Accounting Policies

The Town of Lewisboro, New York ("Town") was established in 1731 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 the chief executive officer and the Director of Finance serves as the chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

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

Fund Categories

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

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue Funds - Special revenue funds are used 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 fund of the Town is 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 major revenues of this fund are real property taxes and State aid.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's sewer, water and lighting districts. The major revenues of this fund are real property taxes, departmental income and State aid.

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, other than those financed by proprietary funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other 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 statements.

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 but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposit and Risk Disclosure

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

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

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

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, 2013.

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

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

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect

Note 1 - Summary of Significant Accounting Policies (Continued)

County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school districts taxes, the Charter provides that the Town satisfy the warrant of each school district by April 5th. Thus, the Town's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses 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, 2013, 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 costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the governmental funds are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the 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, 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 using 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20
Buildings and Improvements	20-50
Machinery and Equipment	5-20
Infrastructure	10-50

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 fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the 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 the 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 \$102,912 for grants received in advance in the Capital Projects Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reported deferred inflows of resources of \$220,093 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow if resources in the period that the amounts become available.

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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund 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 financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows at resources and current liabilities and deferred inflows of resources. 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, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is 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 is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is 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. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, 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 amounts established and approved by the Town Board.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. 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 and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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 and Special Districts funds. 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, deferred outflows of resources, liabilities and deferred inflows of resources 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. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 29, 2014.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.
- e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts and Debt Service funds.
- i) Budgets for General, Highway, 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.
- 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 Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- k) Appropriations in the General, Highway, 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.

Budgeted amounts are as originally adopted, or as amended by the Town Board.

Note 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. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law 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 fiscal year. It expires on June 16, 2016.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. 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 Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Council first enacts, by a vote of at least sixty percent of the total voting power of the Town Council, a local law to override such limit for such coming fiscal year.

C. Application of Accounting Standards

For the year ended December 31, 2013, the Town implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Capital Projects Fund Deficit

The undesignated deficit in the Capital Projects Fund of \$1,555,440 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes are accounted for

Note 2 - Stewardship, Compliance and Accountability (Continued)

in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

E. Expenditures in Excess of Budget

The following categories of expenditure exceeded their budgetary provisions by the amounts indicated:

General Fund	
Transfers out - Debt Service Fund	\$ 5,684
Highway Fund	
Transportation	120,288

In addition, the entire Highway Fund budget exceeded its budgetary provision by \$115,386.

F. Fund Deficits

The following funds reflect a deficit at December 31, 2013

Special Districts Fund -	
Oak Ridge Sewer District	\$ 249,159
Highway Fund - unassigned	39,327

The Town plans to address this deficit in future periods.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2013 consisted of the following:

Town and County taxes - Current	\$ 163,631
School districts taxes - Current	21,824,615
Tax liens	834,874
Property acquired for taxes	<u>166,280</u>
	22,989,400
Allowance for uncollectible taxes	<u>(166,280)</u>
	<u>\$ 22,823,120</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2014. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$220,093, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year. School taxes receivable are classified as nonspendable in the fund financial statements in the amount of \$506,643, which represents an estimate of school taxes receivable which will not be collected within the subsequent year.

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 9,235	\$ -
Highway	-	178,178
Capital Projects	3,064,967	2,590,847
Special Districts	163,222	468,399
Non-Major Governmental	893,868	893,868
	<u>\$ 4,131,292</u>	<u>\$ 4,131,292</u>

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

C. Capital Assets

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

<u>Class</u>	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Balance December 31, 2013</u>
Capital Assets, not being depreciated			
Land	<u>\$ 725,000</u>	<u>\$ -</u>	<u>\$ 725,000</u>
Capital Assets, being depreciated			
Land improvements	\$ 1,879,133	\$ 103,216	\$ 1,982,349
Buildings and improvements	2,374,580	-	2,374,580
Machinery and equipment	1,975,482	-	1,975,482
Infrastructure	<u>43,996,991</u>	<u>-</u>	<u>43,996,991</u>
Total Capital Assets, being depreciated	<u>50,226,186</u>	<u>103,216</u>	<u>50,329,402</u>
Less Accumulated Depreciation for			
Land improvements	868,298	95,187	963,485
Buildings and improvements	1,413,929	45,022	1,458,951
Machinery and equipment	1,913,329	7,741	1,921,070
Infrastructure	<u>31,694,970</u>	<u>718,767</u>	<u>32,413,737</u>
Total Accumulated Depreciation	<u>35,890,526</u>	<u>866,717</u>	<u>36,757,243</u>
Total Capital Assets, being depreciated, net	<u>\$ 14,335,660</u>	<u>\$ (763,501)</u>	<u>\$ 13,572,159</u>
Governmental Activities			
Capital Assets, net	<u>\$ 15,060,660</u>	<u>\$ (763,501)</u>	<u>\$ 14,297,159</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Governmental Activities:	
General Government Support	\$ 63,303
Public Safety	350
Transportation	110,423
Culture and Recreation	66,409
Home and Community Services	<u>625,832</u>
Total Depreciation Expense	<u>\$ 866,717</u>

D. Accrued Liabilities

Accrued liabilities at December 31, 2013 consisted of payroll and employee benefits of \$106,338 and \$5,890 reflected in the General Fund and Highway Fund, respectively.

