

Town of Lewisboro, New York

Financial Statements and Supplementary Information

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Town of Lewisboro, New York

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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
June 28, 2013

Town of Lewisboro, New York

Management's Discussion and Analysis (MD&A) December 31, 2012

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, 2012. 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 2012 are as follows:

- On the government-wide financial statements, the Town's liabilities exceeded its assets at the close of fiscal year 2012 by \$5,493,910. Of this amount, the unrestricted portion is a deficit of \$7,398,246. 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 2012, the Town's governmental funds reported a combined ending deficit fund balance of \$959,499, an overall increase in the deficit of \$3,497 as compared to the prior year. The net increase in the deficit is attributed to the combination of a surplus generated by the General Fund of \$275,291, a surplus in the Highway Fund of \$67,383 and a surplus in the Special Districts Fund of \$49,154 while the Capital Projects Fund and Debt Service Fund had shortfalls of \$344,650 and \$50,675, respectively.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$333,275 and represented 4.7% of total General Fund expenditures and other financing uses. The General Fund reported a total ending fund balance of \$736,955, an increase of \$275,291 as compared to the prior year, as a result of a current year operating surplus.
- During the current fiscal year, the Town retired \$615,000 of general obligation debt and did not issue any new debt. The Town's outstanding general obligation bonds payable at December 31, 2012 totaled \$11,630,000.
- Throughout the current fiscal year, the Town retired \$84,000 of short-term capital debt in the form of bond anticipation notes. The Town issued \$725,000 of short-term capital debt for various capital improvements. Short-term obligations amounted to \$2,313,500 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 other post employment benefit (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, and Capital Projects Fund, which are considered to be major funds. Individual fund data for the non-major governmental funds, the Special Districts and Debt Service funds, 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 assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town, liabilities exceeded assets by \$5,493,910 at the close of the current fiscal year.

Statement of Net Position

	2012	2011
Current Assets	\$ 36,808,771	\$ 38,515,100
Capital Assets, net	<u>15,060,660</u>	<u>15,351,977</u>
Total Assets	<u>51,869,431</u>	<u>53,867,077</u>
Current Liabilities	37,647,804	39,361,299
Long-term Liabilities	<u>19,715,537</u>	<u>18,804,845</u>
Total Liabilities	<u>57,363,341</u>	<u>58,166,144</u>
Net Position:		
Net investment in capital assets	1,904,336	1,925,303
Restricted	-	50,675
Unrestricted	<u>(7,398,246)</u>	<u>(6,275,045)</u>
Total Net Position	<u>\$ (5,493,910)</u>	<u>\$ (4,299,067)</u>

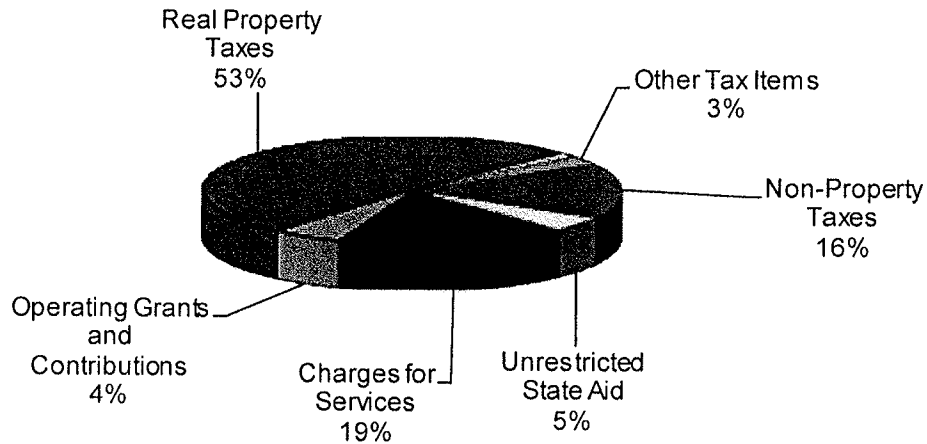
The largest component of the Town's net position reflects its net investment in capital assets, amounting to \$1,904,336. The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its 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 \$7,398,246, 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 (\$11,630,000), compensated absences (\$523,231), retirement incentives and other pension obligations (\$331,696), claims payable (\$187,868), and other post employment benefit obligations (\$7,042,742). These obligations are greater than currently available resources. Payments for these liabilities will be budgeted in the year the actual payment will be made. An additional portion of the deficit results from bond anticipation notes issued to fund capital projects (\$725,000). These short term obligations will be recognized as revenues as they are redeemed or when they are converted to permanent financing.

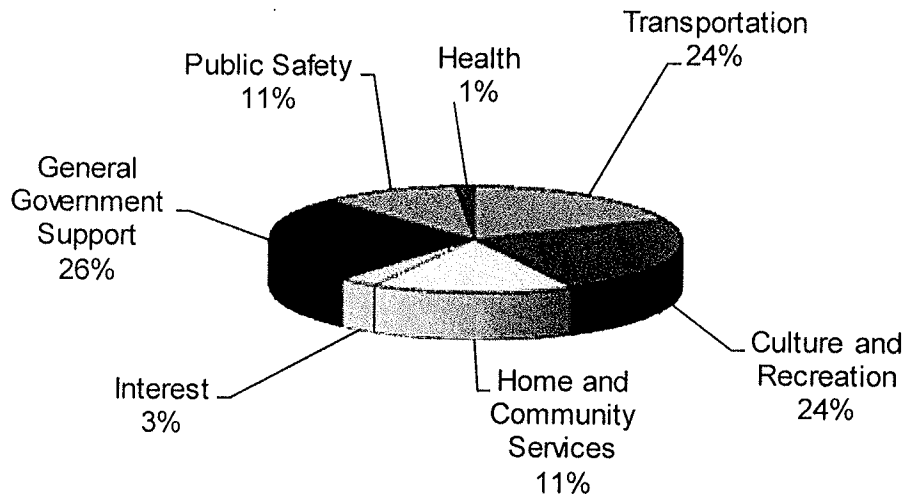
**Changes in Net Position
December 31,**

	<u>2012</u>	<u>2011</u>
Program Revenues:		
Charges for Services	\$ 2,037,965	\$ 2,155,827
Operating Grants and Contributions	616,661	473,926
Capital Grants and Contributions	148,800	21,350
General Revenues:		
Real Property Taxes	5,873,876	5,790,700
Other Tax items	307,834	320,217
Non-Property Taxes	1,871,886	1,847,817
Unrestricted Use of Money and Property	23,131	36,378
Sale of Property and Compensation for Loss	12,911	2,039
Unrestricted State Aid	525,176	523,175
Other	30,863	30,487
Total Revenues	<u>11,449,103</u>	<u>11,201,916</u>
Program Expenses:		
General Government Support	3,389,237	3,109,451
Public Safety	1,355,212	1,354,530
Health	187,179	184,101
Transportation	2,307,026	2,956,954
Culture and Recreation	3,041,520	2,824,415
Home and Community Services	1,982,339	1,320,458
Interest	381,433	399,440
Total Expenses	<u>12,643,946</u>	<u>12,149,349</u>
Change in Net Position	(1,194,843)	(947,433)
Deficit - Beginning	<u>(4,299,067)</u>	<u>(3,351,634)</u>
Deficit - Ending	<u><u>\$ (5,493,910)</u></u>	<u><u>\$ (4,299,067)</u></u>

Sources of Revenue for Fiscal Year 2012 Governmental Activities



Expenses for Fiscal Year 2012 Governmental Activities



Governmental Activities: Governmental activities increased the Town's deficit by \$1,194,843 for the fiscal year ended December 31, 2012. The total Town governmental activities revenues were \$11,449,103. Real property taxes provide 51% of total revenues and non-property tax items provide 16%. Charges for services and operating grants and contributions provided 23%. Total revenues increased by \$247,187 from the prior year. Governmental activities expenses of the Town for the year ended December 31, 2012 totaled \$12,643,946. The largest components of these expenses are in the areas of General Government Support (27%), Culture and Recreation (24%) and Transportation (18%). Total expenses increased by \$494,597 from the prior year.

