

TOWN OF NORTH EAST, NEW YORK

ANNUAL FINANCIAL REPORT

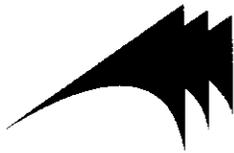
DECEMBER 31, 2013 AND 2012

TOWN OF NORTH EAST, NEW YORK

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Your Partner When It Counts

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ACCOUNTANT'S COMPILATION REPORT

To the Town Board
Town of North East
Millerton, New York

We have compiled the annual financial report of the Town of North East as of December 31, 2013 and 2012, and for the years then ended included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the State of New York, Office of the State Comptroller, Division of Local Government and School Accountability, Albany, New York.

Management is responsible for the preparation and fair presentation of the financial statements on an Other Comprehensive Basis of Accounting in accordance with requirements prescribed by the State of New York, Office of the State Comptroller, Division of Local Government and School Accountability, Albany, New York, which differ from accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of departures from the form prescribed by the State of New York Office of the State Comptroller and are described in the following paragraph.

The prescribed form requires that non-current government assets and liabilities be recorded. As described in Note 1.H. to the financial statements, the Town's historical cost records are incomplete and as such, cannot be supported at cost. As further described in Note 4.B. to the financial statements, the Town has not reported post closure landfill care costs as a liability. These are at variance with the requirements of the State of New York of the State Comptroller, Division of Local Government and School Accountability, Albany, New York.

These financial statements including related disclosures are presented in accordance with the requirements of the State of New York Office of State Comptroller, Division of Local Government and

TOWN OF NORTH EAST, NEW YORK

ACCOUNTANT'S COMPILATION REPORT (CONTINUED)

School Accountability, Albany, New York, which differ from accounting principles generally accepted in the United States of America. Note 1.K. discloses some of the more significant departures from generally accepted accounting principles.

We are not independent with respect to the Town of North East.

Siskin, Lorakin, Allen & Churchill, C.P.A.'s, P.C.

Hudson, New York

February 20, 2014

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
TOWN of North East
County of Dutchess
For the Fiscal Year Ended 12/31/2013

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***
5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

TOWN OF North East

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2012 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2013:

- (A) GENERAL
- (B) GENERAL TOWN-OUTSIDE VG
- (CD) SPECIAL GRANT
- (CM) MISCELLANEOUS SPECIAL REV
- (DB) HIGHWAY-PART-TOWN
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SW) WATER
- (TA) AGENCY
- (TE) PRIVATE PURPOSE TRUST
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2012 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption
- 7) Schedule of Other Post Employment Benefits (OPEB)

All numbers in this report will be rounded to the nearest dollar.

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Balance Sheet

Code Description	2012	Fund Code	2013
Assets			
Cash In Time Deposits	607,879	A201	598,231
Petty Cash	50	A210	50
TOTAL Cash	607,929		598,281
Accounts Receivable	1,348	A380	123
TOTAL Other Receivables (net)	1,348		123
Due From Other Funds	27,811	A391	38,283
TOTAL Due From Other Funds	27,811		38,283
Cash Special Reserves	9,586	A230	9,601
TOTAL Restricted Assets	9,586		9,601
TOTAL Assets and Deferred Outflows of Resources	646,674		646,288

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Balance Sheet

Code Description	2012	Edp Code	2013
Accounts Payable		A600	19,531
TOTAL Accounts Payable	15,336		19,531
Due To Other Funds		A630	4,084
TOTAL Due To Other Funds	4,084		4,084
TOTAL Liabilities	19,420		23,615
Fund Balance			
Unemployment Insurance Reserve		A815	9,601
TOTAL Restricted Fund Balance	9,586		9,601
Assigned Appropriated Fund Balance		A914	60,000
TOTAL Assigned Fund Balance	39,000		60,000
Unassigned Fund Balance		A917	553,072
TOTAL Unassigned Fund Balance	578,668		553,072
TOTAL Fund Balance	627,254		622,673
TOTAL Liabilities, Deferred Inflows And Fund Balance	646,674		646,288

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Real Property Taxes	590,248	A1001	624,905
TOTAL Real Property Taxes	590,248		624,905
Interest & Penalties On Real Prop Taxes	7,942	A1090	9,741
TOTAL Real Property Tax Items	7,942		9,741
Franchises	19,227	A1170	20,091
TOTAL Non Property Tax Items	19,227		20,091
Clerk Fees	1,821	A1255	1,221
Public Pound Charges, Dog Control Fees	442	A1550	705
TOTAL Departmental Income	2,263		1,926
Interest And Earnings	5,157	A2401	4,055
TOTAL Use of Money And Property	5,157		4,055
Dog Licenses	2,655	A2544	3,609
Licenses, Other	280	A2545	245
Permits, Other	700	A2590	700
TOTAL Licenses And Permits	3,635		4,554
Fines And Forfeited Bail	36,307	A2610	29,770
TOTAL Fines And Forfeitures	36,307		29,770
Sales, Other	440	A2655	370
TOTAL Sale of Property And Compensation For Loss	440		370
Refunds of Prior Year's Expenditures		A2701	1,269
TOTAL Miscellaneous Local Sources	0		1,269
St Aid, Revenue Sharing	11,220	A3001	11,220
St Aid, Mortgage Tax	59,507	A3005	41,375
St Aid, Real Property Tax Administration	8,895	A3040	
St Aid - Other (specify)	1,348	A3089	
TOTAL State Aid	80,970		52,595
TOTAL Revenues	746,189		749,276
Interfund Transfers	30,000	A5031	40,000
TOTAL Interfund Transfers	30,000		40,000
TOTAL Other Sources	30,000		40,000
TOTAL Detail Revenues And Other Sources	776,189		789,276

