

TOWN OF LEWISBORO, NEW YORK  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2009  
WITH INDEPENDENT AUDITORS' REPORT



TOWN OF LEWISBORO, NEW YORK

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## 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 as of and for the year ended December 31, 2009, 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 opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Lewisboro, New York as of December 31, 2009 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.

Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lewisboro, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Lewisboro, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
December 27, 2010

**Town of Lewisboro, New York**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2009**

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**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, 2009. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- On the government-wide financial statements, the Town's liabilities exceeded its assets at the close of fiscal year 2009 by \$2,799,239. Of this amount, the unrestricted portion is a deficit of \$4,280,456. This deficit results primarily from the accrual of certain operating liabilities pursuant to GASB Statement No.34 and the adoption of the provisions of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*", coupled with the deficits reported in the governmental funds.
- As of the close of fiscal year 2009, the Town's governmental funds reported a combined ending deficit fund balance of \$7,963,472, an overall decrease in the deficit of \$50,776 (a decrease in fund balance of \$377,534 and an increase in fund balance of \$428,310, prior period adjustments). The decrease in fund balance, \$377,534, was due to the operating loss in the General, Highway and Special Districts Funds, partially offset by a surplus in the Capital Projects Fund.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was a deficit balance of \$862,149. The General Fund reported a total ending fund deficit of \$655,312, a decrease of \$1,393,580 which resulted from an operating decrease of \$1,874,695 and an increase to fund balance of \$481,115 for prior period adjustments.
- The opening fund balances of the General, Highway, Oak Ridge Sewer District, Water District and Debt Service funds were increased by \$754,563 as the result of prior period adjustments.
- The Town issued \$2,160,000 and retired \$307,000 of general obligation debt during 2009.

## 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 other post employment benefit obligations ("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 fund balance sheet and in the governmental fund 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 appropriated 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 fund 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 \$2,799,239 at the close of the current fiscal year.

#### Statement of Net Assets

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 28,863,349	\$ 30,859,969
Capital Assets, net	<u>15,908,912</u>	<u>8,622,918</u>
Total Assets	<u>44,772,261</u>	<u>39,482,887</u>
Current Liabilities	36,688,520	27,916,203
Long-term Liabilities	<u>10,882,980</u>	<u>17,648,877</u>
Total Liabilities	<u>47,571,500</u>	<u>45,565,080</u>
Net Assets:		
Invested in capital assets, net of related debt	1,443,583	242,241
Restricted	37,634	-
Unrestricted	<u>(4,280,456)</u>	<u>(6,324,434)</u>
Total Net Assets	<u>\$ (2,799,239)</u>	<u>\$ (6,082,193)</u>

The largest component of the Town's net assets reflects its investment in capital assets, net of related debt, amounting to \$1,443,583. 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 \$37,634 represent resources that are subject to external restrictions on how they may be used.

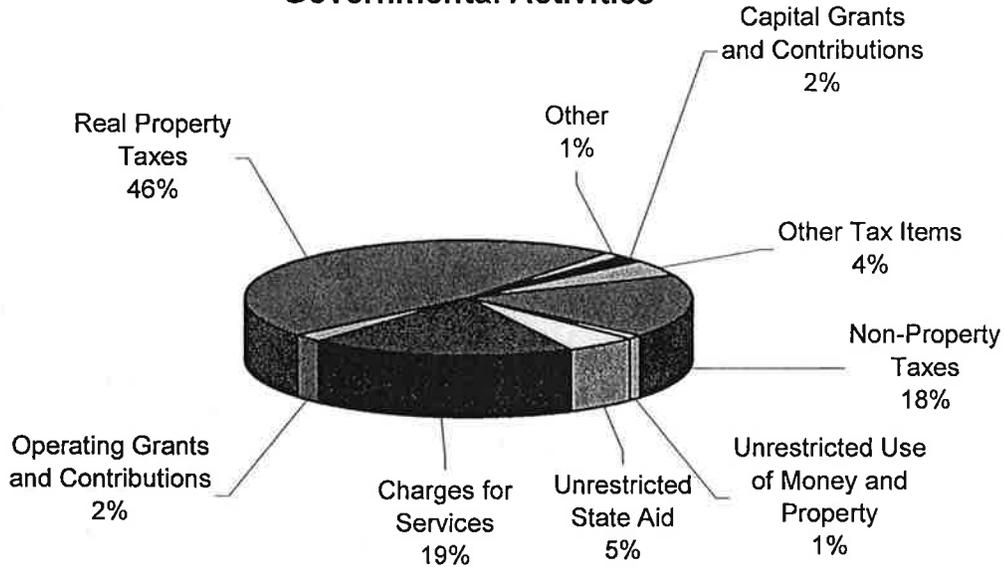
The remaining balance is unrestricted net assets and aggregates a negative \$4,280,456, which must be financed from future operations. This deficit results from a combination of both the deficits in the operating funds, plus the Town's long-term commitments, including repayment of general obligation bonds (\$7,546,000), claims payable (\$195,005), compensated absences (\$544,030) and other post employment benefit obligations (\$2,597,945). 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 and loans issued to fund capital projects (\$7,186,784). These short term obligations will be recognized as revenues when they are converted to permanent financing.

**Changes in Net Assets  
December 31,**

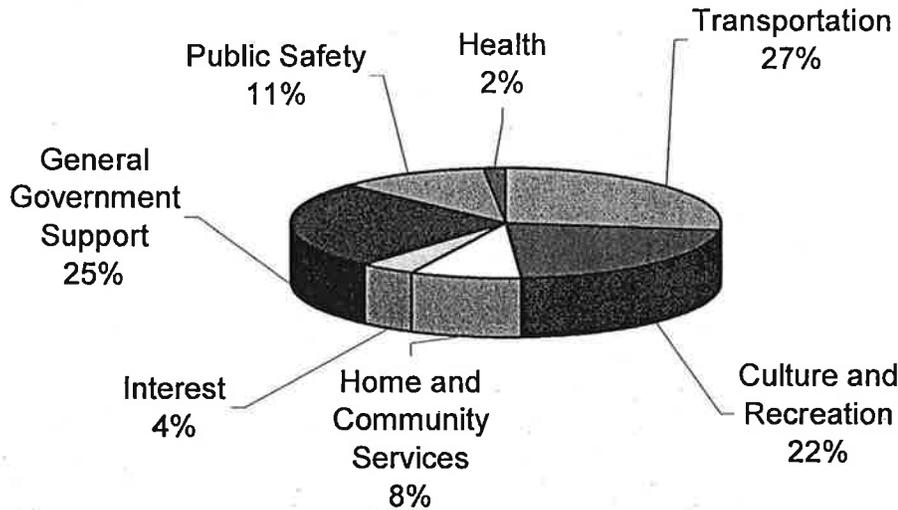
	<u>2009</u>	<u>2008</u>
Program Revenues:		
Charges for Services	\$ 1,841,610	\$ 1,180,541
Operating Grants and Contributions	227,628	24,893
Capital Grants and Contributions	185,727	-
General Revenues:		
Real Property Taxes	4,480,573	4,331,083
Other Tax items	423,304	212,530
Non-Property Taxes	1,714,793	1,835,209
Fines and Forfeitures	-	97,698
Unrestricted Use of Money and Property	95,912	193,848
Sale of Property and Compensation for Loss	24,436	-
Unrestricted State Aid	512,675	1,288,861
Other	131,683	265,661
Total Revenues	<u>9,638,341</u>	<u>9,430,324</u>
Program Expenses:		
General Government Support	3,429,174	2,730,712
Public Safety	1,543,303	1,170,425
Health	214,558	199,952
Transportation	3,620,685	2,312,491
Culture and Recreation	2,950,607	2,221,155
Home and Community Services	1,130,312	5,480,615
Employee benefits	-	3,419,568 (1)
Interest	582,542	673,678
Total Expenses	<u>13,471,181</u>	<u>18,208,596</u>
Change in Net Assets	<u>(3,832,840)</u>	<u>(8,778,272)</u>
Net Assets (Deficit) - Beginning, as reported	(6,082,193)	2,696,079
Prior Period Adjustment	7,115,794	-
Net Assets - Beginning, as restated	<u>1,033,601</u>	<u>2,696,079</u>
Deficit - Ending	<u>\$ (2,799,239)</u>	<u>\$ (6,082,193)</u>

(1) The employee benefits were allocated to respective functional categories in 2009.

**Sources of Revenue for Fiscal Year 2009  
Governmental Activities**



**Expenses for Fiscal Year 2009  
Governmental Activities**



**Governmental Activities:** Governmental activities, including the prior period adjustment of \$7,115,794, reduced the Town's deficit by \$3,282,954 for the fiscal year ended December 31, 2009. The total Town governmental activities revenues were \$9,638,341. Real property taxes provide 46% of total revenues and non-property tax

items provide 18%. Charges for services, operating grants and contributions and capital grants and contributions provided 23%. Total revenues increased by \$208,017 from the prior year. Governmental activities expenses of the Town for the year ended December 31, 2009 totaled \$13,471,181. The largest components of these expenses are in the areas of Transportation (27%), General Government Support (25%), and Culture and Recreation (22%). Total expenses decreased by \$4,737,415 from the prior year.