The major changes in 2012 as compared to 2011 are as follows:

Revenues:

- Real Property Taxes increased by \$83,176 due to better than anticipated tax collections.
- Operating grants and contributions as well as capital grants and contributions primarily increased due to Federal and State reimbursements received from the Emergency Management Agency relating to the storm damage and clean-up.

Expenses:

- General government support expenditures increased by \$279,786, primarily due to increased building maintenance including heating fuel, broad band access fees for central data processing and general liability insurance costs as well as costs associated with OPEB.
- Transportation expenditures decreased by \$649,928 and that was attributable to more road resurfacing, paving and repair work which occurred in 2011 as compared to 2012. Expenditures relating to overtime and sand/salt purchases were much less in 2012 due to the mild winter as compared to 2011.
- Home and Community expenditures are up \$661,581 primarily due to sewer plant upgrades which become operational 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 \$959,499, an increase in the deficit of \$3,497, from the prior year. Of the total combined fund deficits, \$1,459,019 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 \$736,955, an overall increase of \$275,291 from the prior year which resulted from the surplus in current year's operations. The unassigned fund balance of the General Fund was \$333,275 and represented 45% of total fund balance of the General Fund. The nonspendable fund balance component is \$403,680 and consists of amounts representing prepaid expenditures of \$192,521. Prepared 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

\$211,159 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 \$7,163,812, which generated \$72,481 in budgetary savings. Savings occurred throughout the budget with culture and recreation (\$23,265) and employee benefits (\$22,733) accounting for the majority of the savings. General Fund revenues \$7,439,103, which resulted in a budgetary surplus of \$334,004, mainly due to Federal and State reimbursements for storm damage and clean-up.

The Highway Fund containing activity for transportation expenditures reflected a fund balance of \$95,840 at the end of the current fiscal year, an increase to fund balance of \$67,383. Overall, actual Highway Fund expenditures and other financing uses were \$48,805 greater than the final budget and actual revenues were \$116,188 greater than the final budget, resulting in the total budgetary surplus of \$67,383.

The Capital Projects Fund reflected a deficit of \$1,526,324 at December 31, 2012. This represents an increase from prior year's deficit of \$1,181,674. The increase is partially attributed to the increase in capital spending. The remaining 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 Non-Major Governmental Funds consist of the Special Districts and Debt Service funds. The Special Districts funds have a combined deficit balance of \$265,970.

General Fund Budgetary Highlights

Actual revenues exceeded budgetary expectations by \$334,004. The major areas where revenues exceed anticipated budget amounts were other tax items (\$190,000 vs. \$307,834), resulting from increased revenues for property tax penalties and Federal aid (\$173,522) representing reimbursements for storm damage and clean-up. Actual expenditures and other financing uses resulted in budgetary savings of \$72,481 primarily in employee benefits and culture and recreation.

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2012, amounted to \$15,06,660 (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)

	2012	2011
Land	\$ 725,000	\$ 725,000
Land Improvements	1,010,835	526,335
Buildings and Improvements	960,651	1,005,673
Machinery and Equipment	62,153	70,908
Infrastructure	12,302,021	13,024,061
Total	\$ 15,060,660	\$ 15,351,977

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 gross bonded debt outstanding of \$11,630,000. 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 2012 and paid \$615,000 in principal on outstanding obligations.

Short-term debt for the Town totaled \$2,313,500 in the form of bond anticipation notes (BAN's). The Town redeemed \$84,000 of short-term debt. The Town also issued new BAN's totaling \$725,000 for various capital improvement.

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, 2012

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 11,722,003
Receivables	
Taxes, net	23,942,661
Accounts	208,102
Due from other governments	414,321
State and Federal aid	260,077
Prepaid expenses	261,607
Capital assets	
Not being depreciated	725,000
Being depreciated, net	14,335,660
Total Assets	<u>51,869,431</u>
LIABILITIES	
Accounts payable	471,359
Accrued liabilities	92,177
Due to school districts	34,470,222
Retainages payable	27,470
Unearned revenues	111,362
Deposits payable	100,820
Bond anticipation notes payable	2,313,500
Accrued interest payable	60,894
Non-current liabilities	
Due within one year	933,671
Due in more than one year	18,781,866
Total Liabilities	<u>57,363,341</u>
NET POSITION	
Net investment in capital assets	1,904,336
Unrestricted	(7,398,246)
Total Net Position	<u>\$ (5,493,910)</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, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,389,237	\$ 38,425	\$ 66,377	\$ -
Public safety	1,355,212	577,067	188,042	-
Health	187,179	2,320	-	-
Transportation	2,307,026	150	238,038	-
Culture and recreation	3,041,520	1,207,106	20	-
Home and community services	1,982,339	212,897	124,184	148,800
Interest	381,433	-	-	-
Total Governmental Activities	\$ 12,643,946	\$ 2,037,965	\$ 616,661	\$ 148,800
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	
\$	(3,284,435)
	(590,103)
	(184,859)
	(2,068,838)
	(1,834,394)
	(1,496,458)
	(381,433)
	<hr/>
	(9,840,520)
	<hr/>
	5,873,876
	307,834
	234,494
	1,637,392
	23,131
	12,911
	525,176
	30,863
	<hr/>
	8,645,677
	<hr/>
	(1,194,843)
	(4,299,067)
	<hr/>
\$	(5,493,910)
	<hr/>

Town of Lewisboro, New York

Balance Sheet
Governmental Funds
December 31, 2012

	General	Highway	Capital Projects
ASSETS			
Cash and equivalents	\$ 11,104,742	\$ 126,000	\$ 471,675
Taxes receivable, net	23,942,661	-	-
Other receivables			
Accounts	138,750	8,285	-
Due from other governments	414,321	-	-
State and Federal aid	173,522	85,405	-
Due from other funds	-	70,463	3,059,581
	726,593	164,153	3,059,581
Prepaid expenditures	192,521	69,086	-
Total Assets	<u>\$ 35,966,517</u>	<u>\$ 359,239</u>	<u>\$ 3,531,256</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 144,984	\$ 263,399	\$ 24,814
Accrued liabilities	92,177	-	-
Due to school districts	34,470,222	-	-
Due to other funds	239,999	-	2,580,434
Retainages payable	-	-	27,470
Unearned tax revenues	181,360	-	-
Unearned revenues - Other	-	-	111,362
Deposits payable	100,820	-	-
Bond anticipation notes payable	-	-	2,313,500
Total Liabilities	<u>35,229,562</u>	<u>263,399</u>	<u>5,057,580</u>
Fund balances (deficits)			
Nonspendable	403,680	69,086	-
Assigned	-	26,754	-
Unassigned	333,275	-	(1,526,324)
Total Fund Balances (Deficits)	<u>736,955</u>	<u>95,840</u>	<u>(1,526,324)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 35,966,517</u>	<u>\$ 359,239</u>	<u>\$ 3,531,256</u>