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Legislative Board, Pers Serv	18,017	A10101	20,400
Legislative Board, Contr Expend	912	A10104	483
TOTAL Legislative Board	18,929		20,883
Municipal Court, Pers Serv	42,580	A11101	43,863
Municipal Court, Contr Expend	8,256	A11104	6,211
TOTAL Municipal Court	50,836		50,074
Supervisor, pers Serv	60,716	A12201	61,700
Supervisor, contr Expend	2,228	A12204	2,862
TOTAL Supervisor	62,944		64,562
Auditor, Contr Expend	11,595	A13204	8,510
TOTAL Auditor	11,595		8,510
Tax Collection, contr Expend	6,636	A13304	5,588
TOTAL Tax Collection	6,636		5,588
Assessment, Pers Serv	40,284	A13551	40,901
Assessment, Contr Expend	3,953	A13554	4,105
TOTAL Assessment	44,237		45,006
Clerk, pers Serv	40,983	A14101	44,352
Clerk, contr Expend	2,503	A14104	2,909
TOTAL Clerk	43,486		47,261
Law, Contr Expend	27,030	A14204	50,178
TOTAL Law	27,030		50,178
Personnel, Contr Expend	820	A14304	
TOTAL Personnel	820		0
Engineer, Contr Expend	8,123	A14404	19,833
TOTAL Engineer	8,123		19,833
Elections, Contr Expend	4,372	A14504	4,372
TOTAL Elections	4,372		4,372
Records Mgmt, Contr Expend	385	A14604	385
TOTAL Records Mgmt	385		385
Central Services Admin, pers Serv	168	A16101	
TOTAL Central Services Admin	168		0
Buildings, Pers Serv	6,573	A16201	3,728
Buildings, Equip & Cap Outlay	16,607	A16202	9,030
Buildings, Contr Expend	11,603	A16204	11,247
TOTAL Buildings	34,783		24,005
Central Comm System, Contr Expend	1,484	A16504	1,548
TOTAL Central Comm System	1,484		1,548
Central Print & Mail, contr Expend	6,374	A16704	7,555
TOTAL Central Print & Mail	6,374		7,555
Central Data Process, Pers Serv		A16801	255
Central Data Process & Cap Outlay	4,042	A16802	5,605
Central Data Process, Contr Expend	5,978	A16804	3,455
TOTAL Central Data Process	10,020		9,315
Unallocated Insurance, Contr Expend	25,545	A19104	24,750
TOTAL Unallocated Insurance	25,545		24,750

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Municipal Assn Dues, Contr Expend	900	A19204	900
TOTAL Municipal Assn Dues	900		900
Payment of Mta Payroll Tax, contr Expend	444	A19804	
TOTAL Payment of Mta Payroll Tax	444		0
TOTAL General Government Support	359,111		384,725
Traffic Control, Contr Expen	1,120	A33104	197
TOTAL Traffic Control	1,120		197
Control of Animals, Pers Serv	3,265	A35101	3,265
Control of Animals, Contr Expend	1,434	A35104	2,681
TOTAL Control of Animals	4,699		5,946
TOTAL Public Safety	5,819		6,143
Street Admin, Pers Serv	47,735	A50101	49,165
Street Admin, Contr Expend	1,375	A50104	1,120
TOTAL Street Admin	49,110		50,285
Garage, Contr Expend	22,191	A51324	19,623
TOTAL Garage	22,191		19,623
Street Lighting, Contr Expend	323	A51824	415
TOTAL Street Lighting	323		415
TOTAL Transportation	71,624		70,323
Veterans Service, Contr Expend	2,000	A65104	2,000
TOTAL Veterans Service	2,000		2,000
Programs For Aging, Contr Expend	109	A67724	241
TOTAL Programs For Aging	109		241
TOTAL Economic Assistance And Opportunity	2,109		2,241
Library, Contr Expend	125,000	A74104	125,000
TOTAL Library	125,000		125,000
Historian, Pers Serv	458	A75101	500
TOTAL Historian	458		500
TOTAL Culture And Recreation	125,458		125,500
Refuse & Garbage, Pers Serv		A81601	439
Refuse & Garbage, Contr Expend	14,845	A81604	17,788
TOTAL Refuse & Garbage	14,845		18,227
Cemetery, Pers Serv	3,208	A88101	4,423
TOTAL Cemetery	3,208		4,423
TOTAL Home And Community Services	18,053		22,650
State Retirement System	29,007	A90108	39,822
Social Security, Employer Cont	20,195	A90308	20,884
Worker's Compensation, Empl Bnfts	8,858	A90408	9,796
Hospital & Medical (dental) Ins, Empl Bnft	15,071	A90608	17,197
TOTAL Employee Benefits	73,131		87,699
Debt Principal, Serial Bonds	90,000	A97106	90,000
TOTAL Debt Principal	90,000		90,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Results of Operation

Code Description	2012	EdbCode	2013
Expenditures			
Debt Interest, Serial Bonds	5,554	A97107	4,578
TOTAL Debt Interest	5,554		4,578
TOTAL Expenditures	750,859		793,859
TOTAL Detail Expenditures And Other Uses	750,859		793,859

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	601,926	A8021	627,256
Restated Fund Balance - Beg of Year	601,926	A8022	627,256
ADD - REVENUES AND OTHER SOURCES	776,189		789,276
DEDUCT - EXPENDITURES AND OTHER USES	750,859		793,859
Fund Balance - End of Year	627,256	A8029	622,673