E. Pension Plans

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing, multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2014 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	28.5%
	2 75I	26.0
	3 A14	20.8
	4 A15	20.8
	5 A15	16.7
	6 A15	11.3
PFRS	2 375E	18.1
	2 384D	28.4
	6 384D	16.0

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	PFRS
2013	\$ 349,178	\$ 127,383
2012	357,214	68,858
2011	344,596	81,382

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution was charged to the funds identified below. The current PFRS contribution was charged to the General Fund.

Fund	Amount
General	\$ 189,080
Highway	160,098
	<u>\$ 349,178</u>

F. Short-Term Capital Borrowings

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

Purpose	Year of Original Issue	Maturity Date	Interest Rate	Balance January 1, 2013	Redemptions	Balance December 31, 2013
Bond Anticipation Notes						
Water District Capital Improvements	2003	4/24/14	0.74 %	\$ 663,000	\$ 9,000	\$ 654,000
Various Capital Improvements	2008	4/24/14	0.74	552,000	51,150	500,850
Various Capital Improvements	2011	4/24/14	0.65	373,500	5,500	368,000
Various Capital Improvements	2012	4/24/14	0.83	725,000	-	725,000
				<u>\$ 2,313,500</u>	<u>\$ 65,650</u>	<u>\$ 2,247,850</u>

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

Interest expenditures/expense of \$20,195 were recorded in the fund financial statements in the funds identified below and in the government-wide financial statements for governmental activities.

Fund	Amount
General	\$ 12,136
Highway	2,293
Special Districts	5,766
	<u>\$ 20,195</u>

Town of Lewisboro, New York

Notes to Financial Statements (Continued) December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2013:

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Bonds Payable	\$ 11,630,000	\$ -	\$ 630,000	\$ 11,000,000	\$ 645,000
Retirement Incentives and Other Pension Obligations	331,696	238,160	63,803	506,053	83,971
Compensated Absences	523,231	872	52,000	472,103	47,000
Claims Payable	187,868	1,094,130	1,060,963	221,035	221,035
Other Post Employment Benefit Obligations	7,042,742	1,740,361	505,556	8,277,547	-
Total Long-Term Liabilities	<u>\$ 19,715,537</u>	<u>\$ 3,073,523</u>	<u>\$ 2,312,322</u>	<u>\$ 20,476,738</u>	<u>\$ 997,006</u>

Each governmental fund's liability for bonds is liquidated by the Debt Service Fund. The liability for retirement incentives and other pension obligations, compensated absences, claims and other post employment benefit obligations is liquidated by the General, Highway and Special Districts funds.

Bonds Payable

Bonds payable at December 31, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Public Improvements - Open Space and Pool	2006	\$ 2,758,000	June, 2021	4.000 - 4.500 %	\$ 1,685,000
Public Improvements - Road Resurfacing	2008	3,085,000	June, 2022	4.000 - 5.000	2,190,000
Land Acquisition - Bell Property	2009	2,160,000	June, 2029	1.500 - 4.000	1,850,000
EFC - Oakridge Sewer District	2010	5,925,822	October, 2039	0.383 - 4.603	5,275,000
					<u>\$ 11,000,000</u>

Interest expenditures of \$348,651 were recorded in the Debt Service Fund. Interest expense of \$347,405 was recorded in the government-wide financial statements for governmental activities.

Retirement Incentives and Other Pension Obligations

Chapter 105 of the Laws of 2010 created a temporary retirement incentive applicable to governments who participate in the New York State Employee Retirement System. Any government that elects to participate in the Incentive Program can choose between either a Targeted Incentive (Part A) or a 55/25 Retirement Benefit (Part B). The retirement incentive is only available in 2010, and employees who elect to take advantage of the incentive cannot be replaced. Part A of the Incentive Program allows governments to target certain positions as

Note 3 - Detailed Notes on All Funds (Continued)

eligible for the retirement incentive. Employees must be at least 50 years of age and have at least 10 years of service on the effective date of their retirement to qualify. An additional 1 month of service credit for each year of service credit the employee has as of the date of their retirement will be given to participating employees. Governments must make additional contributions to the retirement system based on each retiring employee's annual salary. This contribution can either be paid in one lump sum or over five years, with payments beginning in the fiscal year ending March 31, 2012 (for municipalities that annually select the early payment option, the first payment would be due December 15, 2011). The Town has elected to participate in Part A of the incentive program. This has resulted in a liability to the Town of \$235,294. Payments are to be made over a 5 year period with interest at 8%. Payments of \$60,315 were made in the current year. The balance due at December 31, 2013 was \$108,299.

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The Town has elected to amortize the maximum allowable ERS contribution for fiscal years 2013 and 2012. In 2012 the total amount amortized under this option was \$204,973, including interest of \$30,127. In 2013 the total amount amortized under this option was \$300,289, including interest of \$62,129. In the current year \$20,497 was paid for this obligation. The balance due at December 31, 2013 was \$397,754.