The major changes compared to 2008 are as follows:

Revenues:

- Charges for services increased by \$661,069, primarily as a result of an increase in park and recreation fees as well as the fact that certain revenues were classified differently in the 2008 statement of activities.
- Other tax items increased by \$210,774, primarily due to the gain on sale of tax acquired property in the amount of \$200,000 recognized in the current year.
- Operating grants and contributions increased by \$202,735, primarily due to the Environmental Facilities Corporation grant received in the Wild Oaks Sewer District Fund.
- Capital grants and contributions increased by \$185,727, primarily due to a state grant received in the amount of \$147,734 for the Truesdale Lake Capital Improvements project.
- Unrestricted State Aid decreased by \$776,186, primarily from a decrease in mortgage tax revenues.

Expenses:

- Home and community services expense decreased by \$4,350,303. This is primarily a result of a decrease in capital outlay for Oakridge sewer improvements, which were substantially completed and expensed in the 2008 fiscal year. This decrease is offset by the allocation of employee benefits to respective functional categories in the current year.
- Transportation, culture and recreation, general government support and public safety increased as a result of a higher accrual of Other Post Employment Benefits when compared to 2008, coupled with the allocation of employee benefits to respective functional categories in the current year.

## 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 \$7,963,472, a slight decrease of \$50,776, from the prior year. Of the total combined fund deficits, \$8,242,119 constitutes unreserved fund deficit.

**The General Fund** is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund reflected a deficit of \$655,312, a decrease in the fund balance of \$1,393,580 from the prior year. Actual results of operations resulted in a decrease of fund balance of \$1,874,695 while a positive prior period adjustment of \$481,115 offset the decrease. A detail of prior period adjustments can be found in Note 2,F in the notes to the financial statements. Overall, General Fund expenditures and other financing uses were \$7,950,474, which was \$392,992 over the final budget. Overspending occurred throughout the budget, with the transfers out (\$283,393) and employee benefits (\$114,778) accounting for the majority of the overspending. General Fund revenues were \$6,075,779, which was \$1,270,714 less than the final budget. The revenue categories that reflected a negative variance as compared to the budget were state aid (\$743,416), non-property taxes (\$330,207), use of money and property (\$205,422) and departmental income (\$199,399). The revenue categories that reflected a positive variance as compared to the final budget were real property taxes (\$97,442) and miscellaneous (\$84,983).

**The Highway Fund** reflected a fund balance of \$6,306 at the end of the current fiscal year, a decrease to the fund balance of \$242,970, comprised of an operating loss of \$286,769 and a \$43,799 increase due to a positive prior period adjustment. Overall, actual Highway Fund expenditures and other financing sources were \$124,912 over the final budget and actual revenues were \$127,857 short of the final budget, resulting in the total budgetary shortfall of \$252,769.

**The Capital Projects Fund** reflected a deficit of \$6,919,329 at December 31, 2009. This arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes and loans 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 and loans 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, 2009 total a deficit of \$395,137. Oak Ridge Sewer District Fund represents the majority of the deficit (\$428,679), offset by fund balance in Debt Service Fund (\$37,634).

### General Fund Budgetary Highlights

The final budget for revenues exceeded the original budget by \$57,865. The final appropriation budget was reduced from the original budgetary appropriation by \$630,661 in an effort to control costs and to diminish the effects of falling revenues.

As noted above, actual revenues did not meet budgetary expectations by \$1,270,714. Actual expenditures and other financing uses exceeded the final budget by \$392,992.

### Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2009, amounted to \$15,908,912 (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)

	2009	2008
Land	\$ 725,000	\$ -
Land Improvements	424,725	-
Buildings and Improvements	1,095,717	-
Machinery and Equipment	88,418	-
Infrastructure	13,575,052	-
<b>Total</b>	<b>\$ 15,908,912</b>	<b>\$ 8,622,918 (1)</b>

(1) The breakdown is not available in the 2008 financial statements.

The following list highlights the major capital projects during fiscal year 2009:

- Prior period adjustments:

2008 Road Reconstruction	\$ 1,739,453
Oak Ridge Sewer Improvements	5,602,627

- Oak Ridge Sewer improvements 256,968

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 \$7,546,000. 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 issued \$2,160,000 of new general obligation bonds and paid \$307,000 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.

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TOWN OF LEWISBORO, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 10,373,325
Receivables:	
Taxes, net	17,831,569
Accounts	134,222
State and Federal aid	34,137
Due from other governments	403,849
Prepaid expenses	86,247
Capital assets (net of accumulated depreciation):	
Land	725,000
Land improvements	424,725
Buildings and improvements	1,095,717
Machinery and equipment	88,418
Infrastructure	<u>13,575,052</u>
Total Assets	<u>44,772,261</u>
<b>LIABILITIES</b>	
Accounts payable	324,655
Accrued liabilities	195,296
Due to school districts	28,433,670
Due to other governments	21,252
Retainages payable	207,172
Deposits payable	105,247
Overpayments	16,216
Unearned revenues	180,087
Bond anticipation notes payable	1,364,000
Loan payable	5,822,784
Accrued interest payable	18,141
Non-current liabilities:	
Due within one year:	
Bonds payable	443,000
Compensated absences	54,403
Claims payable	195,005
Due in more than one year:	
Bonds payable	7,103,000
Compensated absences	489,627
Other post employment benefit obligations payable	<u>2,597,945</u>
Total Liabilities	<u>47,571,500</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,443,583
Restricted for debt service	37,634
Unrestricted	<u>(4,280,456)</u>
Total Net Assets	<u>\$ (2,799,239)</u>

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

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 3,429,174	\$ 52,419	\$ 15,500	\$ -
Public safety	1,543,303	332,201	5,014	-
Health	214,558	2,830	-	-
Transportation	3,620,685	50	19,024	-
Culture and recreation	2,950,607	1,246,612	16,245	6,000
Home and community services	1,130,312	207,498	171,845	147,734
Interest	582,542	-	-	31,993
<b>Total Governmental Activities</b>	<b>\$ 13,471,181</b>	<b>\$ 1,841,610</b>	<b>\$ 227,628</b>	<b>\$ 185,727</b>

General Revenues:

Real property taxes

Other tax items:

Gain on sale of tax acquired property

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, as Reported

Prior Period Adjustment

Net Assets - Beginning of Year, as Restated

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>	
\$	(3,361,255)
	(1,206,088)
	(211,728)
	(3,601,611)
	(1,681,750)
	(603,235)
	<u>(550,549)</u>
	<u>(11,216,216)</u>
	4,480,573
	200,000
	223,304
	206,081
	1,508,712
	95,912
	24,436
	512,675
	<u>131,683</u>
	<u>7,383,376</u>
	<u>(3,832,840)</u>
	(6,082,193)
	<u>7,115,794</u>
	<u>1,033,601</u>
\$	<u><u>(2,799,239)</u></u>

TOWN OF LEWISBORO, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	General	Highway	Capital Projects	Other Governmental	Total Governmental Funds
<b>ASSETS</b>					
Cash and Equivalents	\$ 9,935,229	\$ 149,760	\$ 242,227	\$ 46,109	\$ 10,373,325
Taxes Receivable, net	17,831,569	-	-	-	17,831,569
Other Receivables:					
Accounts	82,150	-	-	52,072	134,222
State and Federal aid	-	-	-	34,137	34,137
Due from other governments	403,849	-	-	-	403,849
Due from other funds	314,435	-	593,636	110,989	1,019,060
	800,434	-	593,636	197,198	1,591,268
Prepaid Expenditures	63,842	22,405	-	-	86,247
<b>Total Assets</b>	<b>\$ 28,631,074</b>	<b>\$ 172,165</b>	<b>\$ 835,863</b>	<b>\$ 243,307</b>	<b>\$ 29,882,409</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Accounts payable	\$ 148,561	\$ 92,168	\$ 57,440	\$ 26,486	\$ 324,655
Accrued liabilities	121,605	73,691	-	-	195,296
Due to school districts	28,433,670	-	-	-	28,433,670
Due to other governments	21,252	-	-	-	21,252
Due to other funds	283,393	-	123,709	611,958	1,019,060
Retainages payable	-	-	207,172	-	207,172
Deferred tax revenues	156,442	-	-	-	156,442
Deferred revenues - Other	-	-	180,087	-	180,087
Deposits payable	105,247	-	-	-	105,247
Overpayments	16,216	-	-	-	16,216
Bond anticipation notes payable	-	-	1,364,000	-	1,364,000
Loan payable	-	-	5,822,784	-	5,822,784
<b>Total Liabilities</b>	<b>29,286,386</b>	<b>165,859</b>	<b>7,755,192</b>	<b>638,444</b>	<b>37,845,881</b>
Fund Balances (Deficits):					
Reserved for:					
Prepaid expenditures	63,842	22,405	-	-	86,247
Encumbrances	37,105	5,577	-	6,194	48,876
Debt service	-	-	-	37,634	37,634
Long-term receivables	105,890	-	-	-	105,890
Unreserved, reported in:					
General Fund	(862,149)	-	-	-	(862,149)
Special Revenue Funds	-	(21,676)	-	(438,965)	(460,641)
Capital Projects Fund	-	-	(6,919,329)	-	(6,919,329)
<b>Total Fund Balances (Deficits)</b>	<b>(655,312)</b>	<b>6,306</b>	<b>(6,919,329)</b>	<b>(395,137)</b>	<b>(7,963,472)</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 28,631,074</b>	<b>\$ 172,165</b>	<b>\$ 835,863</b>	<b>\$ 243,307</b>	<b>\$ 29,882,409</b>