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Budget Summary

Code Description	2013	EdpCode	2014
Estimated Revenues			
Est Rev - Real Property Taxes	624,905	A1049N	641,025
Est Rev - Real Property Tax Items	6,500	A1099N	6,500
Est Rev - Non Property Tax Items	16,500	A1199N	18,500
Est Rev - Departmental Income	1,050	A1299N	1,150
Est Rev - Use of Money And Property	4,739	A2499N	3,662
Est Rev - Licenses And Permits	2,800	A2599N	3,850
Est Rev - Fines And Forfeitures	25,000	A2649N	25,000
Est Rev - Sale of Prop And Comp For Loss	200	A2699N	200
Est Rev - State Aid	68,000	A3099N	48,000
TOTAL Estimated Revenues	749,694		747,867
Estimated - Interfund Transfer	40,000	A5031N	55,000
Appropriated Fund Balance	39,000	A599N	60,000
TOTAL Estimated Other Sources	79,000		115,000
TOTAL Estimated Revenues And Other Sources	828,694		862,867

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(A) GENERAL

Budget Summary

Code Description	2013	EdpCode	2014
Appropriations			
App - General Government Support	402,961	A1999N	431,163
App - Public Safety	8,015	A3999N	8,115
App - Transportation	72,165	A5999N	73,640
App - Economic Assistance And Opportunity	2,200	A6999N	2,200
App - Culture And Recreation	125,600	A7999N	125,600
App - Home And Community Services	29,358	A8999N	29,286
App - Employee Benefits	93,815	A9199N	94,486
App - Debt Service	94,580	A9899N	98,397
TOTAL Appropriations	828,694		862,887
TOTAL Appropriations And Other Uses	828,694		862,887

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash In Time Deposits	616,883	B201	606,606
TOTAL Cash	616,883		606,606
Accounts Receivable	35,564	B380	29,771
TOTAL Other Receivables (net)	35,564		29,771
Due From Other Funds		B391	5,875
TOTAL Due From Other Funds	0		5,875
TOTAL Assets and Deferred Outflows of Resources	652,447		642,252

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2012	EdpCode	2013
Accounts Payable		B600	1,201
TOTAL Accounts Payable	1,863		1,201
Due To Other Funds		B630	116
TOTAL Due To Other Funds	116		116
TOTAL Liabilities	1,979		1,317
Fund Balance			
Assigned Appropriated Fund Balance		B914	62,500
Assigned Unappropriated Fund Balance		B915	578,435
TOTAL Assigned Fund Balance	650,468		640,935
TOTAL Fund Balance	650,468		640,935
TOTAL Liabilities, Deferred Inflows And Fund Balance	652,447		642,252

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Real Property Taxes	55,056	B1001	56,297
TOTAL Real Property Taxes	55,056		56,297
Sales Tax (from County)	138,821	B1120	116,187
TOTAL Non Property Tax Items	138,821		116,187
Safety Inspection Fees	21,951	B1560	26,148
Zoning Fees	850	B2110	2,300
Planning Board Fees	1,000	B2115	1,025
TOTAL Departmental Income	23,801		29,473
Interest And Earnings	2,144	B2401	1,486
TOTAL Use of Money And Property	2,144		1,486
Refunds of Prior Year's Expenditures		B2701	
TOTAL Miscellaneous Local Sources	0		0
TOTAL Revenues	219,822		203,443
TOTAL Detail Revenues And Other Sources	219,822		203,443

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Payment of Mta Payroll Tax. Contr Expend	75	B19804	
TOTAL Payment of Mta Payroll Tax	75		0
TOTAL General Government Support	75		0
Police. Contr Expend	17,400	B31204	19,100
TOTAL Police	17,400		19,100
Safety Inspection. Pers Serv	32,930	B36201	34,431
Safety Inspection. Contr Expend	1,683	B36204	1,718
TOTAL Safety Inspection	34,613		36,149
TOTAL Public Safety	52,013		55,249
Registrar of Vital Statistics. Pers Serv	455	B40201	470
TOTAL Registrar of Vital Statistics	455		470
TOTAL Health	455		470
Youth Prog. Contr Expend	40,500	B73104	41,250
TOTAL Youth Prog	40,500		41,250
TOTAL Culture And Recreation	40,500		41,250
Zoning. Pers Serv	5,355	B80101	6,681
Zoning. Contr Expend	1,590	B80104	4,740
TOTAL Zoning	6,945		11,421
Planning. Pers Serv	5,422	B80201	6,681
Planning. Contr Expend	2,219	B80204	2,407
TOTAL Planning	7,641		9,088
TOTAL Home And Community Services	14,586		20,509
State Retirement. Empl Bnfts	6,789	B90108	9,320
Social Security. Empl Bnfts	3,378	B90308	3,742
Worker's Compensation. Empl Bnfts	2,914	B90408	3,265
Hospital & Medical (dental) Ins, Empl Bnft	5,723	B90608	13,171
TOTAL Employee Benefits	18,804		29,498
TOTAL Expenditures	126,433		146,976
Transfers. Other Funds	68,000	B99019	66,000
TOTAL Operating Transfers	68,000		66,000
TOTAL Other Uses	68,000		66,000
TOTAL Detail Expenditures And Other Uses	194,433		212,976

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	625,079	B8021	650,468
Restated Fund Balance - Beg of Year	625,079	B8022	650,468
ADD - REVENUES AND OTHER SOURCES	219,822		203,443
DEDUCT - EXPENDITURES AND OTHER USES	194,433		212,976
Fund Balance - End of Year	650,468	B8029	640,935

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2013	EdpCode	2014
Estimated Revenues			
Est Rev - Real Property Taxes	56,297	B1049N	59,109
Est Rev - Non Property Tax Items	110,000	B1199N	110,000
Est Rev - Departmental Income	15,950	B1299N	14,800
Est Rev - Use of Money And Property	2,000	B2499N	2,800
TOTAL Estimated Revenues	184,247		186,709
Appropriated Fund Balance	55,000	B599N	62,500
TOTAL Estimated Other Sources	55,000		62,500
TOTAL Estimated Revenues And Other Sources	239,247		249,209

