

TOWN OF LEWISBORO, NEW YORK
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2011
WITH INDEPENDENT AUDITORS' REPORT

TOWN OF LEWISBORO, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Highway Funds	22
Statement of Assets and Liabilities - Fiduciary Fund	24
Notes to Financial Statements	25
Required Supplementary Information -	
Other Post Employment Benefits -	
Schedule of Funding Progress - Last Three Fiscal Years	48
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Comparative Balance Sheet	49
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	50
Schedule of Revenues and Other Financing Sources Compared to Budget	52
Schedule of Expenditures and Other Financing Uses Compared to Budget	55
Highway Fund:	
Comparative Balance Sheet	59
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
Capital Projects Fund:	
Comparative Balance Sheet	62
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	63
Non-Major Governmental Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65

TABLE OF CONTENTS (Concluded)

	<u>Page</u>
Special Districts Fund:	
Combining Balance Sheet - Sub-Funds	66
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds	68
Debt Service Fund:	
Comparative Balance Sheet	70
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	71

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Lewisboro, New York ("Town") as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2011 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Highway funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 inquiry, 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 or provide any assurance.

Our audit was conducted for the purpose of forming an opinion 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 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 financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 4, 2012

Town of Lewisboro, New York
Management's Discussion and Analysis (MD&A)
December 31, 2011

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, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

Before getting into this discussion, it is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for the Town's fiscal period ending December 31, 2011; therefore they are introduced in this report for the first time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance

resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- On the government-wide financial statements, the Town's liabilities exceeded its assets at the close of fiscal year 2011 by \$4,299,067. Of this amount, the unrestricted portion is a deficit of \$6,275,404. 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 governmental funds; Capital Projects and Special Districts funds.
- As of the close of fiscal year 2011, the Town's governmental funds reported a combined ending deficit fund balance of \$956,002, an overall decrease in the deficit of \$123,207. The decrease in the deficit is attributed to a surplus generated by the General Fund of \$799,764. The Highway Fund, Capital Projects Fund, Special Districts Fund and Debt Service Fund all had shortfalls of \$8,464, \$184,166, \$41,428 and \$442,499, respectively.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was a deficit of \$202,340. The General Fund reported a total ending fund balance of \$461,644, an increase of \$799,764 as compared to the prior year, as a result of a current year operating surplus.
- The Town retired \$623,822 of general obligation debt and did not issue any new debt during 2011.

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Town include general government support, public safety, health, transportation, 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 statement/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 \$4,299,067 at the close of the current fiscal year.

Statement of Net Assets

	2011	2010
Current Assets	\$ 38,515,100	\$ 31,229,488
Capital Assets, net	15,351,977	15,549,493
Total Assets	53,867,077	46,778,981
Current Liabilities	39,361,299	32,140,579
Long-term Liabilities	18,804,845	17,990,036
Total Liabilities	58,166,144	50,130,615
Net Assets:		
Invested in capital assets, net of related debt	1,925,303	1,683,163
Restricted	50,675	493,174
Unrestricted	(6,275,045)	(5,527,971)
Total Net Assets	\$ (4,299,067)	\$ (3,351,634)

The largest component of the Town's net assets reflects its investment in capital assets, net of related debt, amounting to \$1,925,303. 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.

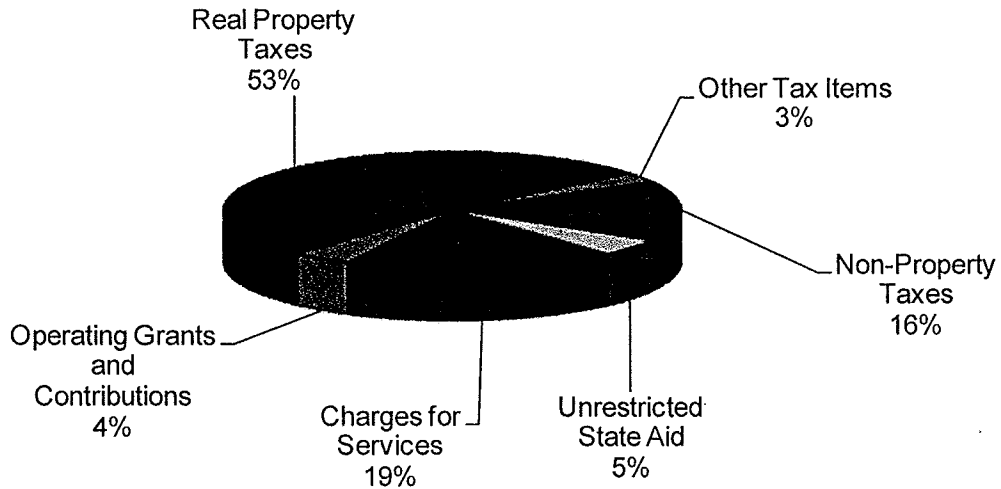
Restricted net assets of \$50,675 represent resources that are subject to external restrictions on how they may be used.

The remaining balance is unrestricted net assets and aggregates a negative \$6,275,045, which must be financed from future operations. This deficit results from a combination of both the deficits in various operating funds, plus the Town's long-term commitments, including repayment of general obligation bonds (\$12,245,000), compensated absences (\$543,222), state loan for retirement (\$202,014), claims payable (\$201,625), and other post employment benefit obligations (\$5,612,984). 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 (\$402,500). These short term obligations will be recognized as revenues as they are redeemed or when they are converted to permanent financing.

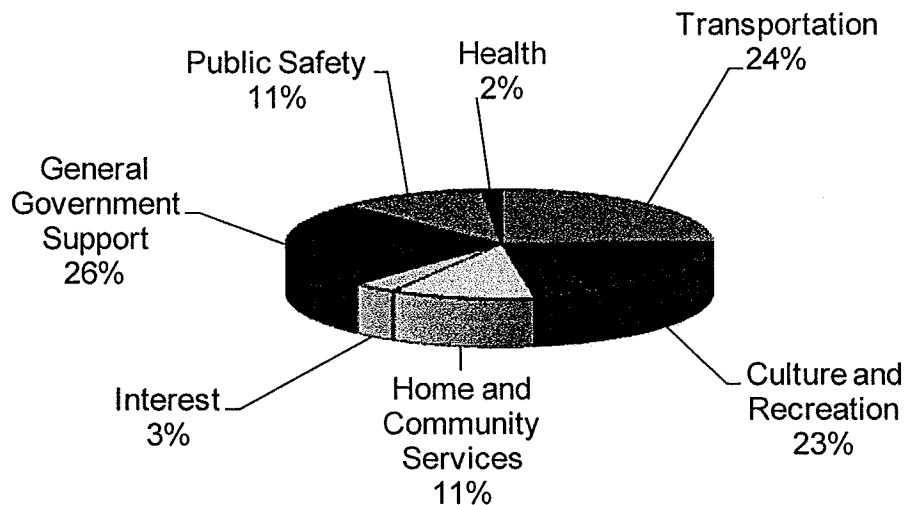
Changes in Net Assets
December 31,

	<u>2011</u>	<u>2010</u>
Program Revenues:		
Charges for Services	\$ 2,155,827	\$ 2,103,538
Operating Grants and Contributions	473,926	87,588
Capital Grants and Contributions	21,350	48,375
General Revenues:		
Real Property Taxes	5,790,700	5,970,088
Other Tax items	320,217	160,151
Non-Property Taxes	1,847,817	1,907,271
Unrestricted Use of Money and Property	36,378	66,093
Sale of Property and Compensation for Loss	2,039	12,870
Gain on Sale of Real Property	-	961,717
Unrestricted State Aid	523,175	581,202
Other	30,487	28,906
Total Revenues	<u>11,201,916</u>	<u>11,927,799</u>
Program Expenses:		
General Government Support	3,109,451	3,279,376
Public Safety	1,354,530	1,378,508
Health	184,101	195,646
Transportation	2,956,954	3,147,921
Culture and Recreation	2,824,415	2,916,574
Home and Community Services	1,320,458	1,136,983
Interest	399,440	425,186
Total Expenses	<u>12,149,349</u>	<u>12,480,194</u>
Change in Net Assets	(947,433)	(552,395)
Deficit - Beginning	<u>(3,351,634)</u>	<u>(2,799,239)</u>
Deficit - Ending	<u><u>\$ (4,299,067)</u></u>	<u><u>\$ (3,351,634)</u></u>