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

TOWN OF LEWISBORO, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

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Fund Balances - Total Governmental Funds	\$ (7,963,472)
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.	<u>15,908,912</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>156,442</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(18,141)
Bonds payable	(7,546,000)
Compensated absences	(544,030)
Claims payable	(195,005)
Other post employment benefit obligations payable	<u>(2,597,945)</u>
	<u>(10,901,121)</u>
Net Assets of Governmental Activities	<u>\$ (2,799,239)</u>

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

## TOWN OF LEWISBORO, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009

	General	Highway	Capital Projects	Other Governmental	Total Governmental Funds
<b>REVENUES</b>					
Real property taxes	\$ 1,481,380	\$ 2,927,269	\$ -	\$ 378,875	\$ 4,787,524
Other tax items	423,304	-	-	-	423,304
Non-property taxes	1,714,793	-	-	-	1,714,793
Departmental income	1,528,251	-	-	186,723	1,714,974
Intergovernmental charges	2,130	-	-	-	2,130
Use of money and property	133,018	8,256	-	32,158	173,432
Licences and permits	13,773	-	-	-	13,773
Fines and forfeitures	105,322	-	-	-	105,322
Sale of property and compensation for loss	24,436	3,460	-	-	27,896
State aid	517,689	-	147,734	171,713	837,136
Miscellaneous	131,683	7,325	6,000	-	145,008
<b>Total Revenues</b>	<b>6,075,779</b>	<b>2,946,310</b>	<b>153,734</b>	<b>769,469</b>	<b>9,945,292</b>
<b>EXPENDITURES</b>					
Current:					
General government support	2,242,334	61,771	-	187,894	2,491,999
Public safety	1,000,605	-	-	-	1,000,605
Health	204,928	-	-	-	204,928
Transportation	150,773	2,161,438	-	12,063	2,324,274
Culture and recreation	2,124,791	-	-	-	2,124,791
Home and community services	290,139	-	-	404,109	694,248
Employee benefits	1,528,157	679,859	-	-	2,208,016
Debt service:					
Principal	-	-	-	307,000	307,000
Interest	57,122	5,500	-	498,357	560,979
Capital outlay	-	-	565,986	-	565,986
<b>Total Expenditures</b>	<b>7,598,849</b>	<b>2,908,568</b>	<b>565,986</b>	<b>1,409,423</b>	<b>12,482,826</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,523,070)</u>	<u>37,742</u>	<u>(412,252)</u>	<u>(639,954)</u>	<u>(2,537,534)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	2,160,000	-	2,160,000
Transfers in	-	-	443,600	468,739	912,339
Transfers out	<u>(351,625)</u>	<u>(324,511)</u>	<u>-</u>	<u>(236,203)</u>	<u>(912,339)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(351,625)</b>	<b>(324,511)</b>	<b>2,603,600</b>	<b>232,536</b>	<b>2,160,000</b>
<b>Net Change in Fund Balances</b>	<b>(1,874,695)</b>	<b>(286,769)</b>	<b>2,191,348</b>	<b>(407,418)</b>	<b>(377,534)</b>
Fund Balances (Deficits) - Beginning of Year, as Reported	738,268	249,276	(8,784,424)	(217,368)	(8,014,248)
Prior Period Adjustment	<u>481,115</u>	<u>43,799</u>	<u>(326,253)</u>	<u>229,649</u>	<u>428,310</u>
Fund Balances (Deficits) - Beginning of Year, as Restated	<u>1,219,383</u>	<u>293,075</u>	<u>(9,110,677)</u>	<u>12,281</u>	<u>(7,585,938)</u>
Fund Balances (Deficits) - End of Year	<u>\$ (655,312)</u>	<u>\$ 6,306</u>	<u>\$ (6,919,329)</u>	<u>\$ (395,137)</u>	<u>\$ (7,963,472)</u>

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

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, 2009

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

Net Change in Fund Balances - Total Governmental Funds \$ (377,534)

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 and, therefore, were not capitalized. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	455,238
Depreciation expense	<u>(511,324)</u>
	<u>(56,086)</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>(306,951)</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.

Bonds issued	(2,160,000)
Principal paid on bonds	<u>307,000</u>
	<u>(1,853,000)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(21,563)
Compensated absences	59,792
Claims payable	(52,008)
Other post employment benefit obligations	<u>(1,225,490)</u>
	<u>(1,239,269)</u>

Change in Net Assets of Governmental Activities \$ (3,832,840)

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

GENERAL AND HIGHWAY FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 1,383,938	\$ 1,383,938	\$ 1,481,380	\$ 97,442
Other tax items	395,000	395,000	423,304	28,304
Non-property taxes	2,045,000	2,045,000	1,714,793	(330,207)
Departmental income	1,677,650	1,727,650	1,528,251	(199,399)
Intergovernmental charges	-	-	2,130	2,130
Use of money and property	338,440	338,440	133,018	(205,422)
Licences and permits	13,900	13,900	13,773	(127)
Fines and forfeitures	80,000	80,000	105,322	25,322
Sale of property and compensation for loss	54,500	54,760	24,436	(30,324)
State aid	1,257,000	1,261,105	517,689	(743,416)
Miscellaneous	43,200	46,700	131,683	84,983
<b>Total Revenues</b>	<b>7,288,628</b>	<b>7,346,493</b>	<b>6,075,779</b>	<b>(1,270,714)</b>
<b>EXPENDITURES</b>				
Current:				
General government support	2,480,397	2,200,148	2,242,334	(42,186)
Public safety	1,102,748	1,021,463	1,000,605	20,858
Health	202,700	204,988	204,928	60
Transportation	153,963	153,767	150,773	2,994
Culture and recreation	2,190,406	2,126,322	2,124,791	1,531
Home and community services	292,395	312,061	290,139	21,922
Employee benefits	1,393,695	1,413,379	1,528,157	(114,778)
Debt service:				
Principal	155,000	-	-	-
Interest	146,839	57,122	57,122	-
<b>Total Expenditures</b>	<b>8,118,143</b>	<b>7,489,250</b>	<b>7,598,849</b>	<b>(109,599)</b>
Excess (Deficiency) of Revenues Over Expenditures	(829,515)	(142,757)	(1,523,070)	(1,380,313)
<b>OTHER FINANCING USES</b>				
Transfers out	(70,000)	(68,232)	(351,625)	(283,393)
<b>Net Change in Fund Balances</b>	<b>(899,515)</b>	<b>(210,989)</b>	<b>(1,874,695)</b>	<b>(1,663,706)</b>
Fund Balances - Beginning of Year, as Reported	899,515	210,989	738,268	527,279
Prior Period Adjustment	-	-	481,115	481,115
Fund Balances - Beginning of Year, as Restated	899,515	210,989	1,219,383	1,008,394
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (655,312)</b>	<b>\$ (655,312)</b>

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)
\$ 2,927,269	\$ 2,927,269	\$ 2,927,269	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
30,000	30,000	8,256	(21,744)
-	-	-	-
3,250	3,250	3,460	210
110,000	110,000	-	(110,000)
-	3,648	7,325	3,677
<u>3,070,519</u>	<u>3,074,167</u>	<u>2,946,310</u>	<u>(127,857)</u>
10,000	61,358	61,771	(413)
-	-	-	-
-	-	-	-
2,141,268	2,116,300	2,161,438	(45,138)
-	-	-	-
588,400	599,658	679,859	(80,201)
-	-	-	-
5,542	5,542	5,500	42
<u>2,745,210</u>	<u>2,782,858</u>	<u>2,908,568</u>	<u>(125,710)</u>
325,309	291,309	37,742	(253,567)
<u>(325,309)</u>	<u>(325,309)</u>	<u>(324,511)</u>	<u>798</u>
-	(34,000)	(286,769)	(252,769)
-	34,000	249,276	215,276
-	-	43,799	43,799
-	34,000	293,075	259,075
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,306</u>	<u>\$ 6,306</u>

TOWN OF LEWISBORO, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2009

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	<u>Agency</u>
<b>ASSETS</b>	
Cash - Demand deposits	\$ 243,397
<b>LIABILITIES</b>	
Accounts Payable	\$ 19,909
Deposits	223,488
Total Liabilities	\$ 243,397

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 primary government 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**C. Fund Financial Statements**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, 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 in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. 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 financial resources to be used for the acquisition or construction of major capital facilities.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term of the Town.

- 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, 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**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, 2009.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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, 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, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventory** - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

**Prepaid Expenses/Expenditures** - Prepaid expenses/expenditures consist of employee retirement, health insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

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.

Class	Life in Years
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 \$156,442 for real property taxes in the General Fund and \$180,087 for grants received in advance in the Capital Projects Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net 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 - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for prepaid expenditures, encumbrances, debt service and long-term receivables represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balance in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**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 December 27, 2010.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.
- e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts and Debt Service funds.
- i) Budgets for General, Highway, Special Districts and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis.
- j) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- k) Appropriations in the General, Highway, Special Districts and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**Note 2 - Stewardship, Compliance and Accountability (Continued)****B. Property Tax Limitation**

The Town is not limited as to the maximum amount of real property taxes which may be raised.