The current year payments were charged to General Fund retirement expenditures.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2013 including interest payments of \$3,064,654 are as follows:

Year Ending December 31,	Bonds Payable		Retirement Incentives and Other Pension Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 645,000	\$ 327,254	\$ 83,971	21,865	\$ 728,971	\$ 349,119
2015	665,000	304,784	88,961	16,875	753,961	321,659
2016	685,000	281,444	33,967	11,554	718,967	292,998
2017	715,000	256,831	35,118	10,404	750,118	267,235
2018	735,000	230,954	36,307	9,215	771,307	240,169
2019-2023	3,260,000	777,510	180,367	26,742	3,440,367	804,252
2024-2028	1,680,000	439,302	47,362	2,687	1,727,362	441,989
2029-2033	1,230,000	234,544	-	-	1,230,000	234,544
2034-2038	1,145,000	107,164	-	-	1,145,000	107,164
2039	240,000	5,525	-	-	240,000	5,525
	<u>\$ 11,000,000</u>	<u>\$ 2,965,312</u>	<u>\$ 506,053</u>	<u>\$ 99,342</u>	<u>\$ 11,506,053</u>	<u>\$ 3,064,654</u>

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and retirement incentives and other pension obligations 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.

Claims Payable

Health benefit liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	2013	2012
Balance - Beginning of Year	\$ 187,868	\$ 201,625
Provision for Claims and Claims Adjustment Expenses	1,094,130	888,001
Claims and Claims Adjustment Expenses Paid	<u>(1,060,963)</u>	<u>(901,758)</u>
Balance - End of Year	<u>\$ 221,035</u>	<u>\$ 187,868</u>

Compensated Absences

Pursuant to the Town's collective bargaining agreements, when an employee separates from service in good standing and has given at least two weeks notice, the employee or beneficiary will be compensated for their accumulated sick leave. The employee shall be paid for up to 45 days at the current salary rate. For each day in excess of 45 days, the employee shall be paid one half the current salary rate. Fulltime employees who are not members of collective bargaining agreements hired after January 1, 2009, who separate from service in good standing and provided at least two weeks notice, will receive accumulated sick leave for up to, but not to exceed 45 days at the current salary rate.

Employees are allowed to carry a maximum of five vacation days from a given calendar year into the following calendar year except for those employees who are members of the Municipal Workers Association. Upon separation from service in good standing the employee shall be paid at the current salary rate.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations

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 employee's 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/expense as claims are paid. The Town has recognized revenues and expenditures of \$1,348 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.

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 post-retirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>	<u>Prescription Drug</u>
2014	8.50	7.00	6.25
2015	8.00	6.50	6.00
2016	7.50	6.25	5.75
2017	7.00	6.00	5.50
2018	6.50	5.75	5.38
2019	6.00	5.50	5.25
2020	5.50	5.25	5.13
2021+	5.00	5.00	5.00

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level dollar method with an open amortization approach with 26 years remaining in the amortization period. The actuarial assumptions include a 4% investment rate of return and a 2.5% 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 projected unit credit method.

The number of participants as of December 31, 2013 was as follows:

Active Employees	42
Retired Employees	62
	<u>104</u>

Amortization Component	
Actuarial Accrued Liability as of January 1, 2012	\$ 20,502,306
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 20,502,306</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 3,928,000</u>
UAAL as a Percentage of Covered Payroll	<u>522%</u>
Annual Required Contribution	\$ 1,865,935
Interest on Net OPEB Obligation	281,709
Adjustments to Annual Required Contribution	<u>(407,283)</u>
Annual OPEB Cost	1,740,361
Contributions Made	<u>(505,556)</u>
Increase in Net OPEB Obligation	1,234,805
Net OPEB Obligation - Beginning of Year	<u>7,042,742</u>
Net OPEB Obligation - End of Year	<u>\$ 8,277,547</u>

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 preceding year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,740,361	29.0 %	\$ 8,277,547
2012	1,953,120	26.8	7,042,742
2011	1,953,120	26.8	5,612,984

Note 3 - Detailed Notes on All Funds (Continued)

H. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In		Total
	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ 32,600	\$ 404,375	\$ 436,975
Highway Fund	22,050	308,975	331,025
Special Districts Fund	11,000	265,301	276,301
	<u>\$ 65,650</u>	<u>\$ 978,651</u>	<u>\$ 1,044,301</u>

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

I. 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.

Unrestricted - all other net amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Lewisboro, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2013					2012				
	General Fund	Highway Fund	Special Districts Funds	Capital Projects Fund	Total	General Fund	Highway Fund	Special Districts Funds	Capital Projects Fund	Total
Nonspendable										
Prepaid expenditures	\$ 207,173	\$ 91,709	\$ -	\$ -	\$ 298,882	\$ 192,521	\$ 69,086	\$ -	\$ -	\$ 261,607
Long-term receivables	506,643	-	-	-	506,643	211,159	-	-	-	211,159
Total Nonspendable	713,816	91,709	-	-	805,525	403,680	69,086	-	-	472,766
Assigned										
Major funds	-	-	46,621	-	46,621	-	26,754	-	-	26,754
Unassigned	334,280	(39,327)	-	(1,555,440)	(1,260,487)	333,275	-	(265,970)	(1,526,324)	(1,459,019)
Total Fund Balances	\$ 1,048,096	\$ 52,382	\$ 46,621	\$ (1,555,440)	\$ (408,341)	\$ 736,955	\$ 95,840	\$ (265,970)	\$ (1,526,324)	\$ (959,499)

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of 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 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.