Sources of Revenue for Fiscal Year 2011 Governmental Activities



Expenses for Fiscal Year 2011 Governmental Activities



Governmental Activities: Governmental activities increased the Town's deficit by \$947,433 for the fiscal year ended December 31, 2011. The total Town governmental activities revenues were \$11,201,916. Real property taxes provide 53% of total revenues and non-property tax items provide 16%. Charges for services and operating

grants and contributions provided 23%. Total revenues decreased by \$725,883 from the prior year. Governmental activities expenses of the Town for the year ended December 31, 2011 totaled \$12,149,349. The largest components of these expenses are in the areas of Transportation (24%), General Government Support (26%) and Culture and Recreation (23%). Total expenses decreased by \$330,845 from the prior year.

The major changes compared to 2011 are as follows:

Revenues:

- Real Property Taxes decreased by \$179,388 due to an adjustment in the calculation of deferred tax revenues.
- Other tax items increased by \$160,066, due to an increase in interest and penalties on real property taxes.
- Gain on sale of real property of \$961,717 represented a one time revenue source generated from the sale of land in 2010.

Expenses:

- Transportation, culture and recreation, general government support and public safety decreased across the board primarily as a result of cutting costs in all the departments of the Town, as well as a decrease in employee benefits which are allocated to respective functional categories.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund deficits of \$956,002, a decrease in the deficit of \$123,207, from the prior year. Of the total combined fund deficits, \$1,727,310 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 \$461,664, an overall increase of \$799,764 from the prior year which resulted from the surplus in current year's operations. Overall, General Fund expenditures and other financing uses were \$6,774,593, which generated \$401,867 in budgetary savings. Savings occurred throughout the budget, with the employee benefits (\$72,501), culture and recreation (\$81,445) and general government support (\$200,045) accounting for the majority of the savings. General Fund revenues and other financing sources were \$7,574,357, which resulted in a budgetary surplus of \$397,897.

The Highway Fund reflected a fund balance of \$28,457 at the end of the current fiscal year, a decrease to the fund balance of \$8,464. Overall, actual Highway Fund expenditures and other financing uses were \$112,960 greater than the final budget and actual revenues were \$104,496 greater than the final budget, resulting in the total budgetary shortfall of \$8,464.

The Capital Projects Fund reflected a deficit of \$1,181,674 at December 31, 2011. This represents an increase from prior year's deficit of \$997,508. The decrease is primarily 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 total combined fund balances of these funds as of December 31, 2011 total \$264,449. The Special Districts Funds have a deficit balance of \$315,124, offset by fund balance in Debt Service Fund of \$50,675.

General Fund Budgetary Highlights

Actual revenues exceeded budgetary expectations by \$397,897. Actual expenditures and other financing uses resulted in budgetary savings of \$401,867.

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2011, amounted to \$15,351,977 (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)

	<u>2011</u>	<u>2010</u>
Land	\$ 725,000	\$ 725,000
Land Improvements	526,335	429,561
Buildings and Improvements	1,005,673	1,050,695
Machinery and Equipment	70,908	79,663
Infrastructure	<u>13,024,061</u>	<u>13,264,574</u>
 Total	 <u><u>\$ 15,351,977</u></u>	 <u><u>\$ 15,549,493</u></u>

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

Long-term Debt

At the end of the current fiscal year, the Town had total gross bonded debt outstanding of \$12,245,000. 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 2011 and paid \$623,822 in principal on outstanding obligations.

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.

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 16,069,779
Receivables:	
Taxes, net	21,133,855
Accounts	184,181
Due from other governments	421,058
State and Federal aid	410,351
Prepaid expenses	295,876
Capital assets:	
Not being depreciated	725,000
Being depreciated, net	14,626,977
	<hr/>
Total Assets	53,867,077
	<hr/>
LIABILITIES	
Accounts payable	724,094
Accrued liabilities	22,113
Due to school districts	36,393,798
Due to other governments	14,398
Retainages payable	202,234
Unearned revenues	152,748
Deposits payable	117,417
Bond anticipation notes payable	1,672,500
Accrued interest payable	61,997
Non-current liabilities:	
Due within one year:	916,789
Due in more than one year:	17,888,056
	<hr/>
Total Liabilities	58,166,144
	<hr/>
NET DEFICIENCY	
Invested in capital assets, net of related debt	1,925,303
Restricted for debt service	50,675
Unrestricted	(6,275,045)
	<hr/>
Total Net Deficiency	\$ (4,299,067)
	<hr/>

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 3,109,451	\$ 41,128	\$ 12,600	\$ -
Public safety	1,354,530	617,337	26,388	-
Health	184,101	2,690	-	-
Transportation	2,956,954	100	391,396	-
Culture and recreation	2,824,415	1,277,107	2,075	-
Home and community services	1,320,458	217,465	41,467	21,350
Interest	399,440	-	-	-
Total Governmental Activities	<u>\$ 12,149,349</u>	<u>\$ 2,155,827</u>	<u>\$ 473,926</u>	<u>\$ 21,350</u>

General Revenues:

Real property taxes

Other tax items -

Interest and penalties on real property taxes

Non-property taxes:

Franchise fees

Non-property tax distribution from County

Unrestricted use of money and property

Sale of property and compensation for loss

Unrestricted State aid

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - Ending

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

<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u>	
\$	(3,055,723)
	(710,805)
	(181,411)
	(2,565,458)
	(1,545,233)
	(1,040,176)
	<u>(399,440)</u>
	<u>(9,498,246)</u>
	5,790,700
	320,217
	233,300
	1,614,517
	36,378
	2,039
	523,175
	<u>30,487</u>
	<u>8,550,813</u>
	(947,433)
	<u>(3,351,634)</u>
\$	<u><u>(4,299,067)</u></u>

TOWN OF LEWISBORO, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Highway	Capital Projects
ASSETS			
Cash and Equivalents	\$ 15,643,987	\$ 7,206	\$ 312,500
Taxes Receivable, net	21,133,855	-	-
Other Receivables:			
Accounts	138,191	3,128	-
Due from other governments	421,058	-	-
State and Federal aid	22,518	387,833	-
Due from other funds	-	-	2,053,549
	581,767	390,961	2,053,549
Prepaid Expenditures	239,247	56,629	-
Total Assets	<u>\$ 37,598,856</u>	<u>\$ 454,796</u>	<u>\$ 2,366,049</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 342,228	\$ 307,929	\$ 38,000
Accrued liabilities	21,296	817	-
Due to school districts	36,393,798	-	-
Due to other governments	14,398	-	-
Due to other funds	76,255	117,593	1,523,627
Retainages payable	-	-	202,234
Deferred tax revenues	171,800	-	-
Deferred revenues - Other	-	-	111,362
Deposits payable	117,417	-	-
Bond anticipation notes payable	-	-	1,672,500
Total Liabilities	<u>37,137,192</u>	<u>426,339</u>	<u>3,547,723</u>
Fund Balances (Deficits):			
Nonspendable	664,004	56,629	-
Assigned	-	-	-
Unassigned	(202,340)	(28,172)	(1,181,674)
Total Fund Balances (Deficits)	<u>461,664</u>	<u>28,457</u>	<u>(1,181,674)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 37,598,856</u>	<u>\$ 454,796</u>	<u>\$ 2,366,049</u>