**C. Capital Projects Fund Deficit**

The undesignated deficit in the Capital Projects Fund of \$6,919,329 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes and loans issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes and loans payable are accounted for in the Capital Projects Fund. Bond anticipation notes and loans are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes and loans are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

**D. Expenditures in Excess of Budget**

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

## General Fund:

## General Government Support:

Town Board	\$ 1,114
Town Justice	274
Supervisor	2,443
Finance	377
Independent Auditing	282
Receiver of Taxes	2,182
Town Clerk	1,140
Law	88,831
Engineer	2,765
Judgments and claims	315
Metropolitan commuter transportation mobility tax	4,416
Public Safety – Safety Inspections	657
Transportation – Superintendent of Highways	2,659
Culture and Recreation:	
Recreational administration	12,243
Parks	342
Tennis facility	1,276
Adult and family activities	3,490
Home and Community Services:	
Planning board	127
Storm water	332

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

Employee Benefits:		
Social security	\$	14,950
Hospitalization, Medicaid and dental insurance		96,281
Dental		747
Wellcare benefit		1,302
Unemployment benefits		4,140
Other Financing Uses -		
Transfers out		283,393
Highway Fund:		
General Government Support		413
Transportation		45,138
Employee benefits		80,201
Special Districts Fund:		
Wild Oaks Sewer -		
General government support		22,912
Oak Ridge Sewer:		
Debt Service - Interest		76,820
Transfers out		124,100
Water Fund:		
Debt Service - Interest		6,149
Transfers out		500

**E. Fund Deficits**

The following funds reflect deficits at December 31, 2009:

General Fund	\$	655,312
Special District Funds:		
Oak Ridge Sewer		428,679
Water		42,089

The Town plans to address these deficits in future periods.

**F. Prior Period Adjustments**

The Town, during the 2009 fiscal year, determined that deferred tax revenue recorded in the General Fund for outstanding taxes was overstated by \$511,599 in the prior year. Accordingly, the fund financial statements have been adjusted to reflect this change.

The Town, during the 2009 fiscal year, determined that certain costs reflected as expenditures in the prior year were more appropriately reflected as prepaid expenditures of that fiscal year. As a result, an increase to the net assets on the government-wide financial statements and the fund balance of the General Fund in the amount of \$92,023 was required.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

The Town, during the 2009 fiscal year, determined that certain accounts receivable amounts were not reported correctly in the General Fund in a prior year. Accordingly, a decrease to the net assets on the government-wide financial statements and the fund balance of the General Fund in the amount of \$122,507 was required.

The Town, during the 2009 fiscal year, determined that certain costs reflected as expenditures in the prior year were more appropriately reflected as prepaid expenditures of that fiscal year. As a result, an increase to the net assets on the government-wide financial statements and the fund balance of the Highway Fund in the amount of \$43,799 was required.

The Town, during the 2009 fiscal year, determined that certain grant revenues were not properly recognized in the prior year and should have been reflected as deferred revenues. As a result, a decrease to the net assets on the government-wide financial statements and the fund balance of the Capital Projects Fund in the amount of \$326,253 was required.

The Town, during the 2009 fiscal year, determined that the amounts reported for water rents receivable was not properly reflected in the prior year. Accordingly, an increase to the net assets on the government-wide financial statements and the fund balance of the Water Fund in the amount of \$74,008 was required.

The Town, during the 2009 fiscal year, determined that premium on bonds issued and interest earnings were not properly reflected. Accordingly, an increase to the net assets on the government-wide financial statements and the fund balance of the Debt Service Fund in the amount of \$155,641 was required.

The Town, during 2009 fiscal year, determined that certain infrastructure assets were incorrectly omitted from capital assets. Accordingly, an increase to the net assets on the government-wide financial statements in the amount of \$7,342,080 was required.

The Town, during the 2009 fiscal year, determined that claims payable for health insurance were not properly reflected in the prior year. Accordingly, a decrease to the net assets on the government-wide financial statements in the amount of \$142,997 was required.

Total prior period adjustments are summarized as follows:

	<u>Government-wide</u>	<u>Fund Level</u>
Deferred tax revenue - General Fund	\$ -	\$ 511,599
Prepaid expenditures - General Fund	92,023	92,023
Accounts receivable - General Fund	(122,507)	(122,507)
Prepaid expenditures - Highway Fund	43,799	43,799
Deferred revenues - Capital Fund	(326,253)	(326,253)
Water rents receivable - Water Fund	74,008	74,008
Premium on bonds issued and interest earnings - Debt Service Fund	155,641	155,641
Capital Assets	7,342,080	-
Claims Payable	(142,997)	-
	<u>\$ 7,115,794</u>	<u>\$ 428,310</u>

**Note 3 - Detailed Notes on All Funds****A. Taxes Receivable**

Taxes receivable at December 31, 2009 consisted of the following:

Town and County taxes - Current	\$	123,617
School districts taxes - Current		17,368,556
Tax liens		339,396
Property acquired for taxes		<u>166,280</u>
		17,997,849
Less - Allowance for uncollectible taxes		<u>(166,280)</u>
	\$	<u>17,831,569</u>

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2010. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$156,442, 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 reserve for long-term receivables of \$105,890, which represents an estimate of school taxes receivable which will not be collected within the subsequent year.

**B. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2009 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 314,435	\$ 283,393
Capital Projects	593,636	123,709
Non-Major Governmental Funds	<u>110,989</u>	<u>611,958</u>
	<u>\$ 1,019,060</u>	<u>\$ 1,019,060</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.

TOWN OF LEWISBORO, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009

**Note 3 - Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

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

Class	Balance January 1, 2009, As Reported	Prior Period Adjustment	Balance January 1, 2009, As Restated	Additions	Balance December 31, 2009
Capital Assets, not being depreciated -					
Land	\$ 725,000	\$ -	\$ 725,000	\$ -	\$ 725,000
Capital Assets, being depreciated:					
Land improvements	\$ 941,686	-	941,686	\$ 142,848	\$ 1,084,534
Buildings and improvements	2,374,580	-	2,374,580	-	2,374,580
Machinery and equipment	1,920,060	-	1,920,060	55,422	1,975,482
Infrastructure	35,911,927	7,342,080	43,254,007	256,968	43,510,975
Total Capital Assets, being Depreciated	41,148,253	7,342,080	48,490,333	455,238	48,945,571
Less Accumulated Depreciation for:					
Land improvements	610,095	-	610,095	49,714	659,809
Buildings and improvements	1,233,841	-	1,233,841	45,022	1,278,863
Machinery and equipment	1,878,309	-	1,878,309	8,755	1,887,064
Infrastructure	29,528,090	-	29,528,090	407,833	29,935,923
Total Accumulated Depreciation	33,250,335	-	33,250,335	511,324	33,761,659
Total Capital Assets, being Depreciated, net	\$ 7,897,918	\$ 7,342,080	\$ 15,239,998	\$ (56,086)	\$ 15,183,912
Governmental Activities Capital Assets, net	\$ 8,622,918	\$ 7,342,080	\$ 15,964,998	\$ (56,086)	\$ 15,908,912

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

Governmental Activities:	
General Government Support	\$ 49,234
Public Safety	750
Transportation	91,091
Culture and Recreation	45,817
Home and Community Services	324,432
Total Depreciation Expense	\$ 511,324

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2009

Note 3 - Detailed Notes on All Funds (Continued)**D. Accrued Liabilities**

Accrued liabilities at December 31, 2009 were as follows:

	<u>Fund</u>		<u>Total</u>
	<u>General</u>	<u>Highway</u>	
Payroll and Employee Benefits	<u>\$ 121,605</u>	<u>\$ 73,691</u>	<u>\$ 195,296</u>

**E. Pension Plans**

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

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. 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, 2010 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	9.2%
	2 75I	8.5
	3 A14	6.9
	4 A15	6.9
PFRS	1 375E	9.2
	2 384D	13.8

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

	<u>ERS</u>	<u>PFRS</u>
2009	\$ 263,672	\$ 95,413
2008	230,814	70,132
2007	316,950	96,304

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009Note 3 - Detailed Notes on All Funds (Continued)

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.

<u>Fund</u>	<u>Amount</u>
General	\$ 169,520
Highway	94,152
	<u>\$ 263,672</u>

**F. Short-Term Capital Borrowings**

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

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2009</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance December 31, 2009</u>
Bond anticipation notes:							
Water District Capital Improvements	2003	2/10	1.25 %	\$ 753,500	\$ -	\$ 39,500	\$ 714,000
Oak Ridge Sewer District Improvements	2003	n/a	n/a	776,100	-	776,100	-
Oak Ridge Sewer District Improvements	2008	n/a	n/a	5,400,000	-	5,400,000	-
Land Purchase and Improvements	2008	n/a	n/a	2,200,000	-	2,200,000	-
Various Capital Improvements	2008	7/10	1.25	850,000	-	200,000	650,000
				<u>9,979,600</u>	<u>-</u>	<u>8,615,600</u>	<u>1,364,000</u>
Loan payable:							
Sewer Reconstruction	2009	9/12	0.00	-	3,006,000	-	3,006,000
Sewer Reconstruction	2009	9/12	1.02	-	2,816,784	-	2,816,784
				<u>-</u>	<u>5,822,784</u>	<u>-</u>	<u>5,822,784</u>
				<u>\$ 9,979,600</u>	<u>\$ 5,822,784</u>	<u>\$ 8,615,600</u>	<u>\$ 7,186,784</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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures/expense of \$249,240 were recorded in the fund financial statements in the funds identified below and in the government-wide financial statements for governmental activities.