Long-Term Receivables have been classified as nonspendable to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balance in this fund.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Town if adversely settled, except as disclosed above.

The Town is also defendant in various claims by taxpayers for redetermination of assessed valuation and special franchises. The settlement of such claims could result in the payment of refunds by the Town. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from such claims will be funded in the year the payment is made.

There are two pending matters against the Town, filed by one plaintiff, one related to an Article 78 proceeding in New York State Supreme Court and another, related to a Notice of Claim and subsequently a lawsuit in Federal Court, seeking retroactive pay and retirement benefits. The Town is awaiting final judgment in the Article 78 matter. The federal suit is still pending. There is no insurance coverage afforded to the Town in those matters, and the Town intends to adamantly defend the federal suit if a settlement cannot be reached with regard to same. No provision for loss has been reflected in the financial statements.

B. Risk Management

The Town purchases various conventional insurance policies to reduce its exposure to loss. The general liability, law enforcement and public official's liability policies maintained provide coverage up to \$1 million per occurrence. The Town also maintains an umbrella liability policy which provides coverage up to \$10 million per occurrence.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Workers' compensation coverage is secured at statutory levels. However, the Town will pay two-thirds of employee salary for the first week and supplement workers compensation up to two-thirds of salary for each week thereafter.

The Town, along with other municipal entities, participates in the Municipal Employee Benefits Consortium ("MEBCO"). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities, towns and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law. The purpose of the pool is to stabilize the cost of medical benefits provided to employees (see unpaid claim liabilities). MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. 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.

Note 5 - Subsequent Event

The Town, in April 2014, issued serial bonds in the amount of \$1,125,900 for various public improvements. The bonds mature annually through 2024 with interest rates ranging from 1.50% to 3.00%, depending on maturity.

The Town, in April 2014, issued bond anticipation notes in the amount of \$1,005,000. The notes are due on April 23, 2015, with an interest at 0.75%. The proceeds were used to renew bond anticipation notes outstanding at December 31, 2013.

Town of Lewisboro, New York

Required Supplementary Information - Schedule Of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2013	\$ -	\$ 20,502,306	\$ 20,502,306	- %	\$ 3,928,000	521.95 %
January 1, 2012	-	21,671,699	21,671,699	-	3,940,000	550.04
January 1, 2011	-	21,671,699	21,671,699	-	3,950,000	548.65

Town of Lewisboro, New York

General Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 11,090,430	\$ 11,104,742
Taxes receivable		
Town and County taxes	163,631	170,881
School districts taxes	21,824,615	23,101,661
Tax liens	834,874	670,119
Property acquired for taxes	166,280	166,280
	22,989,400	24,108,941
Allowance for uncollectible taxes	(166,280)	(166,280)
	22,823,120	23,942,661
Other receivables		
Accounts	164,879	138,750
Due from other funds	9,235	-
Due from other governments	442,871	414,321
State and Federal aid	49,245	173,522
	666,230	726,593
Prepaid expenditures	207,173	192,521
Total Assets	\$ 34,786,953	\$ 35,966,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 77,602	\$ 144,984
Accrued liabilities	106,338	92,177
Due to school districts	33,166,217	34,470,222
Due to other funds	-	239,999
Deposits	168,607	100,820
Total Liabilities	33,518,764	35,048,202
Deferred inflows of resources		
Deferred tax revenues	220,093	181,360
Total Liabilities and Deferred Inflows of Resources	33,738,857	35,229,562
Fund balance		
Nonspendable	713,816	403,680
Unassigned	334,280	333,275
Total Fund Balance	1,048,096	736,955
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 34,786,953	\$ 35,966,517

Town of Lewisboro, New York

General Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended December 31,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,875,788	\$ 2,875,788	\$ 2,839,918	\$ (35,870)
Other tax items	225,000	225,000	235,363	10,363
Non property taxes	1,940,000	1,940,000	2,061,598	121,598
Departmental income	1,672,500	1,672,500	1,725,899	53,399
Intergovernmental charges	7,100	7,100	8,354	1,254
Use of money and property	42,940	42,940	37,552	(5,388)
Licenses and permits	15,241	15,241	16,052	811
Fines and forfeitures	180,000	180,000	189,065	9,065
Sale of property and compensation for loss	-	-	52,107	52,107
State aid	595,000	595,000	705,104	110,104
Federal aid	-	-	-	-
Miscellaneous	23,500	23,500	9,990	(13,510)
Total Revenues	7,577,069	7,577,069	7,881,002	303,933
EXPENDITURES				
Current				
General government support	2,164,986	2,202,031	2,202,031	-
Public safety	803,018	839,642	839,642	-
Health	197,283	197,283	197,283	-
Transportation	124,414	126,550	126,550	-
Culture and recreation	1,901,756	1,850,816	1,850,816	-
Home and community services	183,457	163,493	163,493	-
Employee benefits	1,760,378	1,753,827	1,740,935	12,892
Debt service				
Interest	12,137	12,136	12,136	-
Total Expenditures	7,147,429	7,145,778	7,132,886	12,892
Excess of Revenues Over Expenditures	429,640	431,291	748,116	316,825
OTHER FINANCING USES				
Transfers out	(429,640)	(431,291)	(436,975)	(5,684)
Net Change in Fund Balance	-	-	311,141	311,141
FUND BALANCE				
Beginning of Year	-	-	736,955	736,955
End of Year	\$ -	\$ -	\$ 1,048,096	\$ 1,048,096