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

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 106,086	\$ 16,069,779
-	21,133,855
42,862	184,181
-	421,058
-	410,351
162,864	2,216,413
205,726	3,232,003
-	295,876
<u>\$ 311,812</u>	<u>\$ 40,731,513</u>
\$ 35,937	\$ 724,094
-	22,113
-	36,393,798
-	14,398
498,938	2,216,413
-	202,234
-	171,800
41,386	152,748
-	117,417
-	1,672,500
576,261	41,687,515
-	720,633
50,675	50,675
(315,124)	(1,727,310)
(264,449)	(956,002)
<u>\$ 311,812</u>	<u>\$ 40,731,513</u>

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TOWN OF LEWISBORO, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Fund Balances - Total Governmental Funds	\$ (956,002)
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Amounts Reported for Governmental Activities in the Statement of Net
Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,351,977
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real property taxes	171,800
--	---------

Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(61,997)
Bonds payable	(12,245,000)
Compensated absences	(543,222)
State loan - retirement	(202,014)
Claims payable	(201,625)
Other post employment benefit obligations payable	(5,612,984)
	(18,866,842)

Net Assets of Governmental Activities	\$ (4,299,067)
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The notes to the financial statements are an integral part of this statement.

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011

	General	Highway	Capital Projects	Other Governmental
REVENUES				
Real property taxes	\$ 2,791,198	\$ 2,512,530	\$ -	\$ 547,163
Other tax items	320,217	-	-	-
Non-property taxes	1,847,817	-	-	-
Departmental income	1,765,124	-	-	173,744
Intergovernmental charges	7,036	-	-	-
Use of money and property	59,562	14	-	81
Licences and permits	19,600	-	-	-
Fines and forfeitures	179,639	-	-	-
Sale of property and compensation for loss	2,039	100	-	-
State aid	530,262	325,645	21,350	41,386
Federal aid	19,301	62,188	-	-
Miscellaneous	32,562	3,549	-	-
Total Revenues	<u>7,574,357</u>	<u>2,904,026</u>	<u>21,350</u>	<u>762,374</u>
EXPENDITURES				
Current:				
General government support	2,058,665	53,850	-	20,872
Public safety	749,202	-	-	-
Health	182,220	-	-	-
Transportation	10,176	2,067,159	-	12,580
Culture and recreation	1,877,034	-	-	-
Home and community services	184,767	-	-	453,681
Employee benefits	1,547,159	655,881	-	-
Debt service:				
Principal	-	-	-	623,822
Interest	2,493	3,000	-	395,823
Capital outlay	-	-	240,516	-
Total Expenditures	<u>6,611,716</u>	<u>2,779,890</u>	<u>240,516</u>	<u>1,506,778</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>962,641</u>	<u>124,136</u>	<u>(219,166)</u>	<u>(744,404)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,000	570,896
Transfers out	(162,877)	(132,600)	-	(310,419)
Total Other Financing Sources (Uses)	<u>(162,877)</u>	<u>(132,600)</u>	<u>35,000</u>	<u>260,477</u>
Net Change in Fund Balances	799,764	(8,464)	(184,166)	(483,927)
Fund Balances (Deficits) - Beginning of Year	<u>(338,100)</u>	<u>36,921</u>	<u>(997,508)</u>	<u>219,478</u>
Fund Balances (Deficits) - End of Year	<u>\$ 461,664</u>	<u>\$ 28,457</u>	<u>\$ (1,181,674)</u>	<u>\$ (264,449)</u>

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

Total
Governmental
Funds

\$ 5,850,891
320,217
1,847,817
1,938,868
7,036
59,657
19,600
179,639

2,139
918,643
81,489
36,111

11,262,107

2,133,387
749,202
182,220
2,089,915
1,877,034
638,448
2,203,040

623,822
401,316
240,516

11,138,900

123,207

605,896
(605,896)

-

123,207

(1,079,209)

\$ (956,002)

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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, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$ 123,207
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay expenditures	627,150
Depreciation expense	<u>(824,666)</u>
	<u>(197,516)</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>(60,191)</u>
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>623,822</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	1,876
Compensated absences	3,179
State loan - retirement	33,280
Claims payable	(45,332)
Other post employment benefit obligations	<u>(1,429,758)</u>
	<u>(1,436,755)</u>

Change in Net Assets of Governmental Activities	<u>\$ (947,433)</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL AND HIGHWAY FUNDS
 YEAR ENDED DECEMBER 31, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 2,663,880	\$ 2,663,880	\$ 2,791,198	\$ 127,318
Other tax items	200,000	200,000	320,217	120,217
Non-property taxes	1,745,000	1,745,000	1,847,817	102,817
Departmental income	1,787,690	1,787,690	1,765,124	(22,566)
Intergovernmental charges	-	-	7,036	7,036
Use of money and property	88,240	88,240	59,562	(28,678)
Licences and permits	20,650	20,650	19,600	(1,050)
Fines and forfeitures	115,000	115,000	179,639	64,639
Sale of property and compensation for loss	-	-	2,039	2,039
State aid	532,500	532,500	530,262	(2,238)
Federal aid	-	-	19,301	19,301
Miscellaneous	23,500	23,500	32,562	9,062
Total Revenues	7,176,460	7,176,460	7,574,357	397,897
EXPENDITURES				
Current:				
General government support	2,229,055	2,259,338	2,058,665	200,673
Public safety	768,861	770,887	749,202	21,685
Health	193,700	182,228	182,220	8
Transportation	10,000	10,176	10,176	-
Culture and recreation	2,033,878	1,958,479	1,877,034	81,445
Home and community services	211,478	210,945	184,767	26,178
Employee benefits	1,564,113	1,619,032	1,547,159	71,873
Debt service -				
Interest	2,498	2,498	2,493	5
Total Expenditures	7,013,583	7,013,583	6,611,716	401,867
Excess of Revenues Over Expenditures	162,877	162,877	962,641	799,764
OTHER FINANCING USES				
Transfers out	(162,877)	(162,877)	(162,877)	-
Net Change in Fund Balances	-	-	799,764	799,764
Fund Balances (Deficits)- Beginning of Year	-	-	(338,100)	(338,100)
Fund Balances - End of Year	\$ -	\$ -	\$ 461,664	\$ 461,664

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)
\$ 2,512,530	\$ 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
<u>2,799,530</u>	<u>2,799,530</u>	<u>2,904,026</u>	<u>104,496</u>
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
-	-	-	-
<u>2,666,930</u>	<u>2,666,930</u>	<u>2,779,890</u>	<u>(112,960)</u>
132,600	132,600	124,136	(8,464)
<u>(132,600)</u>	<u>(132,600)</u>	<u>(132,600)</u>	<u>-</u>
-	-	(8,464)	(8,464)
-	-	36,921	36,921
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,457</u>	<u>\$ 28,457</u>

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2011

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	<u>\$ 336,355</u>
LIABILITIES	
Accounts Payable	\$ 165,566
Deposits	<u>170,789</u>
Total Liabilities	<u>\$ 336,355</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 Assets and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

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

Fund Categories

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

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

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and 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 reports.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, retirement incentives and other pension obligations, 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 and Net Assets 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, 2011.