<u>Fund</u>	<u>Amount</u>
General	\$ 57,122
Highway	5,500
Special Districts:	
Water District	16,047
Oak Ridge Sewer District	<u>170,571</u>
	<u>\$ 249,240</u>

The State of New York has authorized the establishment of the New York State Environmental Facilities Corporation. The Corporation was created in-part to administer a water pollution control revolving fund for purposes of complying with the Clean Water Act. The Town originally received two loans from the Corporation, one in the amount of \$3,006,000 without interest, and another in the amount of \$2,816,784, with interest at 1.02%. The loan is to be repaid no later than September 2012. The liability for the loan has been recorded in the Capital Projects Fund.

**G. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2009:

	Balance January 1, 2009, As Reported	Prior Period Adjustment	Balance January 1, 2009, As Restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2009	Due Within One Year
Bonds Payable	\$ 5,693,000	\$ -	\$ 5,693,000	\$ 2,160,000	\$ 307,000	\$ 7,546,000	\$ 443,000
Claims Payable	-	142,997	142,997	988,027	936,019	195,005	195,005
Compensated Absences	603,822	-	603,822	590	60,382	544,030	54,403
Other Post Employment Benefit Obligations	<u>1,372,455</u>	-	<u>1,372,455</u>	<u>1,517,070</u>	<u>291,580</u>	<u>2,597,945</u>	-
Total Long-Term Liabilities	<u>\$ 7,669,277</u>	<u>\$ 142,997</u>	<u>\$ 7,812,274</u>	<u>\$ 4,665,687</u>	<u>\$ 1,594,981</u>	<u>\$ 10,882,980</u>	<u>\$ 692,408</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2009

**Note 3 - Detailed Notes on All Funds (Continued)**

**Bonds Payable**

Bonds payable at December 31, 2009 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31 2009
Public Improvements - Sewer District	1992	\$ 450,000	January, 2012	6.75 %	56,000
Public Improvements - Open Space and Pool	2006	2,758,000	June, 2021	4.0 - 4.50	2,370,000
Public Improvements - Road Resurfacing	2008	3,085,000	June, 2022	4.0 - 5.00	2,960,000
Land Acquisition - Bell Property	2009	2,160,000	June, 2029	1.5 - 4.00	2,160,000
					<u>\$ 7,546,000</u>

Interest expenditures of \$311,739 were recorded in the Debt Service Fund. Interest expense of \$333,302 was recorded in the government-wide financial statements for governmental activities.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2009 including interest payments of \$2,494,686 are as follows:

Year Ending December 31,	Principal	Interest
2010	\$ 443,000	\$ 312,443
2011	463,000	289,310
2012	450,000	268,683
2013	465,000	248,350
2014	480,000	227,822
2015-2019	2,675,000	805,853
2020-2024	1,865,000	269,325
2025-2029	705,000	72,900
	<u>\$ 7,546,000</u>	<u>\$ 2,494,686</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

**Note 3 - Detailed Notes on All Funds (Continued)**

costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

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

	Year Ended	
	December 31, 2009	December 31, 2008
Balance - Beginning of Year	\$ 142,997	\$ 124,718
Provision for Claims and Claims Adjustment Expenses	988,027	704,666
Claims and Claims Adjustment Expenses Paid	<u>(936,019)</u>	<u>(686,387)</u>
Balance - End of Year	<u>\$ 195,005</u>	<u>\$ 142,997</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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2009

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**Note 3 - Detailed Notes on All Funds (Continued)**

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 as claims are paid in the fund financial statements.

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Pre-65</u> <u>Medical</u>	<u>Post-65</u> <u>Medical</u>	<u>Prescription</u> <u>Drug</u>
2010	9.00 %	7.00 %	11.00 %
2011	8.50	6.75	10.00
2012	8.00	6.25	9.00
2013	7.50	6.00	8.00
2014	7.00	5.75	7.00
2015	6.00	5.25	6.00
2016+	5.00	5.00	5.00

The amortization basis is the level dollar method with an open amortization approach with 28 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.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2009Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of December 31, 2009 was as follows:

Active Employees	58
Retired Employees	<u>43</u>
	<u><u>101</u></u>
Amortization Component:	
Actuarial Accrued Liability as of January 1, 2009	\$ 15,118,016
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 15,118,016</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (Active plan members)	<u><u>\$ 2,919,000</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>518%</u></u>
Annual Required Contribution	\$ 1,541,540
Interest on Net OPEB Obligation	54,899
Adjustments to Annual Required Contribution	<u>(79,369)</u>
Annual OPEB Cost	1,517,070
Contributions Made	<u>(291,580)</u>
Increase in Net OPEB Obligation	1,225,490
Net OPEB Obligation - Beginning of Year	<u>1,372,455</u>
Net OPEB Obligation - End of Year	<u><u>\$ 2,597,945</u></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</u> <u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 1,517,070	19.2 %	\$ 2,597,945
2008	1,648,999	16.8	1,372,455

**Note 3 - Detailed Notes on All Funds (Continued)**

The Town first implemented the provisions of GASB Statement No. 45 for the fiscal year ended December 31, 2008.

**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 Fund	
General	\$ 240,000	\$ 111,625	\$ 351,625
Highway	-	324,511	324,511
Non-Major Governmental	203,600	32,603	236,203
	<u>\$ 443,600</u>	<u>\$ 468,739</u>	<u>\$ 912,339</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".

**J. Fund Balances**

Certain elements of reserved 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.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Reserved**

The Reserve for Prepaid Expenditures has been provided to account for employee retirement, health insurance and other payments made in advance. This reserve indicates that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Encumbrances outstanding have been reserved as it is the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

The Reserve for Long-Term Receivables represents funds set aside 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.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

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.

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. The parties have stipulated to extend the time to file for arbitration in order to conduct settlement conferences among the parties to determine whether the matter may be resolved without the necessity of arbitration. There is no insurance coverage afforded to the Town in this matter.

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.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**B. Risk Management**

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

The Town provides long term disability coverage through an insurance company that insures the wages of each employee covered in this agreement. Disability benefits usually commence on the first day after the 45<sup>th</sup> 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 - Subsequent Event**

The Town, in February 2010, issued bond anticipation notes for improvement of the facilities of the Water District in the amount of \$700,000. The proceeds were used to redeem \$700,000 in notes previously issued. The notes are due July 16, 2010 with interest at 1%.

The Town, in July 2010, issued bond anticipation notes for various improvements in the amount of \$1,305,000. The proceeds were used to redeem \$700,000 and \$650,000 in notes previously issued and currently outstanding. The notes are due July 15, 2011 with interest at 0.90%.

**Note 5 - Subsequent Event (Continued)**

The Town, in June 2010, issued \$5,886,450 in Environmental Facilities Corporation bonds for Sewer reconstruction. The proceeds of the bonds were partially used to redeem loans payable in the amount of \$5,822,784 due to EFC. The bonds mature annually through October 2039 with interest ranging from 0.286% to 4.603%, depending on maturity.

The Town, in January 2010, sold a parcel of land for a \$1,000,000.

TOWN OF LEWISBORO, NEW YORK

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, 2009	\$ -	\$ 15,118,016	\$ 15,118,016	- %	\$ 2,919,000	517.92 %
January 1, 2008	-	14,963,957	14,963,957	-	3,575,000	418.57

Note - The Town first implemented the provisions of Governmental Accounting Standards Board Statement No. 45 for the fiscal year ended December 31, 2008.

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TOWN OF LEWISBORO, NEW YORK

GENERAL FUND  
BALANCE SHEET  
DECEMBER 31, 2009

<u>ASSETS</u>	
Cash:	
Demand deposits	\$ 9,934,248
Petty cash	981
	<u>9,935,229</u>
Taxes Receivable:	
Town and County taxes	123,617
School districts taxes	17,368,556
Tax liens	339,396
Property acquired for taxes	166,280
	<u>17,997,849</u>
Allowance for uncollectible taxes	<u>(166,280)</u>
	<u>17,831,569</u>
Other Receivables:	
Accounts	82,150
Due from other governments	403,849
Due from other funds	314,435
	<u>800,434</u>
Prepaid Expenditures	<u>63,842</u>
Total Assets	<u>\$ 28,631,074</u>
<u>LIABILITIES AND FUND DEFICIT</u>	
Liabilities:	
Accounts payable	\$ 148,561
Accrued liabilities	121,605
Due to school districts	28,433,670
Due to other governments	21,252
Due to other funds	283,393
Deferred tax revenues	156,442
Deposits payable	105,247
Overpayments	16,216
Total Liabilities	<u>29,286,386</u>
Fund Balance (Deficit):	
Reserved for prepaid expenditures	63,842
Reserved for encumbrances	37,105
Reserved for long-term receivables	105,890
Unreserved and undesignated	<u>(862,149)</u>
Total Fund Deficit	<u>(655,312)</u>
Total Liabilities and Fund Deficit	<u>\$ 28,631,074</u>