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,546,779	\$ 2,546,779	\$ 2,571,337	\$ 24,558
190,000	190,000	307,834	117,834
1,855,000	1,855,000	1,871,886	16,886
1,734,530	1,734,530	1,616,530	(118,000)
-	-	-	-
62,440	62,440	41,021	(21,419)
13,850	13,850	17,306	3,456
140,000	140,000	202,800	62,800
6,600	6,600	30,017	23,417
531,500	531,500	575,967	44,467
-	-	173,522	173,522
24,400	24,400	30,883	6,483
<u>7,105,099</u>	<u>7,105,099</u>	<u>7,439,103</u>	<u>334,004</u>
2,164,544	2,183,614	2,169,368	14,246
761,545	774,645	770,919	3,726
183,700	185,294	185,294	-
10,000	12,144	12,144	-
1,986,745	1,889,815	1,866,550	23,265
210,049	221,624	213,139	8,485
1,448,277	1,575,093	1,552,360	22,733
<u>5,476</u>	<u>5,476</u>	<u>5,450</u>	<u>26</u>
<u>6,770,336</u>	<u>6,847,705</u>	<u>6,775,224</u>	<u>72,481</u>
334,763	257,394	663,879	406,485
<u>(334,763)</u>	<u>(388,588)</u>	<u>(388,588)</u>	<u>-</u>
-	(131,194)	275,291	406,485
-	131,194	461,664	330,470
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,955</u>	<u>\$ 736,955</u>

Town of Lewisboro, New York

General Fund

**Schedule of Revenues Compared to Budget
Year Ended December 31, 2013
(With Comparative Actuals for 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REAL PROPERTY TAXES	\$ 2,875,788	\$ 2,875,788	\$ 2,839,918	\$ (35,870)	\$ 2,571,337
OTHER TAX ITEMS	225,000	225,000	235,363	10,363	307,834
Interest and penalties on real property taxes					
NON-PROPERTY TAXES	240,000	240,000	315,768	75,768	234,494
Franchise fees	1,700,000	1,700,000	1,745,830	45,830	1,637,392
Non-property tax distribution from County					
	1,940,000	1,940,000	2,061,598	121,598	1,871,886
DEPARTMENTAL INCOME	2,000	2,000	5,345	3,345	7,008
Tax collector fees	3,500	3,500	4,281	781	3,500
Town Clerk fees	50	50	38	(12)	59
Police fees	1,700	1,700	792	(908)	1,820
Dog shelter redemptions	400,000	400,000	436,687	36,687	358,481
Inspection fees	3,150	3,150	4,275	1,125	3,375
Parking lot fees and on-street parking	1,221,000	1,221,000	1,230,193	9,193	1,205,066
Parks and recreation charges	16,000	16,000	27,288	11,288	14,918
Planning board fees	-	-	-	-	2,040
Library fees	25,100	25,100	17,000	(8,100)	30,306
Cemetery fees					
	1,672,500	1,672,500	1,725,899	53,399	1,626,573

INTERGOVERNMENTAL CHARGES					
Charges for services to other governments	7,100	7,100	8,354	1,254	7,063
USE OF MONEY AND PROPERTY					
Earnings on investments	20,000	20,000	17,237	(2,763)	23,131
Rental of real property	22,940	22,940	20,315	(2,625)	17,890
	42,940	42,940	37,552	(5,388)	41,021
LICENSES AND PERMITS					
Dog licenses	12,001	12,001	13,063	1,062	13,907
Other licenses	3,240	3,240	2,989	(251)	3,399
	15,241	15,241	16,052	811	17,306
FINES AND FORFEITURES					
Fines and forfeited bail	180,000	180,000	189,065	9,065	202,800
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	-	-	3,300	3,300	1,050
Insurance recoveries	-	-	48,807	48,807	11,861
	-	-	52,107	52,107	12,911
STATE AID					
Mortgage tax	485,000	485,000	606,947	121,947	525,176
Per capita	30,000	30,000	37,339	7,339	49,271
Public safety grant	80,000	80,000	48,372	(31,628)	-
Court facilities	-	-	12,446	12,446	1,520
	595,000	595,000	705,104	110,104	575,967

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Town of Lewisboro, New York

General Fund

Schedule of Revenues Compared to Budget (Continued)