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 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,

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2011, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

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/Deferred Revenues - Unearned/deferred 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.

Deferred 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 deferred revenues of \$171,800 for real property taxes in the General Fund, \$111,362 for grants received in advance in the Capital Projects Fund and \$41,386 for grants received in advance in the Special Districts Fund - Wild Oaks Sewer District. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. 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. 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt and restricted for debt service. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, 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.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 reservations of fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

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 September 4, 2012.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 (See Note 5).

C. Application of Accounting Standards

For the year ended December 31, 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriations. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

D. Capital Projects Fund Deficit

The undesignated deficit in the Capital Projects Fund of \$1,181,674 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

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 2 - Stewardship, Compliance and Accountability (Continued)

redeemed from interfund transfers from other governmental funds or converted to permanent financing.

E. Expenditures in Excess of Budget

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

General Fund -		
General Government Support:		
Town Justice	\$	18,980
Receiver of Taxes		14,474
Highway Fund -		
Transportation		124,131

F. Fund Deficits

The following funds reflect deficits at December 31, 2011:

Special Districts Fund:		
Oak Ridge Sewer District	\$	390,624
Water District		58,919

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, 2011 consisted of the following:

Town and County taxes - Current	\$	145,340
School districts taxes - Current		20,250,263
Tax liens		766,442
Property acquired for taxes		<u>166,280</u>
		21,328,325
Allowance for uncollectible taxes		<u>(194,470)</u>
		<u>\$ 21,133,855</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 deferred tax revenues of \$171,800, 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 also reserved in the fund financial statements by a nonspendable amount for long-term receivables of \$424,757, which represents an estimate of school taxes receivable which will not be collected within the subsequent year.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

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, 2011 were as follows:

Fund	Due From	Due To
General	\$ -	\$ 76,255
Highway	-	117,593
Capital Projects	2,053,549	1,523,627
Non-Major Governmental	162,864	498,938
	<u>\$ 2,216,413</u>	<u>\$ 2,216,413</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:

Class	Balance January 1, 2011	Additions	Balance December 31, 2011
Capital Assets, not being depreciated - Land	<u>\$ 725,000</u>	<u>\$ -</u>	<u>\$ 725,000</u>
Capital Assets, being depreciated:			
Land improvements	\$ 1,143,249	\$ 154,516	\$ 1,297,765
Buildings and improvements	2,374,580	-	2,374,580
Machinery and equipment	1,975,482	-	1,975,482
Infrastructure	<u>43,521,357</u>	<u>472,634</u>	<u>43,993,991</u>
Total Capital Assets, being depreciated	<u>49,014,668</u>	<u>627,150</u>	<u>49,641,818</u>
Less Accumulated Depreciation for:			
Land improvements	713,688	57,742	771,430
Buildings and improvements	1,323,885	45,022	1,368,907
Machinery and equipment	1,895,819	8,755	1,904,574
Infrastructure	<u>30,256,783</u>	<u>713,147</u>	<u>30,969,930</u>
Total Accumulated Depreciation	<u>34,190,175</u>	<u>824,666</u>	<u>35,014,841</u>
Total Capital Assets, being depreciated, net	<u>\$ 14,824,493</u>	<u>\$ (197,516)</u>	<u>\$ 14,626,977</u>
Governmental Activities Capital Assets, net	<u>\$ 15,549,493</u>	<u>\$ (197,516)</u>	<u>\$ 15,351,977</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**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	\$	49,233
Public Safety		750
Transportation		100,757
Culture and Recreation		49,741
Home and Community Services		<u>624,185</u>
Total Depreciation Expense	\$	<u>824,666</u>

D. Accrued Liabilities

Accrued liabilities at December 31, 2011 were as follows:

	<u>Fund</u>		
	<u>General</u>	<u>Highway</u>	<u>Total</u>
Payroll and Employee Benefits	<u>\$ 21,296</u>	<u>\$ 817</u>	<u>\$ 22,113</u>

E. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their 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, 2012 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
PFRS	2 375E	13.0
	2 384D	20.9

TOWN OF LEWISBORO, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

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
2011	\$ 404,911	\$ 81,382
2010	569,959	82,629
2009	263,672	95,413

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	\$ 257,547
Highway	147,364
	<u>\$ 404,911</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, 2011	New Issues	Redemptions	Balance December 31, 2011
Bond Anticipation Notes:							
Water District Capital Improvements	2003	7/12	0.8 %	\$ 690,000	\$ -	\$ 18,500	\$ 671,500
Various Capital Improvements	2008	7/12	0.8	615,000	-	16,500	598,500
Various Capital Improvements	2011	4/12	1.1	-	402,500	-	402,500
				<u>\$ 1,305,000</u>	<u>\$ 402,500</u>	<u>\$ 35,000</u>	<u>\$ 1,672,500</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 \$11,740 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	\$ 2,493
Highway	3,000
Special Districts - Water District	6,250
	<u>\$ 11,743</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**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, 2011:

	Balance January 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Bonds Payable	\$ 12,868,822	\$ -	\$ 623,822	\$ 12,245,000	\$ 615,000
Retirement Incentives and Other Pension Obligations	235,294	-	33,280	202,014	45,164
Compensated Absences	546,401	51,821	55,000	543,222	55,000
Claims Payable	156,293	1,013,129	967,797	201,625	201,625
Other Post Employment Benefit Obligations	4,183,226	1,953,120	523,362	5,612,984	-
Total Long-Term Liabilities	<u>\$ 17,990,036</u>	<u>\$ 3,018,070</u>	<u>\$ 2,203,261</u>	<u>\$ 18,804,845</u>	<u>\$ 916,789</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, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2011
Public Improvements - Open Space and Pool	2006	\$ 2,758,000	June, 2021	4.000 - 4.500 %	\$ 2,040,000
Public Improvements - Road Resurfacing	2008	3,085,000	June, 2022	4.000 - 5.000	2,590,000
Land Acquisition - Bell Property	2009	2,160,000	June, 2029	1.500 - 4.000	2,010,000
EFC - Oakridge Sewer District	2010	5,925,822	October , 2039	0.383 - 4.603	5,605,000
					<u>\$ 12,245,000</u>

Interest expenditures of \$389,573 were recorded in the Debt Service Fund. Interest expense of \$387,700 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

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

replaced. Part A of the Incentive Program allows governments to target certain positions as 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, 2011 was \$202,014.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2011 including interest payments of \$3,937,627 are as follows:

Year Ending December 31,	Bonds Payable		Retirement Incentives and Other Pension Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 615,000	\$ 382,648	\$ 45,164	\$ 15,151	\$ 660,164	\$ 397,799
2013	630,000	362,251	48,550	11,764	678,550	374,015
2014	645,000	340,440	52,193	8,123	697,193	348,563
2015	665,000	317,558	56,107	4,208	721,107	321,766
2016	685,000	293,794	-	-	685,000	293,794
2017-2021	3,800,000	1,077,949	-	-	3,800,000	1,077,949
2022-2026	1,895,000	577,227	-	-	1,895,000	577,227
2027-2031	1,490,000	334,639	-	-	1,490,000	334,639
2032-2036	1,115,000	175,646	-	-	1,115,000	175,646
2037-2039	705,000	36,229	-	-	705,000	36,229
	<u>\$ 12,245,000</u>	<u>\$ 3,898,381</u>	<u>\$ 202,014</u>	<u>\$ 39,246</u>	<u>\$ 12,447,014</u>	<u>\$ 3,937,627</u>

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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

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

	Year Ended	
	December 31, 2011	December 31, 2010
Balance - Beginning of Year	\$ 156,293	\$ 195,005
Provision for Claims and Claims Adjustment Expenses	1,013,129	711,497
Claims and Claims Adjustment Expenses Paid	(967,797)	(750,209)
Balance - End of Year	<u>\$ 201,625</u>	<u>\$ 156,293</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 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 \$18,239 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

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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>
2012	9.75	8.00	9.50
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

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.