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

Other Governmental	Total Governmental Funds
\$ 19,586	\$ 11,722,003
-	23,942,661
61,067	208,102
-	414,321
1,150	260,077
1,206,832	4,336,876
1,269,049	5,219,376
-	261,607
\$ 1,288,635	\$ 41,145,647
\$ 38,162	\$ 471,359
-	92,177
-	34,470,222
1,516,443	4,336,876
-	27,470
-	181,360
-	111,362
-	100,820
-	2,313,500
1,554,605	42,105,146
-	472,766
-	26,754
(265,970)	(1,459,019)
(265,970)	(959,499)
\$ 1,288,635	\$ 41,145,647

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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, 2012

Fund Balances - Total Governmental Funds	\$ (959,499)
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.	15,060,660
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real property taxes	181,360
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(60,894)
Bonds payable	(11,630,000)
Compensated absences	(523,231)
Retirement incentives and other pension obligations	(331,696)
Claims payable	(187,868)
Other post employment benefit obligations payable	(7,042,742)
	(19,776,431)
Net Position of Governmental Activities	\$ (5,493,910)

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, 2012

	General	Highway	Capital Projects	Other Governmental
REVENUES				
Real property taxes	\$ 2,571,337	\$ 2,627,144	\$ -	\$ 665,835
Other tax items	307,834	-	-	-
Non-property taxes	1,871,886	-	-	-
Departmental income	1,626,573	-	-	183,289
Intergovernmental charges	7,063	-	-	-
Use of money and property	41,021	45	-	25
Licenses and permits	17,306	-	-	-
Fines and forfeitures	202,800	-	-	-
Sale of property and compensation for loss	12,911	23,153	-	-
State aid	575,967	130,819	-	124,159
Federal aid	173,522	85,405	148,800	-
Miscellaneous	30,883	11,766	-	-
Total Revenues	7,439,103	2,878,332	148,800	973,308
EXPENDITURES				
Current				
General government support	2,169,368	52,205	-	24,450
Public safety	770,919	-	-	-
Health	185,294	-	-	-
Transportation	12,144	1,638,391	-	13,219
Culture and recreation	1,866,550	-	-	-
Home and community services	213,139	-	-	581,075
Employee benefits	1,552,360	788,940	-	-
Debt service				
Principal	-	-	-	615,000
Interest	5,450	2,438	-	374,648
Capital outlay	-	-	577,450	-
Total Expenditures	6,775,224	2,481,974	577,450	1,608,392
Excess (Deficiency) of Revenues Over Expenditures	663,879	396,358	(428,650)	(635,084)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	84,000	932,961
Transfers out	(388,588)	(328,975)	-	(299,398)
Total Other Financing Sources (Uses)	(388,588)	(328,975)	84,000	633,563
Net Change in Fund Balances	275,291	67,383	(344,650)	(1,521)
Fund Balances (Deficits)				
Beginning of Year	461,664	28,457	(1,181,674)	(264,449)
Fund Balances (Deficits) End of Year	<u>\$ 736,955</u>	<u>\$ 95,840</u>	<u>\$ (1,526,324)</u>	<u>\$ (265,970)</u>

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

Total
Governmental
Funds

\$ 5,864,316
307,834
1,871,886
1,809,862
7,063
41,091
17,306
202,800

36,064
830,945
407,727
42,649

11,439,543

2,246,023
770,919
185,294
1,663,754
1,866,550
794,214
2,341,300

615,000
382,536
577,450

11,443,040

(3,497)

1,016,961
(1,016,961)

-

(3,497)

(956,002)

\$ (959,499)

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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, 2012

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

Net Change in Fund Balances - Total Governmental Funds	\$ (3,497)
--------------------------------------------------------	------------

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	584,368
Depreciation expense	<u>(875,685)</u>
	<u>(291,317)</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>9,560</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>615,000</u>
-------------------------	----------------

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	1,103
Compensated absences	19,991
Retirement incentives and other pension obligations	(129,682)
Claims payable	13,757
Other post employment benefit obligations	<u>(1,429,758)</u>
	<u>(1,524,589)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,194,843)</u></u>
---------------------------------------------------	------------------------------

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 and Highway Funds
Year Ended December 31, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,546,779	\$ 2,546,779	\$ 2,571,337	\$ 24,558
Other tax items	190,000	190,000	307,834	117,834
Non-property taxes	1,855,000	1,855,000	1,871,886	16,886
Departmental income	1,741,130	1,741,130	1,626,573	(114,557)
Intergovernmental charges	-	-	7,063	7,063
Use of money and property	62,440	62,440	41,021	(21,419)
Licenses and permits	13,850	13,850	17,306	3,456
Fines and forfeitures	140,000	140,000	202,800	62,800
Sale of property and compensation for loss	-	-	12,911	12,911
State aid	531,500	531,500	575,967	44,467
Federal aid	-	-	173,522	173,522
Miscellaneous	24,400	24,400	30,883	6,483
Total Revenues	7,105,099	7,105,099	7,439,103	334,004
EXPENDITURES				
Current				
General government support	2,164,544	2,183,614	2,169,368	14,246
Public safety	761,545	774,645	770,919	3,726
Health	183,700	185,294	185,294	-
Transportation	10,000	12,144	12,144	-
Culture and recreation	1,986,745	1,889,815	1,866,550	23,265
Home and community services	210,049	221,624	213,139	8,485
Employee benefits	1,448,277	1,575,093	1,552,360	22,733
Debt service				
Interest	5,476	5,476	5,450	26
Total Expenditures	6,770,336	6,847,705	6,775,224	72,481
Excess of Revenues Over Expenditures	334,763	257,394	663,879	406,485
OTHER FINANCING USES				
Transfers out	(334,763)	(388,588)	(388,588)	-
Net Change in Fund Balances	-	(131,194)	275,291	406,485
Fund Balances - Beginning of Year	-	131,194	461,664	330,470
Fund Balances - End of Year	\$ -	\$ -	\$ 736,955	\$ 736,955

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

Highway Fund			
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
<u>2,762,144</u>	<u>2,762,144</u>	<u>2,878,332</u>	<u>116,188</u>
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)
<u>2,438</u>	<u>2,438</u>	<u>2,438</u>	<u>-</u>
<u>2,433,169</u>	<u>2,433,169</u>	<u>2,481,974</u>	<u>(48,805)</u>
328,975	328,975	396,358	67,383
<u>(328,975)</u>	<u>(328,975)</u>	<u>(328,975)</u>	<u>-</u>
-	-	67,383	67,383
-	-	28,457	28,457
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,840</u>	<u>\$ 95,840</u>

Town of Lewisboro, New York

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2012

	<u>Agency</u>
ASSETS	
Cash	
Demand deposits	<u>\$ 450,733</u>
LIABILITIES	
Accounts payable	\$ 239,926
Deposits	<u>210,807</u>
Total Liabilities	<u>\$ 450,733</u>

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

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 explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

General Fund - The General Fund constitutes the primary operating fund of the Town 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.

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.

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

Special Revenue Fund

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

Note 1 - Summary of Significant Accounting Policies (Continued)

major revenues of this fund are real property taxes, departmental income and State aid.

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, 2012.

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, 2012, 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 inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of 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 \$181,360 for real property taxes in the General Fund and \$111,362 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.