Year Ended December 31, 2013

(With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
FEDERAL AID					
Emergency Management Agency	\$ -	\$ -	\$ -	\$ -	\$ 173,522
MISCELLANEOUS					
Gifts and donations	-	-	-	-	20
Medicare Part D reimbursement	19,000	19,000	1,348	(17,652)	27,263
Unclassified	4,500	4,500	8,642	4,142	3,600
	23,500	23,500	9,990	(13,510)	30,883
TOTAL REVENUES	\$ 7,577,069	\$ 7,577,069	\$ 7,881,002	\$ 303,933	\$ 7,439,103

Town of Lewisboro, New York

General Fund

**Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended December 31, 2013
(With Comparative Actuals for 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 54,080	\$ 54,076	\$ 54,076	\$ -	54,261
Town Justice	161,829	173,286	173,286	-	159,487
Supervisor	146,949	191,855	191,855	-	148,875
Finance	165,146	178,172	178,172	-	153,010
Independent auditing	36,450	36,241	36,241	-	34,545
Receiver of Taxes	125,310	138,455	138,455	-	127,948
Assessor	110,075	109,546	109,546	-	101,717
Town Clerk	132,568	131,282	131,282	-	145,572
Law	129,070	142,195	142,195	-	167,725
Engineer	59,460	58,015	58,015	-	58,408
Elections	6,990	7,198	7,198	-	6,971
Records management	8,052	7,640	7,640	-	4,605
Shared services	659,292	679,736	679,736	-	686,621
Central printing and mailing	50,502	40,809	40,809	-	48,476
Technical services	83,963	75,132	75,132	-	87,279
Insurance	146,000	140,376	140,376	-	144,090
Municipal association dues	2,250	2,250	2,250	-	2,250
Judgment and claims	25,000	25,007	25,007	-	25,592
Contingent	49,000	-	-	-	-
Metropolitan commuter transportation mobility tax	13,000	10,760	10,760	-	11,936
	<u>2,164,986</u>	<u>2,202,031</u>	<u>2,202,031</u>	<u>-</u>	<u>2,169,368</u>

PUBLIC SAFETY				
Police	583,275	610,606	610,606	-
Control of dogs	6,023	2,462	2,462	-
Safety inspections	213,720	226,574	226,574	-
				559,682
				7,089
				204,148
	803,018	839,642	839,642	-
				770,919
HEALTH				
Registrar of vital statistics	2,200	2,200	2,200	-
Advanced life support services	188,583	188,583	188,583	-
Drug abuse prevention council	6,500	6,500	6,500	-
				2,242
				176,552
				6,500
	197,283	197,283	197,283	-
				185,294
TRANSPORTATION				
Superintendent of highways	113,438	113,438	113,438	-
Street lighting	10,976	13,112	13,112	-
				12,144
	124,414	126,550	126,550	-
				12,144
CULTURE AND RECREATION				
Recreational administration	193,641	203,832	203,832	-
Parks	130,932	133,630	133,630	-
Playgrounds and day camp	485,323	449,578	449,578	-
Beach and pool	227,583	200,996	200,996	-
Tennis facility	28,859	26,602	26,602	-
Youth programs	245,729	253,599	253,599	-
Library	345,546	345,546	345,546	-
Historian	1,490	1,231	1,231	-
Celebrations	33,450	33,733	33,733	-
Program for the aging	76,938	84,880	84,880	-
Adult and family activities	31,860	24,418	24,418	-
Transportation	100,405	92,771	92,771	-
				158,035
	1,901,756	1,850,816	1,850,816	-
				1,866,550

(Continued)

Town of Lewisboro, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2013

(With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
HOME AND COMMUNITY SERVICES					
Zoning	\$ 1,250	\$ 500	\$ 500	\$ -	\$ 3,039
Planning board	74,489	42,442	42,442	-	72,541
Planning consultant	59,460	57,966	57,966	-	59,600
Environmental control	28,000	33,570	33,570	-	33,800
Storm water	-	3,325	3,325	-	26,000
Recycling	1,892	2,955	2,955	-	2,189
Community beautification	1,960	1,940	1,940	-	1,929
Cemeteries	15,656	11,833	11,833	-	13,967
Architectural	750	8,962	8,962	-	74
	183,457	163,493	163,493	-	213,139
EMPLOYEE BENEFITS					
State retirement	300,000	271,897	269,892	2,005	272,744
Police retirement	102,080	138,270	127,383	10,887	68,858
Social security	241,431	235,948	235,948	-	221,770
Hospitalization, medical and dental insurance	867,367	867,577	867,577	-	760,870
Workers' compensation benefits	140,000	135,430	135,430	-	133,549
Disability	23,500	9,152	9,152	-	8,813
Dental	24,000	37,118	37,118	-	29,005
Medicare	27,000	31,470	31,470	-	30,131
Wellcare benefit	25,000	19,301	19,301	-	19,789
Unemployment benefits	10,000	7,664	7,664	-	6,831
	1,760,378	1,753,827	1,740,935	12,892	1,552,360