The number of participants as of December 31, 2011 was as follows:

Active Employees	41
Retired Employees	61
	<u>102</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)**

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>\$ 3,950,000</u>
UAAL as a Percentage of Covered Payroll	<u>549%</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>4,183,226</u>
Net OPEB Obligation - End of Year	<u>\$ 5,612,984</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>
2011	\$ 1,953,120	26.8 %	\$ 5,612,984
2010	1,910,698	17.0	4,183,226
2009	1,517,070	19.2	2,597,945

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

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	\$ -	\$ 162,877	\$ 162,877
Highway Fund	-	132,600	132,600
Non-Major Governmental Funds	35,000	275,419	310,419
	<u>\$ 35,000</u>	<u>\$ 570,896</u>	<u>\$ 605,896</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 Assets

The components of net assets are detailed below:

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011**Note 3 - Detailed Notes on All Funds (Continued)****J. Fund Balances**

	2011					2010				
	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 expenses	\$ 239,247	\$ 56,629	\$ -	\$ -	\$ 295,876	\$ 93,310	\$ 45,029	\$ -	\$ -	\$ 138,339
Long-term receivables	424,757	-	-	-	424,757	234,772	-	-	-	234,772
Total Assigned	664,004	56,629	-	-	720,633	328,082	45,029	-	-	373,111
Restricted -										
Debt service	-	-	-	-	-	-	-	-	50,674	50,674
Assigned -										
Subsequent year's expenditures -										
Restricted -										
Debt Service	-	-	-	50,675	50,675	-	-	-	442,500	442,500
Total Assigned	-	-	-	50,675	50,675	-	-	-	442,500	442,500
Unassigned										
Total Fund Balances	(202,340)	(28,172)	(1,181,674)	(315,124)	(1,727,310)	(666,182)	(8,108)	(997,508)	(273,696)	(1,945,494)
	\$ 461,664	\$ 28,457	\$ (1,181,674)	\$ (264,449)	\$ (956,002)	\$ (338,100)	\$ 36,921	\$ (997,508)	\$ 219,478	\$ (1,079,209)

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

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 assets 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.

Subsequent year's expenditures are assigned and reflect that at December 31, 2011 the Town has assigned the above amounts to be appropriated for the ensuing year's budget.

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.

B. Risk Management

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

Note 5 - Other Matters

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

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal

Note 5 - Other Matters (Continued)

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.

Note 6 - Subsequent Events

The Town, on April 26, 2012 issued bond anticipation notes in the amount of \$373,500. The notes are due on April 23, 2013, with interest at 1.22%. The proceeds were used to renew portions of bond anticipation notes outstanding at December 31, 2011.

The Town, on July 12, 2012 issued bond anticipation notes in the amount of \$1,215,000. The notes are due on July 12, 2013, with interest at .75%. The proceeds were used to renew portions of bond anticipation notes outstanding at December 31, 2011.

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, 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
January 1, 2009	-	15,118,016	15,118,016	-	2,919,000	517.92

TOWN OF LEWISBORO, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash:			
Demand deposits		\$ 15,642,667	\$ 7,144,655
Petty cash		1,320	1,170
		<u>15,643,987</u>	<u>7,145,825</u>
Taxes Receivable:			
Town and County taxes		145,340	192,108
School districts taxes		20,250,263	21,693,382
Tax liens		766,442	471,310
Property acquired for taxes		166,280	166,280
		<u>21,328,325</u>	<u>22,523,080</u>
Allowance for uncollectible taxes		<u>(194,470)</u>	<u>(166,280)</u>
		<u>21,133,855</u>	<u>22,356,800</u>
Other Receivables:			
Accounts		138,191	634,392
Due from other governments		421,058	409,700
State and Federal aid		22,518	-
		<u>581,767</u>	<u>1,044,092</u>
Prepaid Expenditures		<u>239,247</u>	<u>93,310</u>
Total Assets		<u>\$ 37,598,856</u>	<u>\$ 30,640,027</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>			
Liabilities:			
Accounts payable		\$ 342,228	\$ 414,843
Accrued liabilities		21,296	111,652
Due to school districts		36,393,798	29,561,127
Due to other governments		14,398	-
Due to other funds		76,255	536,462
Deferred tax revenues		171,800	231,991
Deposits payable		117,417	102,500
Overpayments		-	19,552
Total Liabilities		<u>37,137,192</u>	<u>30,978,127</u>
Fund Balance (Deficit):			
Nonspendable		664,004	328,082
Unassigned		<u>(202,340)</u>	<u>(666,182)</u>
Total Fund Balance (Deficit)		<u>461,664</u>	<u>(338,100)</u>
Total Liabilities and Fund Balance (Deficit)		<u>\$ 37,598,856</u>	<u>\$ 30,640,027</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 2,663,880	\$ 2,663,880	\$ 2,791,198	\$ 127,318
Other tax items	200,000	200,000	320,217	120,217
Non property taxes	1,745,000	1,745,000	1,847,817	102,817
Departmental income	1,787,690	1,787,690	1,765,124	(22,566)
Intergovernmental charges	-	-	7,036	7,036
Use of money and property	88,240	88,240	59,562	(28,678)
Licenses and permits	20,650	20,650	19,600	(1,050)
Fines and forfeitures	115,000	115,000	179,639	64,639
Sale of property and compensation for loss	-	-	2,039	2,039
State aid	532,500	532,500	530,262	(2,238)
Federal aid	-	-	19,301	19,301
Miscellaneous	23,500	23,500	32,562	9,062
Total Revenues	7,176,460	7,176,460	7,574,357	397,897
Expenditures:				
Current:				
General government support	2,229,055	2,259,338	2,058,665	200,673
Public safety	768,861	770,887	749,202	21,685
Health	193,700	182,228	182,220	8
Transportation	10,000	10,176	10,176	-
Culture and recreation	2,033,878	1,958,479	1,877,034	81,445
Home and community services	211,478	210,945	184,767	26,178
Employee benefits	1,564,113	1,619,032	1,547,159	71,873
Debt service -				
Interest	2,498	2,498	2,493	5
Total Expenditures	7,013,583	7,013,583	6,611,716	401,867
Excess (Deficiency) of Revenues Over Expenditures	162,877	162,877	962,641	799,764
Other Financing Sources (Uses):				
State loan - retirement	-	-	-	-
Transfers out	(162,877)	(162,877)	(162,877)	-
Total Other Financing Sources (Uses)	(162,877)	(162,877)	(162,877)	-
Net Change in Fund Balance	-	-	799,764	799,764
Fund Balance (Deficit) - Beginning of Year	-	-	(338,100)	(338,100)
Fund Balance (Deficit) - End of Year	\$ -	\$ -	\$ 461,664	\$ 461,664