As of December 31, 2012, no amounts were required to be reported as deferred outflows/inflows of resources.

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, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 and liabilities. 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 current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. 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.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 June 28, 2013.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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, 2012, the Town implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB Statement No. 63"). This statement provides financial reporting guidance for these elements first introduced in GASB Concept Statement No. 4, "Elements of Financial Statements". Previous financial reporting standards did not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities.

D. Capital Projects Fund Deficit

The undesignated deficit in the Capital Projects Fund of \$1,526,324 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 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Expenditures in Excess of Budget

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

Highway Fund	
Transportation	\$ 29,075
Employee benefits	19,730

In addition, the entire Highway Fund budget exceeded its budgetary provision by \$48,805.

F. Fund Deficits

The following funds reflect deficits at December 31, 2012

Special Districts Fund	
Oak Ridge Sewer District	\$ 385,460
Water District	41,393

The Town plans to address these deficits in future periods.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Town and County taxes - Current	\$ 170,881
School districts taxes - Current	23,101,661
Tax liens	670,119
Property acquired for taxes	<u>166,280</u>
	24,108,941
Allowance for uncollectible taxes	<u>(166,280)</u>
	<u>\$ 23,942,661</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2012. Taxes receivable in the fund financial statements are also partially offset by unearned tax revenues of \$181,360, 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 \$211,159, which represents an estimate of school taxes receivable which will not be collected within the subsequent year.

Town of Lewisboro New York

Notes to Financial Statements (Continued)
December 31, 2012

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, 2012 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 239,999
Highway	70,463	-
Capital Projects	3,059,581	2,580,434
Non-Major Governmental	1,206,832	1,516,443
	<u>\$ 4,336,876</u>	<u>\$ 4,336,876</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, 2012</u>	<u>Additions</u>	<u>Balance December 31, 2012</u>
Capital Assets, not being depreciated			
Land	<u>\$ 725,000</u>	<u>\$ -</u>	<u>\$ 725,000</u>
Capital Assets, being depreciated			
Land improvements	\$ 1,297,765	\$ 581,368	\$ 1,879,133
Buildings and improvements	2,374,580	-	2,374,580
Machinery and equipment	1,975,482	-	1,975,482
Infrastructure	<u>43,993,991</u>	<u>3,000</u>	<u>43,996,991</u>
Total Capital Assets, being depreciated	<u>49,641,818</u>	<u>584,368</u>	<u>50,226,186</u>
Less Accumulated Depreciation for			
Land improvements	771,430	96,868	868,298
Buildings and improvements	1,368,907	45,022	1,413,929
Machinery and equipment	1,904,574	8,755	1,913,329
Infrastructure	<u>30,969,930</u>	<u>725,040</u>	<u>31,694,970</u>
Total Accumulated Depreciation	<u>35,014,841</u>	<u>875,685</u>	<u>35,890,526</u>
Total Capital Assets, being depreciated, net	<u>\$ 14,626,977</u>	<u>\$ (291,317)</u>	<u>\$ 14,335,660</u>
Governmental Activities			
Capital Assets, net	<u>\$ 15,351,977</u>	<u>\$ (291,317)</u>	<u>\$ 15,060,660</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	\$ 64,316
Public Safety	750
Transportation	110,423
Culture and Recreation	66,409
Home and Community Services	<u>633,787</u>
Total Depreciation Expense	<u>\$ 875,685</u>

D. Accrued Liabilities

Accrued liabilities at December 31, 2012 consisted of payroll and employee benefits of \$92,177 reflected in the General Fund.

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, 2013 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	21.3%
	2 75I	19.5
	3 A14	15.6
	4 A15	15.6
	5 A15	12.6
	6 A15	10.1
PFRS	2 375E	13.0
	2 384D	20.9

Town of Lewisboro New York

Notes to Financial Statements (Continued)
December 31, 2012

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
2012	\$ 417,530	\$ 68,858
2011	404,911	81,382
2010	569,959	82,629

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	\$ 272,744
Highway	144,786
	<u>\$ 417,530</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, 2012	New Issues	Redemptions	Balance December 31, 2012
Bond Anticipation Notes							
Water District Capital Improvements	2003	7/13	0.75 %	\$ 671,500	\$ -	\$ 8,500	\$ 663,000
Various Capital Improvements	2008	7/13	0.75	598,500	-	46,500	552,000
Various Capital Improvements	2011	4/13	1.22	402,500	-	29,000	373,500
Various Capital Improvements	2012	10/13	0.90	-	725,000	-	725,000
				<u>\$ 1,672,500</u>	<u>\$ 725,000</u>	<u>\$ 84,000</u>	<u>\$ 2,313,500</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 \$13,900 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	\$ 5,450
Highway	2,438
Special Districts	6,012
	<u>\$ 13,900</u>

Town of Lewisboro New York

Notes to Financial Statements (Continued) December 31, 2012

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, 2012:

	Balance January 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2012	Due Within One Year
Bonds Payable	\$ 12,245,000	\$ -	\$ 615,000	\$ 11,630,000	\$ 630,000
Retirement Incentives and Other Pension Obligations	202,014	174,846	45,164	331,696	63,803
Compensated Absences	543,222	35,009	55,000	523,231	52,000
Claims Payable	201,625	888,001	901,758	187,868	187,868
Other Post Employment Benefit Obligations	5,612,984	1,953,120	524,362	7,041,742	-
Total Long-Term Liabilities	<u>\$ 18,804,845</u>	<u>\$ 3,050,976</u>	<u>\$ 2,141,284</u>	<u>\$ 19,714,537</u>	<u>\$ 933,671</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, 2012 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2012
Public Improvements - Open Space and Pool	2006	\$ 2,758,000	June, 2021	4.000 - 4.500 %	\$ 1,865,000
Public Improvements - Road Resurfacing	2008	3,085,000	June, 2022	4.000 - 5.000	2,395,000
Land Acquisition - Bell Property	2009	2,160,000	June, 2029	1.500 - 4.000	1,930,000
EFC - Oakridge Sewer District	2010	5,925,822	October, 2039	0.383 - 4.603	5,440,000
					<u>\$ 11,630,000</u>

Interest expenditures of \$368,636 were recorded in the Debt Service Fund. Interest expense of \$367,533 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%. The balance due at December 31, 2012 was \$156,850.

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 year 2012. The total amount amortized under this option was \$204,973, including interest of \$30,127. Principal and interest payments begin in February 2014. The balance due at December 31, 2012 was \$174,846.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2012 including interest payments of \$3,368,185 are as follows:

Year Ending December 31,	Bonds Payable		Retirement Incentives and Other Pension Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 630,000	\$ 348,651	\$ 63,803	17,009	\$ 693,803	\$ 365,660
2014	645,000	327,254	67,901	12,911	712,901	340,165
2015	665,000	304,784	72,287	8,525	737,287	313,309
2016	685,000	281,444	16,666	3,831	701,666	285,275
2017	715,000	256,831	17,167	3,331	732,167	260,162
2018-2022	3,680,000	894,055	93,872	8,615	3,773,872	902,670
2023-2027	1,640,000	484,725	-	-	1,640,000	484,725
2028-2032	1,365,000	266,789	-	-	1,365,000	266,789
2033-2037	1,130,000	132,974	-	-	1,130,000	132,974
2038-2039	475,000	16,456	-	-	475,000	16,456
	<u>\$ 11,630,000</u>	<u>\$ 3,313,963</u>	<u>\$ 331,696</u>	<u>\$ 54,222</u>	<u>\$ 11,961,696</u>	<u>\$ 3,368,185</u>

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.