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2013	EdpCode	2014
Appropriations			
App - General Government Support	10,000	B1999N	12,688
App - Public Safety	55,953	B3999N	59,032
App - Health	470	B4999N	485
App - Culture And Recreation	41,250	B7999N	41,250
App - Home And Community Services	44,354	B8999N	44,764
App - Employee Benefits	21,220	B9199N	30,990
TOTAL Appropriations	173,247		188,209
App - Interfund Transfer	66,000	B9999N	60,000
TOTAL Other Uses	66,000		60,000
TOTAL Appropriations And Other Uses	239,247		249,209

TOWN OF North East
 Annual Update Document
 For the Fiscal Year Ending 2013

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2012	EtpCode	2013
Assets			
Due From Other Funds	2,040	CD391	2,040
TOTAL Due From Other Funds	2,040		2,040
TOTAL Assets and Deferred Outflows of Resources	2,040		2,040

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2012	EdpCode	2013
Accounts Payable		CD600	
TOTAL Accounts Payable	52		0
Due To Other Funds		CD630	1,893
TOTAL Due To Other Funds	1,781		1,893
TOTAL Liabilities	1,833		1,893
Fund Balance			
Assigned Unappropriated Fund Balance		CD915	147
TOTAL Assigned Fund Balance	207		147
TOTAL Fund Balance	207		147
TOTAL Liabilities, Deferred Inflows And Fund Balance	2,040		2,040

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

Results of Operation

Code Description	2012	EdpCode	2013
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CD) SPECIAL GRANT

Results of Operation

Code Description	2012	ExpCode	2013
Expenditures			
Administration Contr Expend	152	CD86864	60
TOTAL Administration	152		60
TOTAL Home And Community Services	152		60
TOTAL Expenditures	152		60
TOTAL Detail Expenditures And Other Uses	152		60

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	359	CD8021	207
Restated Fund Balance - Beg of Year	359	CD8022	207
DEDUCT - EXPENDITURES AND OTHER USES	152		60
Fund Balance - End of Year	207	CD8029	147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash In Time Deposits	47,359	CM201	47,731
TOTAL Cash	47,359		47,731
TOTAL Assets and Deferred Outflows of Resources	47,359		47,731

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2012	EdpCode	2013
Fund Balance			
Assigned Unappropriated Fund Balance		CM915	47,731
TOTAL Assigned Fund Balance	47,359		47,731
TOTAL Fund Balance	47,359		47,731
TOTAL Liabilities, Deferred Inflows And Fund Balance	47,359		47,731

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CM) MISCELLANEOUS SPECIAL REV

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Other Home & Community Service Income	600	CM2189	300
TOTAL Departmental Income	600		300
Interest And Earnings	81	CM2401	72
TOTAL Use of Money And Property	81		72
TOTAL Revenues	681		372
TOTAL Detail Revenues And Other Sources	681		372

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

Results of Operation

Code Description	2012	EdpCode	2013
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(CM) MISCELLANEOUS SPECIAL REV

Analysis of Changes in Fund Balance

Code Description	2012	ExpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	46,678	CM8021	47,359
Restated Fund Balance - Beg of Year	46,678	CM8022	47,359
ADD - REVENUES AND OTHER SOURCES	681		372
Fund Balance - End of Year	47,359	CM8029	47,731

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash In Time Deposits	396,479	DB201	440,502
TOTAL Cash	396,479		440,502
Accounts Receivable	9,466	DB380	28,771
TOTAL Other Receivables (net)	9,466		28,771
Due From Other Funds	11,855	DB391	18,835
TOTAL Due From Other Funds	11,855		18,835
TOTAL Assets and Deferred Outflows of Resources	417,800		488,108

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2012	EdpCode	2013
Accounts Payable		DB600	23,362
TOTAL Accounts Payable	9,907		23,362
Due To Other Funds		DB630	8,980
TOTAL Due To Other Funds	8,980		8,980
TOTAL Liabilities	18,887		32,342
Fund Balance			
Assigned Appropriated Fund Balance		DB914	57,500
Assigned Unappropriated Fund Balance		DB915	398,266
TOTAL Assigned Fund Balance	398,913		455,766
TOTAL Fund Balance	398,913		455,766
TOTAL Liabilities, Deferred Inflows And Fund Balance	417,800		488,108

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Real Property Taxes	747,386	DB1001	762,380
TOTAL Real Property Taxes	747,386		762,380
Snow Removal Services-Other Govts	19,376	DB2302	34,089
TOTAL Intergovernmental Charges	19,376		34,089
Interest And Earnings	2,279	DB2401	1,702
TOTAL Use of Money And Property	2,279		1,702
Sales of Scrap & Excess Materials	465	DB2650	398
Sales of Equipment		DB2665	1,066
TOTAL Sale of Property And Compensation For Loss	465		1,464
St Aid Consolidated Highway Aid	66,251	DB3501	84,296
TOTAL State Aid	66,251		84,296
Fed Aid Emergency Disaster Assistance	2,199	DB4960	
TOTAL Federal Aid	2,199		0
TOTAL Revenues	837,956		883,931
Interfund Transfers	68,000	DB5031	66,000
TOTAL Interfund Transfers	68,000		66,000
TOTAL Other Sources	68,000		66,000
TOTAL Detail Revenues And Other Sources	905,956		949,931