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## TOWN OF LEWISBORO, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Real property taxes	\$ 1,383,938	\$ 1,383,938	\$ 1,481,380	\$ 97,442
Other tax items	395,000	395,000	423,304	28,304
Non property taxes	2,045,000	2,045,000	1,714,793	(330,207)
Departmental income	1,677,650	1,727,650	1,528,251	(199,399)
Intergovernmental charges	-	-	2,130	2,130
Use of money and property	338,440	338,440	133,018	(205,422)
Licenses and permits	13,900	13,900	13,773	(127)
Fines and forfeitures	80,000	80,000	105,322	25,322
Sale of property and compensation for loss	54,500	54,760	24,436	(30,324)
State aid	1,257,000	1,261,105	517,689	(743,416)
Miscellaneous	43,200	46,700	131,683	84,983
<b>Total Revenues</b>	<b>7,288,628</b>	<b>7,346,493</b>	<b>6,075,779</b>	<b>(1,270,714)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	2,480,397	2,200,148	2,242,334	(42,186)
Public safety	1,102,748	1,021,463	1,000,605	20,858
Health	202,700	204,988	204,928	60
Transportation	153,963	153,767	150,773	2,994
Culture and recreation	2,190,406	2,126,322	2,124,791	1,531
Home and community services	292,395	312,061	290,139	21,922
Employee benefits	1,393,695	1,413,379	1,528,157	(114,778)
<b>Debt service:</b>				
Principal	155,000	-	-	-
Interest	146,839	57,122	57,122	-
<b>Total Expenditures</b>	<b>8,118,143</b>	<b>7,489,250</b>	<b>7,598,849</b>	<b>(109,599)</b>
Deficiency of Revenues Over Expenditures	(829,515)	(142,757)	(1,523,070)	(1,380,313)
Other Financing Uses - Transfers out	(70,000)	(68,232)	(351,625)	(283,393)
<b>Net Change in Fund Balance</b>	<b>(899,515)</b>	<b>(210,989)</b>	<b>(1,874,695)</b>	<b>(1,663,706)</b>
Fund Balance - Beginning of Year, as reported	899,515	210,989	738,268	527,279
Prior Period Adjustment	-	-	481,115	481,115
Fund Balance - Beginning of Year, as Restated	899,515	210,989	1,219,383	1,008,394
<b>Fund Deficit - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (655,312)</b>	<b>\$ (655,312)</b>

TOWN OF LEWISBORO, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 1,383,938	\$ 1,383,938	\$ 1,481,380	\$ 97,442
<b>OTHER TAX ITEMS</b>				
Gain on sale of tax acquired property	200,000	200,000	200,000	-
Interest and penalties on real property taxes	195,000	195,000	223,304	28,304
<b>NON-PROPERTY TAXES</b>	395,000	395,000	423,304	28,304
Franchise fees	195,000	195,000	206,081	11,081
Non-property tax distribution from County	1,850,000	1,850,000	1,508,712	(341,288)
	2,045,000	2,045,000	1,714,793	(330,207)
<b>DEPARTMENTAL INCOME</b>				
Tax collector fees	-	-	5,107	5,107
Town Clerk fees	7,600	7,600	7,988	388
Police fees	100	100	105	5
Dog shelter redemptions	1,200	1,200	1,565	365
Inspection fees	335,000	335,000	213,744	(121,256)
Parking lot fees and on-street parking	250	250	610	360
Parks and recreation charges	1,260,000	1,310,000	1,262,857	(47,143)
Planning board fees	42,500	42,500	6,655	(35,845)
Bulk refuse	3,000	3,000	3,130	130
Library fees	10,000	10,000	2,040	(7,960)
Cemetery fees	18,000	18,000	24,450	6,450
	1,677,650	1,727,650	1,528,251	(199,399)

INTERGOVERNMENTAL CHARGES

Charges for services to other governments

-	-	2,130	2,130
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USE OF MONEY AND PROPERTY

Earnings on investments  
Rental of real property

300,000	300,000	95,912	(204,088)
38,440	38,440	37,106	(1,334)
<u>338,440</u>	<u>338,440</u>	<u>133,018</u>	<u>(205,422)</u>

LICENSES AND PERMITS

Dog licenses  
Other licenses

11,500	11,500	11,465	(35)
2,400	2,400	2,308	(92)
<u>13,900</u>	<u>13,900</u>	<u>13,773</u>	<u>(127)</u>

FINES AND FORFEITURES

Fines and forfeited bail

80,000	80,000	105,322	25,322
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SALE OF PROPERTY AND  
COMPENSATION FOR LOSS

Sale of equipment  
Sale of real property  
Insurance recoveries  
Other compensation for loss

2,500	2,500	1,433	(1,067)
50,000	50,000	15,950	(34,050)
2,000	2,000	-	(2,000)
-	260	7,053	6,793
<u>54,500</u>	<u>54,760</u>	<u>24,436</u>	<u>(30,324)</u>

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TOWN OF LEWISBORO, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STATE AID</b>				
Mortgage tax	\$ 1,200,000	\$ 1,200,000	\$ 472,122	\$ (727,878)
Per capita	42,000	42,000	40,553	(1,447)
Records grant	12,000	12,000	-	(12,000)
STAR Program	3,000	3,000	-	(3,000)
Traffic safety	-	-	909	909
Court facilities	-	4,105	4,105	-
	<u>1,257,000</u>	<u>1,261,105</u>	<u>517,689</u>	<u>(743,416)</u>
<b>MISCELLANEOUS</b>				
Refund of prior year's expenditures	3,000	3,000	7,880	4,880
Gifts and donations	-	3,500	103,510	100,010
Medicare Part D reimbursement	30,000	30,000	14,989	(15,011)
Unclassified	10,200	10,200	5,304	(4,896)
	<u>43,200</u>	<u>46,700</u>	<u>131,683</u>	<u>84,983</u>
<b>TOTAL REVENUES</b>	<u>\$ 7,288,628</u>	<u>\$ 7,346,493</u>	<u>\$ 6,075,779</u>	<u>\$ (1,270,714)</u>

TOWN OF LEWISBORO, NEW YORK

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT SUPPORT</b>				
Town Board	\$ 54,580	\$ 54,571	\$ 55,685	\$ (1,114)
Town Justice Supervisor	163,070	166,475	166,749	(274)
Finance	140,400	140,400	142,843	(2,443)
Independent auditing	124,805	90,853	91,230	(377)
Receiver of Taxes	18,000	18,557	18,839	(282)
Assessor	154,360	150,732	152,914	(2,182)
Town Clerk	125,450	125,510	120,109	5,401
Law	152,490	152,490	153,630	(1,140)
Engineer	126,850	130,478	219,309	(88,831)
Elections	72,500	70,683	73,448	(2,765)
Records management	9,200	9,200	7,108	2,092
Shared services	8,550	24,702	8,897	15,805
Central printing and mailing	865,877	752,957	723,093	29,864
Technical services	47,065	43,794	36,567	7,227
Insurance	85,875	75,075	73,511	1,564
Municipal association dues	254,075	159,155	159,155	-
Judgement and claims	2,250	2,250	2,250	-
Metropolitan commuter transportation mobility tax	25,000	23,135	23,450	(315)
Contingent account	-	9,131	13,547	(4,416)
	50,000	-	-	-
	2,480,397	2,200,148	2,242,334	(42,186)

PUBLIC SAFETY

Police	840,189	764,713	747,493	17,220
Control of dogs	7,800	7,800	3,505	4,295
Safety inspections	254,759	248,950	249,607	(657)
	<u>1,102,748</u>	<u>1,021,463</u>	<u>1,000,605</u>	<u>20,858</u>

HEALTH

Registrar of vital statistics	2,200	2,200	2,140	60
Advanced life support services	187,500	189,788	189,788	-
Drug abuse prevention council	13,000	13,000	13,000	-
	<u>202,700</u>	<u>204,988</u>	<u>204,928</u>	<u>60</u>

TRANSPORTATION

Superintendent of highways	137,963	137,963	140,622	(2,659)
Street lighting	16,000	15,804	10,151	5,653
	<u>153,963</u>	<u>153,767</u>	<u>150,773</u>	<u>2,994</u>

CULTURE AND RECREATION

Recreational administration	239,076	235,076	247,319	(12,243)
Parks	262,138	213,423	213,765	(342)
Playgrounds and day camp	557,678	552,618	551,086	1,532
Beach and pool	232,605	236,577	236,577	-
Tennis facility	26,200	32,427	33,703	(1,276)
Youth programs	260,932	247,983	235,255	12,728
Library	376,771	376,771	376,771	-
Historian	1,500	1,500	1,000	500
Celebrations	33,800	33,332	33,320	12
Program for aging	76,539	71,372	68,429	2,943
Adult and family activities	20,885	20,198	23,688	(3,490)
Transportation	102,282	105,045	103,878	1,167
	<u>2,190,406</u>	<u>2,126,322</u>	<u>2,124,791</u>	<u>1,531</u>