Note 3 - Detailed Notes on All Funds (Continued)

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:

	2012	2011
Balance - Beginning of Year	\$ 201,625	\$ 156,293
Provision for Claims and Claims Adjustment Expenses	888,001	1,013,129
Claims and Claims Adjustment Expenses Paid	<u>(901,758)</u>	<u>(967,797)</u>
Balance - End of Year	<u>\$ 187,868</u>	<u>\$ 201,625</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.

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

Note 3 - Detailed Notes on All Funds (Continued)

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 \$27,263 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>
2013	9.00	7.50	8.75
2014	8.25	7.00	8.00
2015	7.50	6.50	7.25
2016	6.75	6.00	6.50
2017	6.00	5.50	5.75
2018+	5.00	5.00	5.00

The amortization basis is the level dollar method with an open amortization approach with 27 years remaining in the amortization period. The actuarial assumptions include a 4% investment rate of return and a 4% 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.

Note 3 - Detailed Notes on All Funds (Continued)

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

Active Employees	41
Retired Employees	61
	<u>102</u>
Amortization Component	
Actuarial Accrued Liability as of January 1, 2011	\$ 21,671,699
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 21,671,699</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 3,940,000</u>
UAAL as a Percentage of Covered Payroll	<u>550%</u>
Annual Required Contribution	\$ 2,027,708
Interest on Net OPEB Obligation	167,329
Adjustments to Annual Required Contribution	<u>(241,917)</u>
Annual OPEB Cost	1,953,120
Contributions Made	<u>(523,362)</u>
Increase in Net OPEB Obligation	1,429,758
Net OPEB Obligation - Beginning of Year	<u>5,612,984</u>
Net OPEB Obligation - End of Year	<u>\$ 7,042,742</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:

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 1,953,120	26.8 %	\$ 7,042,742
2011	1,953,120	26.8	5,612,984
2010	1,910,698	17.0	4,183,226

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	\$ 30,500	\$ 358,088	\$ 388,588
Highway Fund	-	328,975	328,975
Non-Major Governmental Funds	53,500	245,898	299,398
	<u>\$ 84,000</u>	<u>\$ 932,961</u>	<u>\$ 1,016,961</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 assets 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, 2012

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2012						2011					
	General Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total		General Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	
Nonspendable												
Prepaid expenditures	\$ 192,521	\$ 69,086	\$ -	\$ -	\$ 261,607		\$ 239,247	\$ 56,629	\$ -	\$ -	\$ 295,876	
Long-term receivables	211,159	-	-	-	211,159		424,757	-	-	-	424,757	
Total Nonspendable	403,680	69,086	-	-	472,766		664,004	56,629	-	-	720,633	
Assigned												
Debt service	-	-	-	-	-		-	-	-	50,675	50,675	
Major funds	-	26,754	-	-	26,754		-	-	-	-	-	
Total Assigned	-	26,754	-	-	26,754		-	-	-	50,675	50,675	
Unassigned	333,275	-	(1,526,324)	(265,970)	(1,459,019)		(202,340)	(28,172)	(1,181,674)	(315,124)	(1,727,310)	
Total Fund Balances	\$ 736,955	\$ 95,840	\$ (1,526,324)	\$ (265,970)	\$ (959,499)		\$ 461,664	\$ 28,457	\$ (1,181,674)	\$ (264,449)	\$ (956,002)	

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 and the Non-Major governmental funds represent the deficit balances in these funds.

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.

One of Town's contractors has filed a Notice of Claim against the Town for alleged monetary damages resulting from the construction of a municipal pool. The contractor claims that payment is still due and owing to them for work performed on the pool. The Town asserts that the Town has a claim for damages against the contractor for failure to complete the work in a proper manner. This matter has been submitted to arbitration. The Town has filed a counterclaim in the arbitration. There is no insurance coverage afforded to the Town in this matter.

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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

The Town provides long term disability coverage through an insurance company that insures the wages of each employee covered in this agreement. Disability benefits usually commence on the first day after the 45th calendar day of the employee's disability. Until that point the employee has to use accumulated sick leave days.

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.

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, 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
January 1, 2010	-	18,083,836	18,083,836	-	2,510,000	720.47

Town of Lewisboro, New York

General Fund Comparative Balance Sheet December 31,

	2012	2011
ASSETS		
Cash		
Demand deposits	\$ 11,103,422	\$ 15,642,667
Petty cash	1,320	1,320
	<u>11,104,742</u>	<u>15,643,987</u>
Taxes receivable		
Town and County taxes	170,881	145,340
School districts taxes	23,101,661	20,250,263
Tax liens	670,119	766,442
Property acquired for taxes	166,280	166,280
	<u>24,108,941</u>	<u>21,328,325</u>
Allowance for uncollectible taxes	(166,280)	(194,470)
	<u>23,942,661</u>	<u>21,133,855</u>
Other receivables		
Accounts	138,750	138,191
Due from other governments	414,321	421,058
State and Federal aid	173,522	22,518
	<u>726,593</u>	<u>581,767</u>
Prepaid expenditures	<u>192,521</u>	<u>239,247</u>
Total Assets	<u>\$ 35,966,517</u>	<u>\$ 37,598,856</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 144,984	\$ 342,228
Accrued liabilities	92,177	21,296
Due to school districts	34,470,222	36,393,798
Due to other governments	-	14,398
Due to other funds	239,999	76,255
Unearned tax revenues	181,360	171,800
Deposits payable	100,820	117,417
Total Liabilities	<u>35,229,562</u>	<u>37,137,192</u>
Fund balance (deficit)		
Nonspendable	403,680	664,004
Unassigned	333,275	(202,340)
Total Fund Balance	<u>736,955</u>	<u>461,664</u>
Total Liabilities and Fund Balance	<u>\$ 35,966,517</u>	<u>\$ 37,598,856</u>

Town of Lewisboro, New York

General Fund

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,546,779	\$ 2,546,779	\$ 2,571,337	\$ 24,558
Other tax items	190,000	190,000	307,834	117,834
Non property taxes	1,855,000	1,855,000	1,871,886	16,886
Departmental income	1,741,130	1,741,130	1,626,573	(114,557)
Intergovernmental charges	-	-	7,063	7,063
Use of money and property	62,440	62,440	41,021	(21,419)
Licenses and permits	13,850	13,850	17,306	3,456
Fines and forfeitures	140,000	140,000	202,800	62,800
Sale of property and compensation for loss	-	-	12,911	12,911
State aid	531,500	531,500	575,967	44,467
Federal aid	-	-	173,522	173,522
Miscellaneous	24,400	24,400	30,883	6,483
Total Revenues	7,105,099	7,105,099	7,439,103	334,004
EXPENDITURES				
Current				
General government support	2,164,544	2,183,614	2,169,368	14,246
Public safety	761,545	774,645	770,919	3,726
Health	183,700	185,294	185,294	-
Transportation	10,000	12,144	12,144	-
Culture and recreation	1,986,745	1,889,815	1,866,550	23,265
Home and community services	210,049	221,624	213,139	8,485
Employee benefits	1,448,277	1,575,093	1,552,360	22,733
Debt service				
Interest	5,476	5,476	5,450	26
Total Expenditures	6,770,336	6,847,705	6,775,224	72,481
Excess of Revenues Over Expenditures	334,763	257,394	663,879	406,485
OTHER FINANCING USES				
Transfers out	(334,763)	(388,588)	(388,588)	-
Net Change in Fund Balance	-	(131,194)	275,291	406,485
Fund Balance (Deficit) - Beginning of Year	-	131,194	461,664	330,470
Fund Balance - End of Year	\$ -	\$ -	\$ 736,955	\$ 736,955