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Payment of Mta Payroll Tax, Contr Expend	270	DB19804	
TOTAL Payment of Mta Payroll Tax	270		0
TOTAL General Government Support	270		0
Maint of Streets, Pers Serv	66,303	DB51101	64,038
Maint of Streets, Contr Expend	247,426	DB51104	209,995
TOTAL Maint of Streets	313,729		274,033
Perm Improve Highway, Contr Expend	106,072	DB51124	108,198
TOTAL Perm Improve Highway	106,072		108,198
Machinery, Pers Serv	43,516	DB51301	50,204
Machinery, Equip & Cap Outlay	52,966	DB51302	
Machinery, Contr Expend	80,464	DB51304	79,190
TOTAL Machinery	176,946		129,394
Brush And Weeds, Pers Serv	32,701	DB51401	21,892
Brush And Weeds, Contr Expend	50,923	DB51404	64,374
TOTAL Brush And Weeds	83,624		86,266
Snow Removal, Pers Serv	8,958	DB51421	33,671
Snow Removal, Equip & Cap Outlay	797	DB51422	2,616
Snow Removal, Contr Expend	40,095	DB51424	90,490
TOTAL Snow Removal	49,850		126,777
TOTAL Transportation	730,221		724,668
Misc Home & Comm Serv, Pers Serv	21,731	DB89891	33,345
TOTAL Misc Home & Comm Serv	21,731		33,345
TOTAL Home And Community Services	21,731		33,345
State Retirement, Empl Bnfts	25,921	DB90108	35,586
Social Security, Empl Bnfts	13,290	DB90308	15,541
Worker's Compensation, Empl Bnfts	16,249	DB90408	35,902
Disability Insurance, Empl Bnfts	387	DB90558	348
Hospital & Medical (dental) Ins, Empl Bnft	43,671	DB90608	47,689
TOTAL Employee Benefits	99,518		135,066
TOTAL Expenditures	851,740		893,079
TOTAL Detail Expenditures And Other Uses	851,740		893,079

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	344,698	DB8021	398,914
Restated Fund Balance - Beg of Year	344,698	DB8022	398,914
ADD - REVENUES AND OTHER SOURCES	905,956		949,931
DEDUCT - EXPENDITURES AND OTHER USES	851,740		893,079
Fund Balance - End of Year	398,914	DB8029	455,766

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2013	ExpCode	2014
Estimated Revenues			
Est Rev - Real Property Taxes	762,380	DB1049N	779,919
Est. Rev. - Intergovernmental Charges	20,000	DB2399N	20,000
Est Rev - Use of Money And Property	2,400	DB2499N	2,000
TOTAL Estimated Revenues	784,780		801,919
Estimated - Interfund Transfer	66,000	DB5031N	60,000
Appropriated Fund Balance	5,000	DB599N	57,500
TOTAL Estimated Other Sources	71,000		117,500
TOTAL Estimated Revenues And Other Sources	855,780		919,419

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2013	EdpCode	2014
Appropriations			
App - Transportation	676,686	DB5999N	683,154
App - Employee Benefits	124,094	DB9199N	131,265
TOTAL Appropriations	800,780		814,419
Interfund Transfers	55,000	DB9999N	105,000
TOTAL Other Uses	55,000		105,000
TOTAL Appropriations And Other Uses	855,780		919,419

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash In Time Deposits	167,769	H201	128,134
TOTAL Cash	167,769		128,134
TOTAL Assets and Deferred Outflows of Resources	167,769		128,134

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2012	EdpCode	2013
Fund Balance			
Assigned Unappropriated Fund Balance		H915	128,134
TOTAL Assigned Fund Balance	167,769		128,134
TOTAL Fund Balance	167,769		128,134
TOTAL Liabilities, Deferred Inflows And Fund Balance	167,769		128,134

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Interest And Earnings	571	H2401	365
TOTAL Use of Money And Property	571		365
TOTAL Revenues	571		365
TOTAL Detail Revenues And Other Sources	571		365

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2012	EdpCode	2013
Other Uses			
Transfers, Other Funds	30,000	H99019	40,000
TOTAL Operating Transfers	30,000		40,000
TOTAL Other Uses	30,000		40,000
TOTAL Detail Expenditures And Other Uses	30,000		40,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	197,198	H8021	167,769
Restated Fund Balance - Beg of Year	197,198	H8022	167,769
ADD - REVENUES AND OTHER SOURCES	571		365
DEDUCT - EXPENDITURES AND OTHER USES	30,000		40,000
Fund Balance - End of Year	167,769	H8029	128,134

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Land	52,800	K101	52,800
Buildings	194,780	K102	200,954
Machinery And Equipment	1,056,424	K104	1,052,758
TOTAL Fixed Assets (net)	1,304,004		1,306,512
TOTAL Assets and Deferred Outflows of Resources	1,304,004		1,306,512

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2012	EdpCode	2013
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets		K159	1,306,512
TOTAL Investments in Non-Current Government Assets	1,304,004		1,306,512
TOTAL Fund Balance	1,304,004		1,306,512
TOTAL	1,304,004		1,306,512

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Balance Sheet

Code Description	2012	EdoCode	2013
Assets			
Cash		SW200	
Cash In Time Deposits	31,992	SW201	31,653
TOTAL Cash	31,992		31,653
Due From Other Funds	1,533	SW391	1,533
TOTAL Due From Other Funds	1,533		1,533
TOTAL Assets and Deferred Outflows of Resources	33,525		33,186

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Balance Sheet

Code Description	2012	EdpCode	2013
Fund Balance			
Assigned Appropriated Fund Balance		SW914	1,100
Assigned Unappropriated Fund Balance		SW915	32,086
TOTAL Assigned Fund Balance	33,525		33,186
TOTAL Fund Balance	33,525		33,186
TOTAL Liabilities, Deferred Inflows And Fund Balance	33,525		33,186