2010			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,423,249	\$ 2,423,249	\$ 2,347,700	\$ (75,549)
210,000	210,000	160,151	(49,849)
1,810,000	1,810,000	1,907,271	97,271
1,816,570	1,816,570	1,758,576	(57,994)
-	-	-	-
125,940	125,940	87,882	(38,058)
11,900	11,900	13,301	1,401
95,000	95,000	139,752	44,752
66,500	66,500	23,170	(43,330)
545,000	545,000	606,202	61,202
-	-	-	-
25,700	25,700	31,170	5,470
7,129,859	7,129,859	7,075,175	(54,684)
2,172,845	2,164,970	2,084,182	80,788
846,812	845,356	784,455	60,901
201,345	201,345	193,624	7,721
12,040	12,000	13,503	(1,503)
2,072,957	2,070,098	1,935,611	134,487
269,070	260,941	243,281	17,660
1,591,895	1,825,420	1,629,787	195,633
-	-	5,089	(5,089)
7,166,964	7,380,130	6,889,532	490,598
(37,105)	(250,271)	185,643	435,914
-	235,294	235,294	-
-	-	(103,725)	(103,725)
-	235,294	131,569	(103,725)
(37,105)	(14,977)	317,212	332,189
37,105	14,977	(655,312)	(670,289)
\$ -	\$ -	\$ (338,100)	\$ (338,100)

TOWN OF LEWISBORO, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
REAL PROPERTY TAXES	\$ 2,663,880	\$ 2,663,880	\$ 2,791,198	\$ 127,318	\$ 2,347,700
OTHER TAX ITEMS					
Interest and penalties on real property taxes	200,000	200,000	320,217	120,217	160,151
NON-PROPERTY TAXES					
Franchise fees	215,000	215,000	233,300	18,300	284,146
Non-property tax distribution from County	1,530,000	1,530,000	1,614,517	84,517	1,623,125
	1,745,000	1,745,000	1,847,817	102,817	1,907,271
DEPARTMENTAL INCOME					
Tax collector fees	2,500	2,500	3,040	540	3,228
Town Clerk fees	3,500	3,500	4,479	979	2,987
Police fees	100	100	69	(31)	99
Dog shelter redemptions	1,500	1,500	1,560	60	5,580
Inspection fees	350,000	350,000	420,333	70,333	381,692
Parking lot fees and on-street parking	3,000	3,000	3,395	395	3,450
Parks and recreation charges	1,412,050	1,412,050	1,275,067	(136,983)	1,327,416
Planning board fees	-	-	23,141	23,141	26,004
Bulk refuse	-	-	-	-	1,030
Library fees	2,040	2,040	2,040	-	2,040
Cemetery fees	13,000	13,000	32,000	19,000	15,350
	1,787,690	1,787,690	1,765,124	(22,566)	1,768,876

INTERGOVERNMENTAL CHARGES

Charges for services to other governments

-	-	7,036	7,036	-
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USE OF MONEY AND PROPERTY

Earnings on investments

65,000	65,000	36,378	(28,622)	66,093
23,240	23,240	23,184	(56)	21,789

Rental of real property

88,240	88,240	59,562	(28,678)	87,882
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LICENSES AND PERMITS

Dog licenses

11,000	11,000	15,736	4,736	10,990
9,650	9,650	3,864	(5,786)	2,311

Other licenses

20,650	20,650	19,600	(1,050)	13,301
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FINES AND FORFEITURES

Fines and forfeited bail

115,000	115,000	179,639	64,639	139,752
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries

-	-	2,039	2,039	12,870
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STATE AID

Mortgage tax

500,000	500,000	485,836	(14,164)	543,101
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Per capita

-	-	37,339	37,339	38,101
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STAR Program

2,500	2,500	-	(2,500)	-
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Emergency Management Agency

-	-	3,217	3,217	-
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Watershed grant

30,000	30,000	-	(30,000)	25,000
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Court facilities

-	-	3,870	3,870	-
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532,500	532,500	530,262	(2,238)	606,202
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TOWN OF LEWISBORO, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
FEDERAL AID					
Emergency Management Agency	\$ -	\$ -	\$ 19,301	\$ 19,301	\$ -
MISCELLANEOUS					
Refund of prior year's expenditures	-	-	6,735	6,735	48
Gifts and donations	-	-	2,075	2,075	2,264
Medicare Part D reimbursement	19,000	19,000	18,239	(761)	20,320
Unclassified	4,500	4,500	5,513	1,013	8,538
	23,500	23,500	32,562	9,062	31,170
TOTAL REVENUES	7,176,460	7,176,460	7,574,357	397,897	7,075,175
OTHER FINANCING SOURCES					
State Loan - Retirement	-	-	-	-	235,294
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 7,176,460	\$ 7,176,460	\$ 7,574,357	\$ 397,897	\$ 7,310,469

TOWN OF LEWISBORO, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 54,080	\$ 49,396	\$ 49,396	\$ -	\$ 52,754
Town Justice	157,740	151,400	170,380	(18,980)	158,707
Supervisor	139,380	146,795	146,692	103	140,406
Finance	131,813	145,386	140,024	5,362	125,439
Independent auditing	32,000	33,500	32,224	1,276	33,253
Receiver of Taxes	117,150	113,026	127,500	(14,474)	139,091
Assessor	112,150	102,181	101,287	894	91,220
Town Clerk	144,367	142,645	138,503	4,142	144,448
Law	137,850	213,381	202,618	10,763	137,677
Engineer	61,500	60,293	60,293	-	63,969
Elections	7,935	7,547	7,033	514	7,089
Records management	9,290	10,513	7,052	3,461	6,862
Shared services	680,950	636,255	604,977	31,278	691,620
Central printing and mailing	42,100	42,209	36,385	5,824	32,551
Technical services	63,300	67,361	53,406	13,955	44,422
Insurance	149,200	149,200	146,634	2,566	157,477
Municipal association dues	2,250	2,250	1,500	750	2,250
Judgment and claims	22,000	22,000	20,000	2,000	39,977
Contingent	150,000	150,000	-	150,000	-
Metropolitan commuter transportation mobility tax	14,000	14,000	12,761	1,239	14,970
	2,229,055	2,259,338	2,058,665	200,673	2,084,182

PUBLIC SAFETY

Police	557,111	580,624	562,857	17,767	546,517
Control of dogs	10,700	10,666	8,479	2,187	6,933
Safety inspections	201,050	179,597	177,866	1,731	231,005

	768,861	770,887	749,202	21,685	784,455
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HEALTH

Registrar of vital statistics	2,200	2,200	2,192	8	2,408
Advanced life support services	185,000	173,528	173,528	-	184,716
Drug abuse prevention council	6,500	6,500	6,500	-	6,500

	193,700	182,228	182,220	8	193,624
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TRANSPORTATION

Street lighting	10,000	10,176	10,176	-	13,503
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CULTURE AND RECREATION

Recreational administration	188,474	188,819	177,881	10,938	196,622
Parks	189,583	190,525	182,864	7,661	178,987
Playgrounds and day camp	545,100	482,124	472,440	9,684	517,846
Beach and pool	228,871	202,908	183,451	19,457	207,811
Tennis facility	32,400	32,400	30,229	2,171	32,669
Youth programs	247,980	257,732	240,408	17,324	216,362
Library	338,771	338,771	338,771	-	336,771
Historian	1,500	1,500	1,396	104	1,188
Celebrations	35,000	36,798	34,710	2,088	35,708
Program for the aging	73,724	73,918	71,200	2,718	69,493
Adult and family activities	32,000	32,000	22,982	9,018	24,869
Transportation	120,475	120,984	120,702	282	117,285