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,663,880	\$ 2,663,880	\$ 2,791,198	\$ 127,318
200,000	200,000	320,217	120,217
1,745,000	1,745,000	1,847,817	102,817
1,789,690	1,789,690	1,759,560	(30,130)
-	-	-	-
88,240	88,240	59,562	(28,678)
12,650	12,650	19,600	6,950
115,000	115,000	179,639	64,639
6,000	6,000	14,639	8,639
532,500	532,500	530,262	(2,238)
-	-	19,301	19,301
23,500	23,500	32,562	9,062
7,176,460	7,176,460	7,574,357	397,897
2,229,055	2,259,338	2,058,665	200,673
768,861	770,887	749,202	21,685
193,700	182,228	182,220	8
10,000	10,176	10,176	-
2,033,878	1,958,479	1,877,034	81,445
211,478	210,945	184,767	26,178
1,564,113	1,619,032	1,547,159	71,873
2,498	2,498	2,493	5
7,013,583	7,013,583	6,611,716	401,867
162,877	162,877	962,641	799,764
(162,877)	(162,877)	(162,877)	-
-	-	799,764	799,764
-	-	(338,100)	(338,100)
\$ -	\$ -	\$ 461,664	\$ 461,664

Town of Lewisboro, New York

General Fund

Schedule of Revenues Compared to Budget
Year Ended December 31, 2012
(With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
REAL PROPERTY TAXES	\$ 2,546,779	\$ 2,546,779	\$ 2,571,337	\$ 24,558	\$ 2,791,198
OTHER TAX ITEMS	190,000	190,000	307,834	117,834	320,217
Interest and penalties on real property taxes					
NON-PROPERTY TAXES					
Franchise fees	230,000	230,000	234,494	4,494	233,300
Non-property tax distribution from County	1,625,000	1,625,000	1,637,392	12,392	1,614,517
	1,855,000	1,855,000	1,871,886	16,886	1,847,817
DEPARTMENTAL INCOME					
Tax collector fees	2,200	2,200	7,008	4,808	3,040
Town Clerk fees	3,240	3,240	3,500	260	4,479
Police fees	-	-	59	59	69
Dog shelter redemptions	1,500	1,500	1,820	320	1,560
Inspection fees	400,000	400,000	358,481	(41,519)	420,333
Parking lot fees and on-street parking	2,800	2,800	3,375	575	3,395
Parks and recreation charges	1,312,000	1,312,000	1,205,066	(106,934)	1,275,067
Planning board fees	-	-	14,918	14,918	23,141
Library fees	2,040	2,040	2,040	-	2,040
Cemetery fees	17,350	17,350	30,306	12,956	32,000
	1,741,130	1,741,130	1,626,573	(114,557)	1,765,124

INTERGOVERNMENTAL CHARGES				
Charges for services to other governments	-	7,063	7,063	7,036
USE OF MONEY AND PROPERTY				
Earnings on investments	40,000	23,131	(16,869)	36,378
Rental of real property	22,440	17,890	(4,550)	23,184
	62,440	41,021	(21,419)	59,562
LICENSES AND PERMITS				
Dog licenses	12,000	13,907	1,907	15,736
Other licenses	1,850	3,399	1,549	3,864
	13,850	17,306	3,456	19,600
FINES AND FORFEITURES				
Fines and forfeited bail	140,000	202,800	62,800	179,639
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	1,050	1,050	-
Insurance recoveries	-	11,861	11,861	2,039
	-	12,911	12,911	2,039
STATE AID				
Mortgage tax	500,000	525,176	25,176	485,836
Per capita	30,000	49,271	19,271	37,339
STAR program	1,500	-	(1,500)	-
Emergency Management Agency	-	-	-	3,217
Court facilities	-	1,520	1,520	3,870
	531,500	575,967	44,467	530,262

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Town of Lewisboro, New York

General Fund

Schedule of Revenues Compared to Budget (Continued)

Year Ended December 31, 2012

(With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
FEDERAL AID					
Emergency Management Agency	\$ -	\$ -	\$ 173,522	\$ 173,522	\$ 19,301
MISCELLANEOUS					
Refund of prior year's expenditures	-	-	-	-	6,735
Gifts and donations	-	-	20	20	2,075
Medicare Part D reimbursement	20,000	20,000	27,263	7,263	18,239
Unclassified	4,400	4,400	3,600	(800)	5,513
	24,400	24,400	30,883	6,483	32,562
TOTAL REVENUES	\$ 7,105,099	\$ 7,105,099	\$ 7,439,103	\$ 334,004	\$ 7,574,357

Town of Lewisboro, New York

General Fund

**Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended December 31, 2012
(With Comparative Actuals for 2011)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 54,080	\$ 54,265	\$ 54,261	\$ 4	\$ 49,396
Town Justice	145,714	160,119	159,487	632	170,380
Supervisor	143,977	149,179	148,875	304	146,692
Finance	168,049	154,097	153,010	1,087	140,024
Independent auditing	34,000	34,545	34,545	-	32,224
Receiver of Taxes	127,726	129,330	127,948	1,382	127,500
Assessor	108,995	104,156	101,717	2,439	101,287
Town Clerk	140,958	147,543	145,572	1,971	138,503
Law	141,850	167,725	167,725	-	202,618
Engineer	59,500	58,408	58,408	-	60,293
Elections	8,573	7,259	6,971	288	7,033
Records management	9,394	4,998	4,605	393	7,052
Shared services	639,259	689,047	686,621	2,426	604,977
Central printing and mailing	50,391	49,816	48,476	1,340	36,385
Technical services	94,353	89,259	87,279	1,980	53,406
Insurance	145,475	144,090	144,090	-	146,634
Municipal association dues	2,250	2,250	2,250	-	1,500
Judgment and claims	27,000	25,592	25,592	-	20,000
Contingent	50,000	-	-	-	-
Metropolitan commuter transportation mobility tax	13,000	11,936	11,936	-	12,761
	<u>2,164,544</u>	<u>2,183,614</u>	<u>2,169,368</u>	<u>14,246</u>	<u>2,058,665</u>

PUBLIC SAFETY					
Police	548,980	561,438	559,682	1,756	562,857
Control of dogs	5,143	8,040	7,089	951	8,479
Safety inspections	207,422	205,167	204,148	1,019	177,866
	761,545	774,645	770,919	3,726	749,202
HEALTH					
Registrar of vital statistics	2,200	2,242	2,242	-	2,192
Advanced life support services	175,000	176,552	176,552	-	173,528
Drug abuse prevention council	6,500	6,500	6,500	-	6,500
	183,700	185,294	185,294	-	182,220
TRANSPORTATION					
Street lighting	10,000	12,144	12,144	-	10,176
CULTURE AND RECREATION					
Recreational administration	190,041	189,754	189,068	686	177,881
Parks	126,580	129,011	128,926	85	182,864
Playgrounds and day camp	532,080	429,687	429,687	-	472,440
Beach and pool	234,356	201,744	200,142	1,602	183,451
Tennis facility	32,072	21,057	21,057	-	30,229
Youth programs	247,960	261,376	261,010	366	240,408
Library	345,546	345,546	345,546	-	338,771
Historian	1,500	1,500	1,405	95	1,396
Celebrations	34,200	35,049	34,791	258	34,710
Program for the aging	74,773	77,446	73,958	3,488	71,200
Adult and family activities	32,000	34,450	22,925	11,525	22,982
Transportation	135,637	163,195	158,035	5,160	120,702
	1,986,745	1,889,815	1,866,550	23,265	1,877,034