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Results of Operation

Code Description	2012	EppCode	2013
Revenues			
Real Property Taxes	38,706	SW1001	44,391
TOTAL Real Property Taxes	38,706		44,391
Interest And Earnings	112	SW2401	89
TOTAL Use of Money And Property	112		89
Refunds of Prior Year's Expenditures	4,909	SW2701	
TOTAL Miscellaneous Local Sources	4,909		0
TOTAL Revenues	43,727		44,480
TOTAL Detail Revenues And Other Sources	43,727		44,480

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Water Trans & Distrib, Pers Serv	23	SW83401	31
TOTAL Water Trans & Distrib	23		31
Other Water, Contr Expend	4,984	SW83894	5,597
TOTAL Other Water	4,984		5,597
TOTAL Home And Community Services	5,007		5,628
Social Security, Empl Bnfts	2	SW90308	2
TOTAL Employee Benefits	2		2
Debt Principal, Serial Bonds	14,000	SW97106	15,000
TOTAL Debt Principal	14,000		15,000
Debt Interest, Serial Bonds	24,840	SW97107	24,188
TOTAL Debt Interest	24,840		24,188
TOTAL Expenditures	43,849		44,818
TOTAL Detail Expenditures And Other Uses	43,849		44,818

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Analysis of Changes in Fund Balance

Code Description	2012	EdpCode	2013
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	33,645	SW8021	33,523
Restated Fund Balance - Beg of Year	33,645	SW8022	33,523
ADD - REVENUES AND OTHER SOURCES	43,727		44,480
DEDUCT - EXPENDITURES AND OTHER USES	43,849		44,818
Fund Balance - End of Year	33,523	SW8029	33,185

TOWN OF North East
 Annual Update Document
 For the Fiscal Year Ending 2013

(SW) WATER

Budget Summary

Code Description	2013	EdpCode	2014
Estimated Revenues			
Est Rev - Real Property Taxes	39,083	SW1049N	38,428
Est Rev - Use of Money And Property	120	SW2499N	100
TOTAL Estimated Revenues	39,203		38,528
Appropriated Fund Balance	1,100	SW599N	1,100
TOTAL Estimated Other Sources	1,100		1,100
TOTAL Estimated Revenues And Other Sources	40,303		39,628

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(SW) WATER

Budget Summary

Code Description	2013	EdpCode	2014
Appropriations			
App - Home And Community Services	1,100	SW8999N	1,100
App-Employee Benefits	15	SW9199N	15
App - Debt Service	39,188	SW9899N	38,513
TOTAL Appropriations	40,303		39,628
TOTAL Appropriations And Other Uses	40,303		39,628

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(TA) AGENCY

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash	55,049	TA200	97,240
TOTAL Cash	55,049		97,240
Due From Other Funds	80	TA391	80
TOTAL Due From Other Funds	80		80
TOTAL Assets and Deferred Outflows of Resources	55,129		97,320

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(TA) AGENCY

Balance Sheet

Code Description	2012	EdpCode	2013
Due To Other Funds		TA630	51,573
TOTAL Due To Other Funds	28,358		51,573
State Retirement		TA18	1,253
Guaranty & Bid Deposits		TA30	30,346
Other Funds (specify)		TA85	14,148
TOTAL Agency Liabilities	26,771		45,747
TOTAL Liabilities	55,129		97,320
TOTAL Liabilities, Deferred Inflows And Fund Balance	55,129		97,320

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash	8,920	TE200	8,933
TOTAL Cash	8,920		8,933
TOTAL Assets and Deferred Outflows of Resources	8,920		8,933

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2012	EdbCode	2013
Fund Balance			
Net Assets-Restricted For Other Purposes		TE923	8,933
TOTAL Assigned Fund Balance	8,920		8,933
TOTAL Fund Balance	8,920		8,933
TOTAL Liabilities, Deferred Inflows And Fund Balance	8,920		8,933

TOWN OF North East
 Annual Update Document
 For the Fiscal Year Ending 2013

(TE) PRIVATE PURPOSE TRUST

Results of Operation

Code Description	2012	EdpCode	2013
Revenues			
Interest And Earnings	16	TE2401	13
TOTAL Use of Money And Property	16		13
TOTAL Revenues	16		13
TOTAL Detail Revenues And Other Sources	16		13

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

Results of Operation

Code Description	2012	EdpCode	2013
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(TE) PRIVATE PURPOSE TRUST

Analysis of Changes in Net Position

Code Description	2012	EdpCode	2013
Analysis of Changes in Net Position			
Fund Balance - Beginning of Year	8,904	TE8021	8,920
Restated Fund Balance - Beg of Year	8,904	TE8022	8,920
ADD - REVENUES AND OTHER SOURCES	16		13
Fund Balance - End of Year	8,920	TE8029	8,933

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Total Non-Current Govt Liabilities	825,000	W129	720,000
TOTAL Provision To Be Made In Future Budgets	825,000		720,000
TOTAL Assets and Deferred Outflows of Resources	825,000		720,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2013

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2012	EdpCode	2013
Liabilities, Deferred Inflows And Fund Balance			
Bonds Payable		W628	720,000
TOTAL Bond And Long Term Liabilities	825,000		720,000
TOTAL Liabilities	825,000		720,000
TOTAL Liabilities	825,000		720,000

TOWN OF North East
Statement of Indebtedness
For the Fiscal Year Ending 2013

County of: Dutchess

Municipal Code: 130359300000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%		\$0	\$19,000	\$0	\$0	\$0	\$0	\$19,000
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%		\$455,000	\$526,000	\$15,000	\$0	\$0	\$0	\$511,000
2011	BOND N	Landfill Remediation-EFC			07/21/2011	10/15/2015	1.33%		\$0	\$280,000	\$90,000	\$0	\$0	\$0	\$190,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year															
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year															
										\$825,000	\$105,000	\$0	\$0	\$0	\$720,000