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TOWN OF LEWISBORO, NEW YORK

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HOME AND COMMUNITY SERVICES</b>				
Zoning	\$ 29,904	\$ 29,904	\$ 28,874	\$ 1,030
Planning board	75,730	74,380	74,507	(127)
Planning consultant	72,500	71,818	59,645	12,173
Environmental control	72,000	53,977	51,871	2,106
Storm water	10,500	20,378	20,710	(332)
Sanitation	9,300	6,600	3,050	3,550
Recycling	4,000	36,543	36,063	480
Community beautification	2,000	2,000	1,410	590
Cemeteries	7,400	7,400	5,600	1,800
Architectural	9,061	9,061	8,409	652
	<u>292,395</u>	<u>312,061</u>	<u>290,139</u>	<u>21,922</u>
<b>EMPLOYEE BENEFITS</b>				
State retirement	192,355	169,520	169,520	-
Police retirement	110,566	95,413	95,413	-
Social security	260,000	274,557	289,507	(14,950)
Hospitalization, medical and dental insurance	658,574	707,891	804,172	(96,281)
Workers' compensation benefits	67,000	70,520	70,520	-
Disability	8,700	12,608	9,966	2,642
Dental	41,000	19,146	19,893	(747)
Medicare	26,500	23,522	23,522	-
Wellcare benefit	26,500	27,440	28,742	(1,302)
Unemployment benefits	2,500	12,762	16,902	(4,140)
	<u>1,393,695</u>	<u>1,413,379</u>	<u>1,528,157</u>	<u>(114,778)</u>



TOWN OF LEWISBORO, NEW YORK

HIGHWAY FUND  
BALANCE SHEET  
DECEMBER 31, 2009

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ASSETS

Cash - Demand deposits	\$ 149,760
Prepaid Expenditures	<u>22,405</u>
Total Assets	<u>\$ 172,165</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 92,168
Accrued liabilities	<u>73,691</u>
Total liabilities	<u>165,859</u>

Fund Balance (Deficit):

Reserved for prepaid expenditures	22,405
Reserved for encumbrances	5,577
Unreserved and undesignated	<u>(21,676)</u>
Total Fund Balance	<u>6,306</u>
Total Liabilities and Fund Balance	<u>\$ 172,165</u>

TOWN OF LEWISBORO, NEW YORK

HIGHWAY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	\$ 2,927,269	\$ 2,927,269	\$ 2,927,269	\$ -
Use of money and property	30,000	30,000	8,256	(21,744)
Sale of property and compensation for loss	3,250	3,250	3,460	210
State aid	110,000	110,000	-	(110,000)
Miscellaneous	-	3,648	7,325	3,677
<b>Total Revenues</b>	<b>3,070,519</b>	<b>3,074,167</b>	<b>2,946,310</b>	<b>(127,857)</b>
Expenditures:				
Current:				
General government support	10,000	61,358	61,771	(413)
Transportation	2,141,268	2,116,300	2,161,438	(45,138)
Employee benefits	588,400	599,658	679,859	(80,201)
Debt service - Interest	5,542	5,542	5,500	42
<b>Total Expenditures</b>	<b>2,745,210</b>	<b>2,782,858</b>	<b>2,908,568</b>	<b>(125,710)</b>
Excess of Revenues Over Expenditures	325,309	291,309	37,742	(253,567)
Other Financing Uses - Transfers out	(325,309)	(325,309)	(324,511)	798
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(34,000)</b>	<b>(286,769)</b>	<b>(252,769)</b>
Fund Balance - Beginning of Year, as Reported	-	34,000	249,276	215,276
Prior Period Adjustment	-	-	43,799	43,799
Fund Balance - Beginning of Year, as Restated	-	34,000	293,075	259,075
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,306</b>	<b>\$ 6,306</b>

TOWN OF LEWISBORO, NEW YORK

CAPITAL PROJECTS FUND  
BALANCE SHEET  
DECEMBER 31, 2009

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ASSETS

Cash - Demand deposits	\$ 242,227
Due from Other Funds	<u>593,636</u>
Total Assets	<u>\$ 835,863</u>

LIABILITIES AND FUND DEFICIT

Liabilities:

Accounts payable	\$ 57,440
Due to other funds	123,709
Retainages payable	207,172
Deferred revenues - Other	180,087
Bond anticipation notes payable	1,364,000
Loan payable	<u>5,822,784</u>
Total Liabilities	7,755,192
Fund Deficit - Unreserved and undesignated	<u>(6,919,329)</u>
Total Liabilities and Fund Deficit	<u>\$ 835,863</u>

TOWN OF LEWISBORO, NEW YORK

CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEAR ENDED DECEMBER 31, 2009

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Revenues:	
State aid	\$ 147,734
Miscellaneous	<u>6,000</u>
Total Revenues	153,734
Expenditures - Capital outlay	<u>565,986</u>
Deficiency of Revenues Over Expenditures	<u>(412,252)</u>
Other Financing Sources:	
Bonds issued	2,160,000
Transfers in	<u>443,600</u>
Total Other Financing Sources	<u>2,603,600</u>
Net Change in Fund Balance	<u>2,191,348</u>
Fund Deficit - Beginning of Year, as reported	(8,784,424)
Prior Period Adjustment	<u>(326,253)</u>
Fund Deficit - Beginning of Year, as restated	<u>(9,110,677)</u>
Fund Deficit - End of Year	<u>\$ (6,919,329)</u>

TOWN OF LEWISBORO, NEW YORK

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2009

<u>ASSETS</u>	<u>Special Districts</u>	<u>Debt Service</u>	<u>Total</u>
Cash and Equivalents	\$ 31,415	\$ 14,694	\$ 46,109
Receivables:			
Water rents	52,072	-	52,072
State and Federal aid	34,137	-	34,137
Due from other funds	88,049	22,940	110,989
	<u>174,258</u>	<u>22,940</u>	<u>197,198</u>
Total Assets	<u>\$ 205,673</u>	<u>\$ 37,634</u>	<u>\$ 243,307</u>
 <u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>			
Liabilities:			
Accounts payable	\$ 26,486	\$ -	\$ 26,486
Due to other funds	611,958	-	611,958
Total Liabilities	<u>638,444</u>	<u>-</u>	<u>638,444</u>
Fund Balances (Deficits):			
Reserved for encumbrances	6,194	-	6,194
Reserved for debt service	-	37,634	37,634
Unreserved and undesignated	(438,965)	-	(438,965)
Total Fund Balances (Deficits)	<u>(432,771)</u>	<u>37,634</u>	<u>(395,137)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 205,673</u>	<u>\$ 37,634</u>	<u>\$ 243,307</u>

TOWN OF LEWISBORO, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2009

	Special Districts	Debt Service	Total
Revenues:			
Real property taxes	\$ 378,875	\$ -	\$ 378,875
Departmental income	186,723	-	186,723
Use of money and property	165	31,993	32,158
State aid	171,713	-	171,713
	<u>737,476</u>	<u>31,993</u>	<u>769,469</u>
Total Revenues			
Expenditures:			
Current:			
General government support	187,894	-	187,894
Transportation	12,063	-	12,063
Home and community services	404,109	-	404,109
Debt service:			
Principal	-	307,000	307,000
Interest	186,618	311,739	498,357
	<u>790,684</u>	<u>618,739</u>	<u>1,409,423</u>
Total Expenditures			
Deficiency of Revenues Over Expenditures	<u>(53,208)</u>	<u>(586,746)</u>	<u>(639,954)</u>
Other Financing Sources (Uses):			
Transfers in	-	468,739	468,739
Transfers out	<u>(236,203)</u>	<u>-</u>	<u>(236,203)</u>
Total Other Financing Sources (Uses)	<u>(236,203)</u>	<u>468,739</u>	<u>232,536</u>
Net Change in Fund Balances	<u>(289,411)</u>	<u>(118,007)</u>	<u>(407,418)</u>
Fund Balances (Deficits) - Beginning of Year, as Reported	(217,368)	-	(217,368)
Prior Period Adjustment	<u>74,008</u>	<u>155,641</u>	<u>229,649</u>
Fund Balances (Deficits) - Beginning of Year, as Restated	<u>(143,360)</u>	<u>155,641</u>	<u>12,281</u>
Fund Balances (Deficits) - End of Year	<u>\$ (432,771)</u>	<u>\$ 37,634</u>	<u>\$ (395,137)</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB-FUNDS  
 DECEMBER 31, 2009

	<u>Wild Oaks Sewer District</u>	<u>Oak Ridge Sewer District</u>	<u>Water District</u>
<u>ASSETS</u>			
Cash - Demand deposits	\$ 13,270	\$ -	\$ 6,168
Receivables:			
Water rents	-	-	52,072
State and Federal aid	34,137	-	-
Due from other funds	-	88,049	-
	<u>34,137</u>	<u>88,049</u>	<u>52,072</u>
Total Assets	<u>\$ 47,407</u>	<u>\$ 88,049</u>	<u>\$ 58,240</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>			
Liabilities:			
Accounts payable	\$ 20,581	\$ 5,397	\$ 508
Due to other funds	-	511,331	100,627
Total Liabilities	<u>20,581</u>	<u>516,728</u>	<u>101,135</u>
Fund Balances (Deficits):			
Reserved for encumbrances	-	-	6,194
Unreserved and undesignated	26,826	(428,679)	(49,089)
Total Fund Balances (Deficits)	<u>26,826</u>	<u>(428,679)</u>	<u>(42,895)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 47,407</u>	<u>\$ 88,049</u>	<u>\$ 58,240</u>