	2,033,878	1,958,479	1,877,034	81,445	1,935,611
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TOWN OF LEWISBORO, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED DECEMBER 31, 2011
(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
HOME AND COMMUNITY SERVICES					
Zoning	\$ 20,337	\$ 21,679	\$ 20,947	\$ 732	\$ 28,930
Planning board	71,180	71,180	68,242	2,938	73,450
Planning consultant	59,500	59,626	58,676	950	57,500
Environmental control	32,000	28,000	27,783	217	48,188
Storm water	10,000	10,000	713	9,287	15,723
Sanitation	-	-	-	-	3,072
Recycling	500	1,110	1,110	-	1,038
Community beautification	2,000	2,000	1,652	348	976
Cemeteries	6,900	8,289	4,199	4,090	5,491
Architectural	9,061	9,061	1,445	7,616	8,913
	<u>211,478</u>	<u>210,945</u>	<u>184,767</u>	<u>26,178</u>	<u>243,281</u>
EMPLOYEE BENEFITS					
State retirement	267,000	270,659	257,547	13,112	454,383
Police retirement	96,177	96,177	81,382	14,795	82,629
Social security	232,758	232,758	223,240	9,518	240,575
Hospitalization, medical and dental insurance	737,697	778,671	757,756	20,915	656,246
Workers' compensation benefits	114,731	138,007	138,007	-	74,925
Disability	10,700	11,116	10,413	703	12,827
Dental	40,000	22,036	18,173	3,863	38,444
Medicare	25,000	26,293	26,004	289	25,101
Wellcare benefit	30,050	30,050	21,372	8,678	23,838
Unemployment benefits	10,000	13,265	13,265	-	20,819
	<u>1,564,113</u>	<u>1,619,032</u>	<u>1,547,159</u>	<u>71,873</u>	<u>1,629,787</u>

DEBT SERVICE

Interest -

Bond anticipation notes

2,498	2,498	2,493	5	5,089
7,013,583	7,013,583	6,611,716	401,867	6,889,532

TOTAL EXPENDITURES

OTHER FINANCING USES

Transfers out:

Capital Projects Fund
Debt Service Fund

-	-	-	-	20,000
162,877	162,877	162,877	-	83,725
162,877	162,877	162,877	-	103,725

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND OTHER
FINANCING USES

\$ 7,176,460	\$ 7,176,460	\$ 6,774,593	\$ 401,867	\$ 6,993,257
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TOWN OF LEWISBORO, NEW YORK

HIGHWAY FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash - Demand deposits		\$ 7,206	\$ 170,033
Receivables:			
Accounts		3,128	-
State and Federal		387,833	-
Due from other funds		-	5,610
		<u>390,961</u>	<u>5,610</u>
Prepaid Expenditures		<u>56,629</u>	<u>45,029</u>
Total Assets		<u>\$ 454,796</u>	<u>\$ 220,672</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable		\$ 307,929	\$ 127,201
Accrued liabilities		817	56,550
Due to other funds		<u>117,593</u>	<u>-</u>
Total Liabilities		<u>426,339</u>	<u>183,751</u>
Fund Balance:			
Nonspendable		56,629	45,029
Unassigned		<u>(28,172)</u>	<u>(8,108)</u>
Total Fund Balance		<u>28,457</u>	<u>36,921</u>
Total Liabilities and Fund Balance		<u>\$ 454,796</u>	<u>\$ 220,672</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 2,512,530	\$ 2,512,530	\$ 2,512,530	\$ -
Use of money and property	-	-	14	14
Sale of property and compensation for loss	-	-	100	100
State aid	287,000	287,000	325,645	38,645
Federal aid	-	-	62,188	62,188
Miscellaneous	-	-	3,549	3,549
Total Revenues	<u>2,799,530</u>	<u>2,799,530</u>	<u>2,904,026</u>	<u>104,496</u>
Expenditures:				
Current:				
General government support	56,400	53,850	53,850	-
Transportation	1,968,295	1,943,028	2,067,159	(124,131)
Employee benefits	639,235	667,052	655,881	11,171
Debt service - Interest	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Expenditures	<u>2,666,930</u>	<u>2,666,930</u>	<u>2,779,890</u>	<u>(112,960)</u>
Excess of Revenues Over Expenditures	132,600	132,600	124,136	(8,464)
Other Financing Uses - Transfers out	<u>(132,600)</u>	<u>(132,600)</u>	<u>(132,600)</u>	<u>-</u>
Net Change in Fund Balance	-	-	(8,464)	(8,464)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>36,921</u>	<u>36,921</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,457</u>	<u>\$ 28,457</u>

2010			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,852,368 10,000	\$ 2,852,368 10,000	\$ 2,852,368 20	\$ - (9,980)
3,250	3,250	100	(3,150)
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,865,618</u>	<u>2,865,618</u>	<u>2,852,488</u>	<u>(13,130)</u>
64,000	64,000	59,633	4,367
1,995,719	1,995,719	1,974,416	21,303
718,876	718,876	635,284	83,592
-	-	4,690	(4,690)
<u>2,778,595</u>	<u>2,778,595</u>	<u>2,674,023</u>	<u>104,572</u>
87,023	87,023	178,465	91,442
<u>(102,600)</u>	<u>(102,600)</u>	<u>(147,850)</u>	<u>(45,250)</u>
(15,577)	(15,577)	30,615	46,192
<u>15,577</u>	<u>15,577</u>	<u>6,306</u>	<u>(9,271)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,921</u>	<u>\$ 36,921</u>

TOWN OF LEWISBORO, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash - Demand deposits		\$ 312,500	\$ 241,898
Due from Other Funds		2,053,549	373,685
Restricted Assets		-	26,855
Total Assets		<u>\$ 2,366,049</u>	<u>\$ 642,438</u>
<u>LIABILITIES AND FUND DEFICIT</u>			
Liabilities:			
Accounts payable		\$ 38,000	\$ -
Due to other funds		1,523,627	-
Retainages payable		202,234	202,234
Deferred revenues - Other		111,362	132,712
Bond anticipation notes payable		1,672,500	1,305,000
Total Liabilities		3,547,723	1,639,946
Fund Deficit - Unassigned		<u>(1,181,674)</u>	<u>(997,508)</u>
Total Liabilities and Fund Deficit		<u>\$ 2,366,049</u>	<u>\$ 642,438</u>

TOWN OF LEWISBORO, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
State aid	\$ 21,350	\$ 47,375
Miscellaneous	-	1,000
Total Revenues	21,350	48,375
Expenditures - Capital outlay	240,516	111,376
Deficiency of Revenues Over Expenditures	(219,166)	(63,001)
Other Financing Sources:		
Bonds issued	-	5,925,822
Transfers in	35,000	59,000
Total Other Financing Sources	35,000	5,984,822
Net Change in Fund Balance	(184,166)	5,921,821
Fund Deficit - Beginning of Year	(997,508)	(6,919,329)
Fund Deficit - End of Year	<u>\$ (1,181,674)</u>	<u>\$ (997,508)</u>