DEBT SERVICE					
Interest					
Bond anticipation notes	12,137	12,136	12,136	-	5,450
	<u>7,147,429</u>	<u>7,145,778</u>	<u>7,132,886</u>	<u>12,892</u>	<u>6,775,224</u>
TOTAL EXPENDITURES					
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	32,600	32,600	32,600	-	30,500
Debt Service Fund	<u>397,040</u>	<u>398,691</u>	<u>404,375</u>	<u>(5,684)</u>	<u>358,088</u>
	<u>429,640</u>	<u>431,291</u>	<u>436,975</u>	<u>(5,684)</u>	<u>388,588</u>
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,577,069</u>	<u>\$ 7,577,069</u>	<u>\$ 7,569,861</u>	<u>\$ 7,208</u>	<u>\$ 7,163,812</u>

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Town of Lewisboro, New York

Highway Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 171,017	\$ 126,000
Receivables		
Accounts	-	8,285
State and Federal aid	-	85,405
Due from other funds	-	70,463
	-	164,153
Prepaid expenditures	91,709	69,086
Total Assets	<u>\$ 262,726</u>	<u>\$ 359,239</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 26,276	\$ 263,399
Accrued liabilities	5,890	-
Due to other funds	178,178	-
Total Liabilities	<u>210,344</u>	<u>263,399</u>
Fund balance (deficit)		
Nonspendable	91,709	69,086
Assigned	-	26,754
Unassigned	(39,327)	-
Total Fund Balance	<u>52,382</u>	<u>95,840</u>
Total Liabilities and Fund Balance	<u>\$ 262,726</u>	<u>\$ 359,239</u>

Town of Lewisboro, New York

Highway Fund

**Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended December 31,**

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,544,233	\$ 2,544,233	\$ 2,544,233	\$ -
Use of money and property	-	-	16	16
Sale of property and compensation for loss	100	100	2,605	2,505
State aid	115,000	115,000	169,971	54,971
Federal aid	-	-	6,967	6,967
Miscellaneous	-	-	7,469	7,469
Total Revenues	2,659,333	2,659,333	2,731,261	71,928
EXPENDITURES				
Current				
General government support	56,000	58,324	58,324	-
Transportation	1,506,934	1,516,981	1,637,269	(120,288)
Employee benefits	763,081	750,710	745,808	4,902
Debt service				
Interest	2,293	2,293	2,293	-
Total Expenditures	2,328,308	2,328,308	2,443,694	(115,386)
Excess of Revenues Over Expenditures	331,025	331,025	287,567	(43,458)
OTHER FINANCING USES				
Transfers out	(331,025)	(331,025)	(331,025)	-
Net Change in Fund Balance	-	-	(43,458)	(43,458)
FUND BALANCE				
Beginning of Year	-	-	95,840	95,840
End of Year	\$ -	\$ -	\$ 52,382	\$ 52,382

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,627,144	\$ 2,627,144	\$ 2,627,144	\$ -
-	-	45	45
20,000	20,000	23,153	3,153
115,000	115,000	130,819	15,819
-	-	85,405	85,405
-	-	11,766	11,766
2,762,144	2,762,144	2,878,332	116,188
53,500	52,205	52,205	-
1,661,962	1,609,316	1,638,391	(29,075)
715,269	769,210	788,940	(19,730)
2,438	2,438	2,438	-
2,433,169	2,433,169	2,481,974	(48,805)
328,975	328,975	396,358	67,383
(328,975)	(328,975)	(328,975)	-
-	-	67,383	67,383
-	-	28,457	28,457
\$ -	\$ -	\$ 95,840	\$ 95,840

Town of Lewisboro, New York

Special Districts Fund

Combining Balance Sheet - Sub-Funds

December 31, 2013

(With Comparative Totals for 2012)

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
ASSETS			
Cash and equivalents	\$ 6,761	\$ 90,798	\$ 76,151
Receivables			
Water rents	-	-	77,354
State and Federal aid	126,965	-	-
Due from other funds	147,927	-	-
	274,892	-	77,354
Total Assets	<u>\$ 281,653</u>	<u>\$ 90,798</u>	<u>\$ 153,505</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 9,052	\$ 8,892	\$ 7,204
Due to other funds	-	331,065	137,334
Total Liabilities	<u>9,052</u>	<u>339,957</u>	<u>144,538</u>
Fund balances (deficits)			
Assigned	272,601	(249,159)	8,967
Unassigned	-	-	-
Total Fund Balances (Deficits)	<u>272,601</u>	<u>(249,159)</u>	<u>8,967</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 281,653</u>	<u>\$ 90,798</u>	<u>\$ 153,505</u>

Lighting District	Totals	
	2013	2012
<u>\$ 27</u>	<u>\$ 173,737</u>	<u>\$ 19,586</u>
-	77,354	61,067
-	126,965	1,150
<u>15,295</u>	<u>163,222</u>	<u>312,964</u>
<u>15,295</u>	<u>367,541</u>	<u>375,181</u>
<u>\$ 15,322</u>	<u>\$ 541,278</u>	<u>\$ 394,767</u>
<u>\$ 1,110</u>	<u>\$ 26,258</u>	<u>\$ 38,162</u>
<u>-</u>	<u>468,399</u>	<u>622,575</u>
<u>1,110</u>	<u>494,657</u>	<u>660,737</u>
<u>14,212</u>	<u>46,621</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(265,970)</u>
<u>14,212</u>	<u>46,621</u>	<u>(265,970)</u>
<u>\$ 15,322</u>	<u>\$ 541,278</u>	<u>\$ 394,767</u>