TOWN OF North East
 Schedule of Time Deposits and Investments
 For the Fiscal Year Ending 2013

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$1,983,296.00
Demand Deposits	9Z2011	_____
Time Deposits	9Z2021	_____
Total		\$1,983,296.00
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$361,905.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,621,391.00
Total		\$1,983,296.00
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	_____
Market Value at Balance Sheet Date	9Z4502	_____
Collateralized with securities held in possession of municipality or its agent	9Z4504A	_____
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	_____
Market Value at Balance Sheet Date	9Z4512	_____
Collateralized with securities held in possession of municipality or its agent	9Z4514A	_____

TOWN OF North East
Bank Reconciliation
For the Fiscal Year Ending 2013

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-2426	\$598,132	\$0	\$0	\$598,132
****-3910	\$99	\$0	\$0	\$99
****-2450	\$9,601	\$0	\$0	\$9,601
****-2434	\$606,503	\$0	\$0	\$606,503
****-3937	\$103	\$0	\$0	\$103
****-2515	\$47,731	\$0	\$0	\$47,731
****-2442	\$440,400	\$0	\$0	\$440,400
****-3945	\$102	\$0	\$0	\$102
****-2469	\$5,911	\$0	\$0	\$5,911
****-2493	\$122,223	\$0	\$0	\$122,223
****-2477	\$31,653	\$0	\$0	\$31,653
****-3996	\$47,769	\$0	\$2,468	\$45,301
****-3988	\$21,593	\$0	\$0	\$21,593
****-6589	\$30,346	\$0	\$0	\$30,346
****-2507	\$8,933	\$0	\$0	\$8,933
****-3961	\$12,197	\$0	\$12,197	\$0
Total Adjusted Bank Balance				\$1,968,631
Petty Cash				\$50.00
Adjustments				\$.00
Total Cash			9ZCASH *	\$1,968,681
Total Cash Balance All Funds			9ZCASHB *	\$1,968,681
* Must be equal				

TOWN OF North East
Local Government Questionnaire
For the Fiscal Year Ending 2013

	<u>Response</u>
1) Does your municipality have a written procurement policy?	<u>Yes</u>
2) Have the financial statements for your municipality been independently audited? If not, are you planning on having an audit conducted?	<u>No</u>
3) Does your local government participate in an insurance pool with other local governments?	<u>No</u>
4) Does your local government participate in an investment pool with other local governments?	<u>No</u>
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>No</u>
6) Does your municipality have a Capital Plan?	<u>No</u>
7) Has your municipality prepared and documented a risk assessment plan? If yes, has your municipality used the results to design the system of internal controls?	<u>No</u>
8) Have you had a change in chief executive or chief fiscal officer during the last year?	<u>No</u>
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	<u>Yes</u>

TOWN OF North East
Employee and Retiree Benefits
For the Fiscal Year Ending 2013

Total Full Time Employees:		6			
Total Part Time Employees:		29			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$84,728.00	6	11	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$40,169.00	6	29	
90408	Worker's Compensation Insurance	\$48,963.00	6	29	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance	\$348.00	6		
90608	Hospital and Medical (Dental) Insurance	\$78,057.00	6	3	1
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$252,265.00			
Computed Total From Financial Section (comparative purposes only)		\$252,265.00			

TOWN OF North East
 Energy Costs and Consumption
 For the Fiscal Year Ending 2013

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$11,965	3,742	gallons	
Diesel Fuel	\$40,162	12,011	gallons	
Fuel Oil	\$12,735	3,523	gallons	
Natural Gas			cubic feet	
Electricity	\$4,358	27,888	kilowatt-hours	
Coal			tons	

TOWN OF North East
Schedule of Other Post Employment Benefits (OPEB)
For the Fiscal Year Ending 2013

Annual OPEB Cost and Net OPEB Obligation

1. Type of Other Post Employment Benefits Plan
2. Annual Required Contribution(ARC)
3. Interest on Net OPEB Obligation
4. Adjustment to Annual Required Contribution
5. Annual OPEB Expense
6. Less: Actual Contribution Made
7. Increase in Net OPEB Obligation
8. Net OPEB Obligation - beginning of year
9. Net OPEB Obligation - end of year
10. Total Other Post Employment Benefits as reported in Accounts 683 in Financial Section, Current Fiscal Year
11. Percentage of Annual OPEB Cost Contributed (Actual Contribution Made/Annual OPEB Cost)

Funded Status and Funding Process

12. Actuarial Accrued Liability(AAL)
13. Less: Actuarial Value of Plan Assets
14. Unfunded Actuarial Accrued Liability(UAAL)
15. Funded Ratio(Actuarial Value of Plan Assets/AAL)
16. Annual Covered Payroll (of active employees covered by the plan)
17. UAAL as Percentage of Annual Covered Payroll

Other OPEB Information

18. Date of most recent actuarial valuation
19. Actuarial method used
20. Assumed rate of return on investments discount rate .00%
21. Amortization period of UAAL(in years)

TOWN OF North East
Financial Comments
For the Fiscal Year Ending 2013

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The fund financial statements of the Town of North East, New York (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units, to the extent appropriate for the prescribed form. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity:

The Town is governed by its charter, municipal law and other general laws of the State of New York, and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of five members (with each member having an equal vote). The Town Supervisor serves as chief executive and fiscal officer of the Town.

The following basic services are provided: public safety, highways and streets, sanitation, social services, culture and recreation, public improvements, planning, and general administrative services.