TOWN OF LEWISBORO, NEW YORK

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

ASSETS	Special Districts	Debt Service	Totals	
			2011	2010
Cash and Equivalents	\$ 106,086	\$ -	\$ 106,086	\$ 62,589
Receivables:				
Water rents	42,862	-	42,862	43,057
Due from other funds	112,189	50,675	162,864	552,088
	155,051	50,675	205,726	595,145
Total Assets	\$ 261,137	\$ 50,675	\$ 311,812	\$ 657,734
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Accounts payable	\$ 35,937	\$ -	\$ 35,937	\$ 43,066
Accrued liabilities	-	-	-	269
Due to other funds	498,938	-	498,938	394,921
Deferred revenues - Other	41,386	-	41,386	-
Total Liabilities	576,261	-	576,261	438,256
Fund Balances (Deficits):				
Restricted	-	-	-	50,674
Assigned	-	50,675	50,675	442,500
Unassigned	(315,124)	-	(315,124)	(273,696)
Total Fund Balances (Deficits)	(315,124)	50,675	(264,449)	219,478
Total Liabilities and Fund Balances (Deficits)	\$ 261,137	\$ 50,675	\$ 311,812	\$ 657,734

TOWN OF LEWISBORO, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Special Districts	Debt Service	Totals	
			2011	2010
Revenues:				
Real property taxes	\$ 547,163	\$ -	\$ 547,163	\$ 694,471
Departmental income	173,744	-	173,744	181,695
Use of money and property	81	-	81	73
State aid	41,386	-	41,386	38,256
Total Revenues	762,374	-	762,374	914,495
Expenditures:				
Current:				
General government support	20,872	-	20,872	43,376
Transportation	12,580	-	12,580	12,779
Home and community services	453,681	-	453,681	425,342
Debt service:				
Principal	-	623,822	623,822	603,000
Interest	6,250	389,573	395,823	369,675
Total Expenditures	493,383	1,013,395	1,506,778	1,454,172
Excess (Deficiency) of Revenues Over Expenditures	268,991	(1,013,395)	(744,404)	(539,677)
Other Financing Sources (Uses):				
Sale of real property	-	-	-	961,717
Transfers in	-	570,896	570,896	439,631
Transfers out	(310,419)	-	(310,419)	(247,056)
Total Other Financing Sources (Uses)	(310,419)	570,896	260,477	1,154,292
Net Change in Fund Balances	(41,428)	(442,499)	(483,927)	614,615
Fund Balances (Deficits) - Beginning of Year	(273,696)	493,174	219,478	(395,137)
Fund Balances (Deficits) - End of Year	\$ (315,124)	\$ 50,675	\$ (264,449)	\$ 219,478

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND
 COMBINING BALANCE SHEET - SUB-FUNDS
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
<u>ASSETS</u>			
Cash - Demand deposits	\$ 86,471	\$ -	\$ 19,339
Receivables:			
Water rents	-	-	42,862
Due from other funds	84,962	-	-
	84,962	-	42,862
Total Assets	\$ 171,433	\$ -	\$ 62,201
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>			
Liabilities:			
Accounts payable	\$ 8,506	\$ 7,102	\$ 15,863
Accrued liabilities	-	-	-
Due to other funds	-	383,522	105,257
Deferred revenues - Other	41,386	-	-
Total Liabilities	49,892	390,624	121,120
Fund Balances (Deficits) -			
Unassigned	121,541	(390,624)	(58,919)
Total Fund Balances (Deficits)	121,541	(390,624)	(58,919)
Total Liabilities and Fund Balances (Deficits)	\$ 171,433	\$ -	\$ 62,201

Lighting District	Totals	
	2011	2010
\$ 276	\$ 106,086	\$ 47,895
-	42,862	43,057
27,227	112,189	73,608
27,227	155,051	116,665
<u>\$ 27,503</u>	<u>\$ 261,137</u>	<u>\$ 164,560</u>
\$ 4,466	\$ 35,937	\$ 43,066
-	-	269
10,159	498,938	394,921
-	41,386	-
14,625	576,261	438,256
12,878	(315,124)	(273,696)
12,878	(315,124)	(273,696)
<u>\$ 27,503</u>	<u>\$ 261,137</u>	<u>\$ 164,560</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES - SUB-FUNDS

YEAR ENDED DECEMBER 31, 2011

(With Comparative Totals for 2010)

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
Revenues:			
Real property taxes	\$ 186,425	\$ 347,363	\$ -
Departmental income	-	-	173,744
Use of money and property	47	-	34
State aid	41,386	-	-
Total Revenues	227,858	347,363	173,778
Expenditures:			
Current:			
General government support	14,673	6,199	-
Transportation	-	-	-
Home and community services	113,702	167,424	172,555
Debt service - Interest	-	-	6,250
Total Expenditures	128,375	173,623	178,805
Excess (Deficiency) of Revenues Over Expenditures	99,483	173,740	(5,027)
Other Financing Uses - Transfers out	(29,890)	(262,029)	(18,500)
Net Change in Fund Balances	69,593	(88,289)	(23,527)
Fund Balances (Deficits) - Beginning of Year	51,948	(302,335)	(35,392)
Fund Balances (Deficits) - End of Year	\$ 121,541	\$ (390,624)	\$ (58,919)

Lighting District	Totals	
	2011	2010
\$ 13,375	\$ 547,163	\$ 694,471
-	173,744	181,695
-	81	73
-	41,386	38,256
<u>13,375</u>	<u>762,374</u>	<u>914,495</u>
-	20,872	43,376
12,580	12,580	12,779
-	453,681	425,342
-	6,250	26,867
<u>12,580</u>	<u>493,383</u>	<u>508,364</u>
795	268,991	406,131
-	(310,419)	(247,056)
795	(41,428)	159,075
<u>12,083</u>	<u>(273,696)</u>	<u>(432,771)</u>
<u>\$ 12,878</u>	<u>\$ (315,124)</u>	<u>\$ (273,696)</u>

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TOWN OF LEWISBORO, NEW YORK

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash - Demand deposits		\$ -	\$ 14,694
Due from Other Funds		<u>50,675</u>	<u>478,480</u>
Total Assets		<u>\$ 50,675</u>	<u>\$ 493,174</u>
	<u>FUND BALANCE</u>		
Restricted		\$ -	\$ 50,674
Assigned		<u>50,675</u>	<u>442,500</u>
Total Fund Balance		<u>\$ 50,675</u>	<u>\$ 493,174</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service:				
Principal:				
Serial bonds	623,822	623,822	623,822	-
Bond anticipation notes	35,000	35,000	-	35,000
	658,822	658,822	623,822	35,000
Interest:				
Serial bonds	389,573	389,573	389,573	-
Bond anticipation notes	11,749	11,749	-	11,749
	401,322	401,322	389,573	11,749
Total Expenditures	1,060,144	1,060,144	1,013,395	46,749
Deficiency of Revenues Over Expenditures	(1,060,144)	(1,060,144)	(1,013,395)	46,749
Other Financing Sources (Uses):				
Sale of real property	-	-	-	-
Transfers in	617,644	617,644	570,896	(46,748)
Total Other Financing Sources	617,644	617,644	570,896	(46,748)
Net Change in Fund Balance	(442,500)	(442,500)	(442,499)	1
Fund Balance - Beginning of Year	442,500	442,500	493,174	50,674
Fund Balance - End of Year	\$ -	\$ -	\$ 50,675	\$ 50,675

2010			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
717,000	717,000	603,000	114,000
35,000	35,000	-	35,000
752,000	752,000	603,000	149,000
353,641	353,641	342,808	10,833
13,459	13,459	-	13,459
367,100	367,100	342,808	24,292
1,119,100	1,119,100	945,808	173,292
(1,119,100)	(1,119,100)	(945,808)	173,292
668,611	668,611	961,717	293,106
450,489	450,489	439,631	(10,858)
1,119,100	1,119,100	1,401,348	282,248
-	-	455,540	455,540
-	-	37,634	37,634
\$ -	\$ -	\$ 493,174	\$ 493,174