Town of Lewisboro, New York

Special Districts Fund

Combining Schedule of Revenues, Expenditures and Changes

in Fund Balances - Sub-Funds

Year Ended December 31, 2013

(With Comparative Totals for 2012)

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
REVENUES			
Real property taxes	\$ 186,425	\$ 474,926	\$ -
Departmental income	-	200,000	175,806
Use of money and property	4	-	56
Sale of property and compensation for loss	869	-	-
State aid	165,545	-	-
	<u>352,843</u>	<u>674,926</u>	<u>175,862</u>
Total Revenues			
EXPENDITURES			
Current			
General government support	18,480	6,200	-
Transportation	-	-	-
Home and community services	206,718	267,124	111,529
Debt service			
Interest	793	-	4,973
	<u>225,991</u>	<u>273,324</u>	<u>116,502</u>
Total Expenditures			
Excess of Revenues Over Expenditures	126,852	401,602	59,360
OTHER FINANCING USES			
Transfers out	(2,000)	(265,301)	(9,000)
	<u>124,852</u>	<u>136,301</u>	<u>50,360</u>
Net Change in Fund Balances			
FUND BALANCES (DEFICITS)			
Beginning of Year	147,749	(385,460)	(41,393)
End of Year	<u>\$ 272,601</u>	<u>\$ (249,159)</u>	<u>\$ 8,967</u>

Lighting District	Totals	
	2013	2012
\$ 13,725	\$ 675,076	\$ 665,835
-	375,806	183,289
-	60	25
-	869	-
-	165,545	124,159
<u>13,725</u>	<u>1,217,356</u>	<u>973,308</u>
-	24,680	24,450
12,647	12,647	13,219
-	585,371	581,075
-	5,766	6,012
<u>12,647</u>	<u>628,464</u>	<u>624,756</u>
1,078	588,892	348,552
-	(276,301)	(299,398)
1,078	312,591	49,154
<u>13,134</u>	<u>(265,970)</u>	<u>(315,124)</u>
<u>\$ 14,212</u>	<u>\$ 46,621</u>	<u>\$ (265,970)</u>

Town of Lewisboro, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 323,894	\$ 471,675
Due from other funds	3,064,967	3,059,581
Total Assets	<u>\$ 3,388,861</u>	<u>\$ 3,531,256</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 2,692	\$ 24,814
Due to other funds	2,590,847	2,580,434
Retainages payable	-	27,470
Unearned revenues	102,912	111,362
Bond anticipation notes payable	2,247,850	2,313,500
Total Liabilities	4,944,301	5,057,580
Fund deficit		
Unassigned	<u>(1,555,440)</u>	<u>(1,526,324)</u>
Total Liabilities and Fund Deficit	<u>\$ 3,388,861</u>	<u>\$ 3,531,256</u>

Town of Lewisboro, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ 8,450	\$ -
Federal aid	<u>-</u>	<u>148,800</u>
Total Revenues	8,450	148,800
EXPENDITURES		
Capital outlay	<u>103,216</u>	<u>577,450</u>
Deficiency of Revenues Over Expenditures	(94,766)	(428,650)
OTHER FINANCING SOURCES		
Transfers in	<u>65,650</u>	<u>84,000</u>
Net Change in Fund Balance	(29,116)	(344,650)
FUND DEFICIT		
Beginning of Year	<u>(1,526,324)</u>	<u>(1,181,674)</u>
End of Year	<u>\$ (1,555,440)</u>	<u>\$ (1,526,324)</u>

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Town of Lewisboro, New York

Non-Major Governmental Fund - Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Due from other funds	<u>\$ 893,868</u>	<u>\$ 893,868</u>
LIABILITIES		
Liabilities		
Due to other funds	<u>\$ 893,868</u>	<u>\$ 893,868</u>

Town of Lewisboro, New York

Non-Major Governmental Fund - Debt Service Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended December 31,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Serial bonds				
Principal	630,000	630,000	630,000	-
Interest	348,651	348,651	348,651	-
Total Expenditures	978,651	978,651	978,651	-
Deficiency of Revenues Over Expenditures	(978,651)	(978,651)	(978,651)	-
OTHER FINANCING SOURCES				
Transfers in	971,316	978,651	978,651	-
Net Change in Fund Balance	(7,335)	-	-	-
FUND BALANCE				
Beginning of Year	7,335	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
615,000	615,000	615,000	-
368,636	368,636	368,636	-
983,636	983,636	983,636	-
(983,636)	(983,636)	(983,636)	-
879,136	879,136	932,961	53,825
(104,500)	(104,500)	(50,675)	53,825
104,500	104,500	50,675	(53,825)
\$ -	\$ -	\$ -	\$ -