(Continued)

General Fund

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

Year Ended December 31, 2012

(With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
HOME AND COMMUNITY SERVICES					
Zoning	\$ 21,869	\$ 7,219	\$ 3,039	\$ 4,180	\$ 20,947
Planning board	70,430	72,566	72,541	25	68,242
Planning consultant	59,500	59,600	59,600	-	58,676
Environmental control	28,000	33,800	33,800	-	27,783
Storm water	20,000	26,000	26,000	-	713
Recycling	1,500	2,189	2,189	-	1,110
Community beautification	2,000	2,000	1,929	71	1,652
Cemeteries	5,900	17,400	13,967	3,433	4,199
Architectural	850	850	74	776	1,445
	210,049	221,624	213,139	8,485	184,767
EMPLOYEE BENEFITS					
State retirement	255,194	272,744	272,744	-	257,547
Police retirement	90,000	74,261	68,858	5,403	81,382
Social security	226,358	226,358	221,770	4,588	223,240
Hospitalization, medical and dental insurance	662,049	760,870	760,870	-	757,756
Workers' compensation benefits	126,974	133,549	133,549	-	138,007
Disability	11,000	11,702	8,813	2,889	10,413
Dental	14,147	29,005	29,005	-	18,173
Medicare	26,500	30,131	30,131	-	26,004
Wellcare benefit	23,425	23,843	19,789	4,054	21,372
Unemployment benefits	12,630	12,630	6,831	5,799	13,265
	1,448,277	1,575,093	1,552,360	22,733	1,547,159

DEBT SERVICE					
Interest					
Bond anticipation notes	5,476	5,476	5,450	26	2,493
	<u>6,770,336</u>	<u>6,847,705</u>	<u>6,775,224</u>	<u>72,481</u>	<u>6,611,716</u>
TOTAL EXPENDITURES					
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	30,500	30,500	30,500	-	-
Debt Service Fund	304,263	358,088	358,088	-	162,877
	<u>334,763</u>	<u>388,588</u>	<u>388,588</u>	<u>-</u>	<u>162,877</u>
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,105,099</u>	<u>\$ 7,236,293</u>	<u>\$ 7,163,812</u>	<u>\$ 72,481</u>	<u>\$ 6,774,593</u>

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Town of Lewisboro, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash		
Demand deposits	<u>\$ 126,000</u>	<u>\$ 7,206</u>
Receivables		
Accounts	8,285	3,128
State and Federal aid	85,405	387,833
Due from other funds	<u>70,463</u>	<u>-</u>
	<u>164,153</u>	<u>390,961</u>
Prepaid expenditures	<u>69,086</u>	<u>56,629</u>
Total Assets	<u><u>\$ 359,239</u></u>	<u><u>\$ 454,796</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 263,399	\$ 307,929
Accrued liabilities	-	817
Due to other funds	<u>-</u>	<u>117,593</u>
Total Liabilities	<u>263,399</u>	<u>426,339</u>
Fund balance		
Nonspendable	69,086	56,629
Assigned	26,754	-
Unassigned	<u>-</u>	<u>(28,172)</u>
Total Fund Balance	<u>95,840</u>	<u>28,457</u>
Total Liabilities and Fund Balance	<u><u>\$ 359,239</u></u>	<u><u>\$ 454,796</u></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,

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,627,144	\$ 2,627,144	\$ 2,627,144	\$ -
Use of money and property	-	-	45	45
Sale of property and compensation for loss	20,000	20,000	23,153	3,153
State aid	115,000	115,000	130,819	15,819
Federal aid	-	-	85,405	85,405
Miscellaneous	-	-	11,766	11,766
Total Revenues	<u>2,762,144</u>	<u>2,762,144</u>	<u>2,878,332</u>	<u>116,188</u>
EXPENDITURES				
Current				
General government support	53,500	52,205	52,205	-
Transportation	1,661,962	1,609,316	1,638,391	(29,075)
Employee benefits	715,269	769,210	788,940	(19,730)
Debt service				
Interest	2,438	2,438	2,438	-
Total Expenditures	<u>2,433,169</u>	<u>2,433,169</u>	<u>2,481,974</u>	<u>(48,805)</u>
Excess of Revenues Over Expenditures	328,975	328,975	396,358	67,383
OTHER FINANCING USES				
Transfers out	(328,975)	(328,975)	(328,975)	-
Net Change in Fund Balance	-	-	67,383	67,383
Fund Balance - Beginning of Year	-	-	28,457	28,457
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,840</u>	<u>\$ 95,840</u>

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,512,530	\$ 2,512,530	\$ 2,512,530	\$ -
-	-	14	14
-	-	100	100
287,000	287,000	325,645	38,645
-	-	62,188	62,188
-	-	3,549	3,549
2,799,530	2,799,530	2,904,026	104,496
56,400	53,850	53,850	-
1,968,295	1,943,028	2,067,159	(124,131)
639,235	667,052	655,881	11,171
3,000	3,000	3,000	-
2,666,930	2,666,930	2,779,890	(112,960)
132,600	132,600	124,136	(8,464)
(132,600)	(132,600)	(132,600)	-
-	-	(8,464)	(8,464)
-	-	36,921	36,921
\$ -	\$ -	\$ 28,457	\$ 28,457

Town of Lewisboro, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash		
Demand deposits	\$ 471,675	\$ 312,500
Due from other funds	<u>3,059,581</u>	<u>2,053,549</u>
Total Assets	<u><u>\$ 3,531,256</u></u>	<u><u>\$ 2,366,049</u></u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 24,814	\$ 38,000
Due to other funds	2,580,434	1,523,627
Retainages payable	27,470	202,234
Unearned revenues - Other	111,362	111,362
Bond anticipation notes payable	<u>2,313,500</u>	<u>1,672,500</u>
Total Liabilities	5,057,580	3,547,723
Fund deficit		
Unassigned	<u>(1,526,324)</u>	<u>(1,181,674)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 3,531,256</u></u>	<u><u>\$ 2,366,049</u></u>

Town of Lewisboro, New York

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

	2012	2011
REVENUES		
State aid	\$ -	\$ 21,350
Federal aid	148,800	-
	<hr/>	<hr/>
Total Revenues	148,800	21,350
EXPENDITURES		
Capital outlay	577,450	240,516
	<hr/>	<hr/>
Deficiency of Revenues Over Expenditures	(428,650)	(219,166)
OTHER FINANCING SOURCES		
Transfers in	84,000	35,000
	<hr/>	<hr/>
Net Change in Fund Balance	(344,650)	(184,166)
Fund Deficit - Beginning of Year	(1,181,674)	(997,508)
	<hr/>	<hr/>
Fund Deficit - End of Year	<u>\$ (1,526,324)</u>	<u>\$ (1,181,674)</u>

Town of Lewisboro, New York

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2012
(With Comparative Totals for 2011)