<u>Lighting District</u>	<u>Totals</u>
<u>\$ 11,977</u>	<u>\$ 31,415</u>
-	52,072
-	34,137
-	88,049
<u>-</u>	<u>174,258</u>
<u>\$ 11,977</u>	<u>\$ 205,673</u>
<u>\$ -</u>	<u>\$ 26,486</u>
-	611,958
<u>-</u>	<u>638,444</u>
-	6,194
<u>11,977</u>	<u>(438,965)</u>
<u>11,977</u>	<u>(432,771)</u>
<u>\$ 11,977</u>	<u>\$ 205,673</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, 2009

	Wild Oaks Sewer District	Oak Ridge Sewer District	Water District
Revenues:			
Real property taxes	\$ 186,410	\$ 179,965	\$ -
Departmental income	-	-	186,723
Use of money and property	49	24	59
State aid	171,713	-	-
Total Revenues	<u>358,172</u>	<u>179,989</u>	<u>186,782</u>
Expenditures:			
Current:			
General government support	182,109	5,785	-
Transportation	-	-	-
Home and community services	117,755	153,213	133,141
Debt service - Interest	-	170,571	16,047
Total Expenditures	<u>299,864</u>	<u>329,569</u>	<u>149,188</u>
Excess (Deficiency) of Revenues Over Expenditures	58,308	(149,580)	37,594
Other Financing Uses - Transfers out	<u>(32,603)</u>	<u>(164,100)</u>	<u>(39,500)</u>
Net Change in Fund Balances	<u>25,705</u>	<u>(313,680)</u>	<u>(1,906)</u>
Fund Balances (Deficits) - Beginning of Year, as Reported	1,121	(114,999)	(114,997)
Prior Period Adjustment	-	-	74,008
Fund Balances (Deficits) - Beginning of Year, as Restated	<u>1,121</u>	<u>(114,999)</u>	<u>(40,989)</u>
Fund Balances (Deficits) - End of Year	<u>\$ 26,826</u>	<u>\$ (428,679)</u>	<u>\$ (42,895)</u>

Lighting District	Totals
\$ 12,500	\$ 378,875
-	186,723
33	165
-	171,713
<u>12,533</u>	<u>737,476</u>
-	187,894
12,063	12,063
-	404,109
-	186,618
<u>12,063</u>	<u>790,684</u>
470	(53,208)
-	(236,203)
<u>470</u>	<u>(289,411)</u>
11,507	(217,368)
-	74,008
<u>11,507</u>	<u>(143,360)</u>
<u>\$ 11,977</u>	<u>\$ (432,771)</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - WILD OAKS SEWER DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2009

---

ASSETS

Cash - Demand deposits	\$ 13,270
State and Federal Aid Receivable	<u>34,137</u>
Total Assets	<u>\$ 47,407</u>

LIABILITIES AND FUND BALANCE

Liabilities - Accounts payable	\$ 20,581
Fund Balance - Unreserved and undesignated	<u>26,826</u>
Total Liabilities and Fund Balance	<u>\$ 47,407</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - WILD OAKS SEWER DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	\$ 186,410	\$ 186,410	\$ 186,410	\$ -
Departmental income	6,500	6,500	-	(6,500)
Use of money and property	1,000	1,000	49	(951)
State aid	-	137,576	171,713	34,137
	<u>193,910</u>	<u>331,486</u>	<u>358,172</u>	<u>26,686</u>
Total Revenues				
Expenditures -				
Current:				
General government support	21,621	159,197	182,109	(22,912)
Home and community services	138,775	138,775	117,755	21,020
	<u>160,396</u>	<u>297,972</u>	<u>299,864</u>	<u>(1,892)</u>
Total Expenditures				
Excess of Revenues Over Expenditures	33,514	33,514	58,308	24,794
Other Financing Uses - Transfers out	<u>(33,514)</u>	<u>(33,514)</u>	<u>(32,603)</u>	<u>911</u>
Net Change in Fund Balance	-	-	25,705	25,705
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,121</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,826</u>	<u>\$ 26,826</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - OAK RIDGE SEWER DISTRICT

BALANCE SHEET

DECEMBER 31, 2009

---

ASSETS

Due from Other Funds \$ 88,049

LIABILITIES AND FUND DEFICIT

Liabilities:

Accounts payable \$ 5,397

Due to other funds 511,331

Total Liabilities 516,728

Fund Deficit -

Unreserved and undesignated (428,679)

Total Liabilities and Fund Deficit \$ 88,049

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - OAK RIDGE SEWER DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Real property taxes	\$ 180,279	\$ 180,279	\$ 179,965	\$ (314)
Departmental income	176,000	176,000	-	(176,000)
Use of money and property	-	-	24	24
<b>Total Revenues</b>	<b>356,279</b>	<b>356,279</b>	<b>179,989</b>	<b>(176,290)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	58,978	58,978	5,785	53,193
Home and community services	163,550	163,550	153,213	10,337
Debt service - Interest	93,751	93,751	170,571	(76,820)
<b>Total Expenditures</b>	<b>316,279</b>	<b>316,279</b>	<b>329,569</b>	<b>(13,290)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>40,000</b>	<b>40,000</b>	<b>(149,580)</b>	<b>(189,580)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	776,100	-	-	-
Transfers out	(816,100)	(40,000)	(164,100)	(124,100)
<b>Total Other Financing Uses</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(164,100)</b>	<b>(124,100)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(313,680)</b>	<b>(313,680)</b>
<b>Fund Deficit - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>(114,999)</b>	<b>(114,999)</b>
<b>Fund Deficit - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (428,679)</b>	<b>\$ (428,679)</b>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2009

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ASSETS

Cash - Demand deposits	\$ 6,168
Water Rents Receivable	<u>52,072</u>
Total Assets	<u>\$ 58,240</u>

LIABILITIES AND FUND DEFICIT

Liabilities:	
Accounts payable	\$ 508
Due to other funds	<u>100,627</u>
Total Liabilities	<u>101,135</u>
Fund Balance (Deficit):	
Reserved for encumbrances	6,194
Unreserved and undesignated	<u>(49,089)</u>
Total Fund Deficit	<u>(42,895)</u>
Total Liabilities and Fund Deficit	<u>\$ 58,240</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Departmental income	\$ 224,000	\$ 224,000	\$ 186,723	\$ (37,277)
Use of money and property	1,000	1,000	59	(941)
Total Revenues	<u>225,000</u>	<u>225,000</u>	<u>186,782</u>	<u>(38,218)</u>
Expenditures:				
Current -				
Home and community services	175,102	175,102	133,141	41,961
Debt service -				
Interest	<u>9,898</u>	<u>9,898</u>	<u>16,047</u>	<u>(6,149)</u>
Total Expenditures	<u>185,000</u>	<u>185,000</u>	<u>149,188</u>	<u>35,812</u>
Excess of Revenues Over Expenditures	40,000	40,000	37,594	(2,406)
Other Financing Uses -				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(39,500)</u>	<u>(500)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(1,906)</u>	<u>(1,906)</u>
Fund Deficit - Beginning of Year, as reported	-	-	(114,997)	(114,997)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>74,008</u>	<u>74,008</u>
Fund Deficit - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>(40,989)</u>	<u>(40,989)</u>
Fund Deficit - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,895)</u>	<u>\$ (42,895)</u>

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - LIGHTING DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2009

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ASSETS

Cash - Demand Deposits \$ 11,977

FUND BALANCE

Unreserved and Undesignated \$ 11,977

TOWN OF LEWISBORO, NEW YORK

SPECIAL DISTRICTS FUND - LIGHTING DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Real property taxes	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Use of money and property	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
Total Revenues	12,500	12,500	12,533	33
Expenditures - Current - Transportation	<u>18,500</u>	<u>18,500</u>	<u>12,063</u>	<u>6,437</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,000)	(6,000)	470	6,470
Fund Balance - Beginning of Year	<u>6,000</u>	<u>6,000</u>	<u>11,507</u>	<u>5,507</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,977</u></u>	<u><u>\$ 11,977</u></u>

TOWN OF LEWISBORO, NEW YORK

DEBT SERVICE FUND  
BALANCE SHEET  
DECEMBER 31, 2009

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ASSETS

Cash - Demand deposits	\$ 14,694
Due From Other Funds	<u>22,940</u>
Total Assets	<u>\$ 37,634</u>

FUND BALANCE

Reserved for Debt Service	<u>\$ 37,634</u>
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TOWN OF LEWISBORO, NEW YORK

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Use of money and property	\$ -	\$ -	\$ 31,993	\$ 31,993
Expenditures - Debt service -				
Serial bonds:				
Principal	-	307,000	307,000	-
Interest	-	313,448	311,739	1,709
Total Expenditures	-	620,448	618,739	1,709
Deficiency of Revenues Over Expenditures	-	(620,448)	(586,746)	33,702
Other Financing Sources (Uses):				
Transfers in	776,100	470,448	468,739	(1,709)
Transfers out	(776,100)	-	-	-
Total Other Financing Sources	-	470,448	468,739	(1,709)
Net Change in Fund Balance	-	(150,000)	(118,007)	31,993
Fund Balance -				
Beginning of Year, as reported	-	150,000	-	(150,000)
Prior Period Adjustment	-	-	155,641	155,641
Fund Balance -				
Beginning of Year, as restated	-	150,000	155,641	5,641
Fund Balance - End of Year	\$ -	\$ -	\$ 37,634	\$ 37,634