	Special Districts	Debt Service	Totals	
			2012	2011
ASSETS				
Cash and equivalents	\$ 19,586	\$ -	\$ 19,586	\$ 106,086
Receivables				
Water rents	61,067	-	61,067	42,862
State and Federal aid	1,150	-	1,150	-
Due from other funds	312,964	893,868	1,206,832	162,864
	375,181	893,868	1,269,049	205,726
Total Assets	\$ 394,767	\$ 893,868	\$ 1,288,635	\$ 311,812
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 38,162	\$ -	\$ 38,162	\$ 35,937
Due to other funds	622,575	893,868	1,516,443	498,938
Unearned revenues - Other	-	-	-	41,386
Total Liabilities	660,737	893,868	1,554,605	576,261
Fund balances (deficits)				
Assigned	-	-	-	50,675
Unassigned	(265,970)	-	(265,970)	(315,124)
Total Fund Balances (Deficits)	(265,970)	-	(265,970)	(264,449)
Total Liabilities and Fund Balances (Deficits)	\$ 394,767	\$ 893,868	\$ 1,288,635	\$ 311,812

Town of Lewisboro, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2012
(With Comparative Totals for 2011)

	Special Districts	Debt Service	Totals	
			2012	2011
REVENUES				
Real property taxes	\$ 665,835	\$ -	\$ 665,835	\$ 547,163
Departmental income	183,289	-	183,289	173,744
Use of money and property	25	-	25	81
State aid	124,159	-	124,159	41,386
Total Revenues	973,308	-	973,308	762,374
EXPENDITURES				
Current				
General government support	24,450	-	24,450	20,872
Transportation	13,219	-	13,219	12,580
Home and community services	581,075	-	581,075	453,681
Debt service				
Principal	-	615,000	615,000	623,822
Interest	6,012	368,636	374,648	395,823
Total Expenditures	624,756	983,636	1,608,392	1,506,778
Excess (Deficiency) of Revenues Over Expenditures	348,552	(983,636)	(635,084)	(744,404)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	932,961	932,961	570,896
Transfers out	(299,398)	-	(299,398)	(310,419)
Total Other Financing Sources (Uses)	(299,398)	932,961	633,563	260,477
Net Change in Fund Balances	49,154	(50,675)	(1,521)	(483,927)
Fund Balances (Deficits)				
Beginning of Year	(315,124)	50,675	(264,449)	219,478
Fund Balances (Deficits) - End of Year	\$ (265,970)	\$ -	\$ (265,970)	\$ (264,449)

Town of Lewisboro, New York

Special Districts Fund
Combining Balance Sheet - Sub-Funds
December 31, 2012
(With Comparative Totals for 2011)

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
ASSETS			
Cash			
Demand deposits	\$ 501	\$ -	\$ 19,058
Receivables			
Water rents	-	-	61,067
State and Federal aid	1,150	-	-
Due from other funds	272,262	-	-
	273,412	-	61,067
Total Assets	\$ 273,913	\$ -	\$ 80,125
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 13,231	\$ 10,930	\$ 6,386
Due to other funds	112,933	374,530	115,132
Unearned revenues - Other	-	-	-
Total Liabilities	126,164	385,460	121,518
Fund balances (deficits)			
Unassigned	147,749	(385,460)	(41,393)
Total Liabilities and Fund Balances (Deficits)	\$ 273,913	\$ -	\$ 80,125

Lighting District	Totals	
	2012	2011
\$ 27	\$ 19,586	\$ 106,086
-	61,067	42,862
-	1,150	-
40,702	312,964	112,189
40,702	375,181	155,051
\$ 40,729	\$ 394,767	\$ 261,137
\$ 7,615	\$ 38,162	\$ 35,937
19,980	622,575	498,938
-	-	41,386
27,595	660,737	576,261
13,134	(265,970)	(315,124)
\$ 40,729	\$ 394,767	\$ 261,137

Town of Lewisboro, New York**Special Districts Fund****Combining Schedule of Revenues, Expenditures and Changes****in Fund Balances - Sub-Funds****Year Ended December 31, 2012****(With Comparative Totals for 2011)**

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
REVENUES			
Real property taxes	\$ 186,425	\$ 465,935	\$ -
Departmental income	-	-	183,289
Use of money and property	17	-	8
State aid	124,159	-	-
	<u>310,601</u>	<u>465,935</u>	<u>183,297</u>
EXPENDITURES			
Current			
General government support	18,250	6,200	-
Transportation	-	-	-
Home and community services	240,153	188,673	152,249
Debt service			
Interest	990	-	5,022
	<u>259,393</u>	<u>194,873</u>	<u>157,271</u>
Total Expenditures			
	<u>259,393</u>	<u>194,873</u>	<u>157,271</u>
Excess of Revenues Over Expenditures	51,208	271,062	26,026
OTHER FINANCING USES			
Transfers out	(25,000)	(265,898)	(8,500)
	<u>(25,000)</u>	<u>(265,898)</u>	<u>(8,500)</u>
Net Change in Fund Balances	26,208	5,164	17,526
Fund Balances (Deficits) - Beginning of Year	121,541	(390,624)	(58,919)
	<u>121,541</u>	<u>(390,624)</u>	<u>(58,919)</u>
Fund Balances (Deficits) - End of Year	\$ 147,749	\$ (385,460)	\$ (41,393)
	<u>\$ 147,749</u>	<u>\$ (385,460)</u>	<u>\$ (41,393)</u>

Lighting District	Totals	
	2012	2011
\$ 13,475	\$ 665,835	\$ 547,163
-	183,289	173,744
-	25	81
-	124,159	41,386
13,475	973,308	762,374
-	24,450	20,872
13,219	13,219	12,580
-	581,075	453,681
-	6,012	6,250
13,219	624,756	493,383
256	348,552	268,991
-	(299,398)	(310,419)
256	49,154	(41,428)
12,878	(315,124)	(273,696)
<u>\$ 13,134</u>	<u>\$ (265,970)</u>	<u>\$ (315,124)</u>

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Town of Lewisboro, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Due from other funds	<u>\$ 893,868</u>	<u>\$ 50,675</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 893,868	\$ -
Fund balance		
Assigned	<u>-</u>	<u>50,675</u>
Total Liabilities and Fund Balance	<u>\$ 893,868</u>	<u>\$ 50,675</u>

Town of Lewisboro, New York

Debt Service Fund

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal				
Serial bonds	615,000	615,000	615,000	-
Bond anticipation notes	-	-	-	-
	615,000	615,000	615,000	-
Interest				
Serial bonds	368,636	368,636	368,636	-
Bond anticipation notes	-	-	-	-
	368,636	368,636	368,636	-
Total Expenditures	983,636	983,636	983,636	-
Deficiency of Revenues Over Expenditures	(983,636)	(983,636)	(983,636)	-
OTHER FINANCING SOURCES				
Transfers in	879,136	879,136	932,961	53,825
Net Change in Fund Balance	(104,500)	(104,500)	(50,675)	53,825
Fund Balance - Beginning of Year	104,500	104,500	50,675	(53,825)
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
623,822	623,822	623,822	-
35,000	35,000	-	35,000
658,822	658,822	623,822	35,000
389,573	389,573	389,573	-
11,749	11,749	-	11,749
401,322	401,322	389,573	11,749
1,060,144	1,060,144	1,013,395	46,749
(1,060,144)	(1,060,144)	(1,013,395)	46,749
617,644	617,644	570,896	(46,748)
(442,500)	(442,500)	(442,499)	1
442,500	442,500	493,174	50,674
\$ -	\$ -	\$ 50,675	\$ 50,675