All governmental activities and functions performed for the Town are its direct responsibilities. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes organization functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The financial reporting entity consists of (a) the primary government which is the Town of North East, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements 14, 39, and 61.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB 14, 39, and 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief review of certain entities considered in determining the Town of North East's reporting entity.

1. There are no other entities included in the reporting entity, nor are there any joint ventures excluded from the reporting entities.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Excluded from Reporting Entity:

Although the following organizations, functions or activities are related to the Town they are not included in the Town's reporting entity because of the reasons noted:

The Town exercises no oversight over the operations of the Joint Fire District of the Town and the Village of Millerton. The Town levies and collects real property taxes and turns them over to the fire district. This amounted to \$354,939 and \$343,849 for the years ended December 31, 2013 and 2012, respectively.

B. Fund Accounting:

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Town records its transactions in the fund types and account groups described below.

I. Fund Categories:

a. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources).

The following are the Town's governmental fund types.

1. General Fund:

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

2. Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

- (a) Highway Funds are used to account for revenues and expenditures for maintenance of Town highways.
- (b) Special District Funds are used to account for the resources of special districts.
- (c) Water Funds are used to account for revenues and expenditures for maintenance of the North East Water District.
- (d) Special Grant Funds are used to account for grant funds received from governmental sources.
- (e) Miscellaneous Special Revenue Fund accounts for trust arrangements under which principal and income will be used to benefit the Town's regular programs.

3. Capital Projects Fund:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

b. Fiduciary Funds:

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity.

1. Agency Funds:

Agency Funds are used to account for money (and/or property) received and held in the capacity of trustees, custodian, or agent. These include expendable trusts, non-expendable trusts, and agency funds.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

II. Account Groups:

Account groups are used to establish accounting control and accountability for the Town's non-current government assets and non-current government liabilities. The two account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations.

a. Non-Current Government Assets Account Group:

This group of accounts is used to account for land, buildings, improvements, other than buildings and equipment utilized for general government purposes, except for infrastructure type improvements.

b. Non-Current Government Liability Account Group:

This group of accounts is established to account for all long-term debts.

C. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e. expenditures or expenses).

I. Modified Accrual Basis:

All Governmental Funds and Fiduciary Funds, are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, state and federal aids, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made and the resources are available.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid and inventory-type items are recognized at the time of the disbursements when the Town is liable for payment.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid (see Note 1,I).

II. Account Groups:

Non-current government assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Non-current government liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Long-term liabilities for retirement and compensated absences are recorded when the Town's obligation can be reasonably estimated.

D. Property Taxes:

Real property taxes are levied annually no later than December 31 and become a lien on February 1. Taxes are collected during the period February 1 to May 31. Taxes for the Town and special district purposes are levied together with taxes for the county purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The county assumes enforcement responsibility for all taxes levied in the Town.

In June of 2011 New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Town of North East in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

E. Fund Balances:

In the fiscal year 2011, the Town implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund balance is now broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

I. Non-Spendable:

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

II. Restricted:

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

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balance as of December 31, 2013.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body of official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution has authorized the Town Board to assign fund balance. Appropriated fund balance is reported in the various funds as follows: General Fund – Town-Wide \$60,000, General Fund – Outside \$62,500, Highway Fund – Outside \$57,500; and the Water District \$1,100.

V. Unassigned:

Represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

The Town has the authority to carry over a “reasonable amount” of committed, assigned and unassigned fund balance consistent with the “reasonable amount” statutes.

F. Encumbrances:

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriations, is employed by the Town. Encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

G. Budget Basis of Accounting:

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

H. Property, Plant, and Equipment – General:

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost) in the Non-Current Government Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. Historical records are incomplete and, as such, are considered to be valued for insurance purposes only and cannot be supported as cost.

Fixed assets consisting of certain infrastructure-type improvements other than buildings, including roads, bridges, curbs and gutters, streets, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Town. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. No depreciation has been provided on non-current government assets, nor has interest on non-current government assets construction-in-progress been capitalized.

I. Compensated Absences:

The Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, subject to certain maximum limitations.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

No accrual has been recorded due to the number of variables involved. However, management believes that sufficient resources will be available for payment when such payment becomes due.

J. Post-Employment Benefits:

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the current year, \$6,526 was paid on behalf of one retiree and recorded as an expenditure.

K. Departures from Generally Accepted Accounting Principles (GAAP):

The Town has prepared these statements in accordance with the requirements of the State of New York Office of State Comptroller, Division of Municipal Affairs, Albany, New York, which differs from generally accepted accounting principles. Notable departures from GAAP include:

- I. No provision for capitalizing Infrastructure has been recorded.
- II. The absence of an entity-wide Statement of Net Assets and Statement of Activities.
- III. The absence of a Management, Discussion and Analysis.
- IV. A statement comparing budget vs. actual is required under generally accepted accounting principles. While the Annual Update Document includes both actual and budget schedules, there is no direct comparison of the two.
- V. The Town has not accrued a liability for compensated absences.
- VI. Actuarial methods and assumptions used to report valuations of the ARC, the annual OPEB cost, and the funding status and funding progress of the progress of the OPEB Plan have not been established.

The effect of these departures on the financial statements has not been determined.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. New Accounting Standards:

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2013, the Town implemented the following new standards issued by GASB:

--GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*

--GASB Statement 65, *Items Previously Reported as Assets and Liabilities*

--GASB Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62.*

GASB has issued Statement 61 — *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The Town has adopted this statement. There is no impact to the December 31, 2013, financial statements.

GASB has issued Statement 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Town has adopted the Statement. The changes comprised of presentation format only and not measurement, have been incorporated in the December 31, 2013, financial statements.

GASB has issued Statement 66 – *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Town has adopted this Statement. There is no impact to the December 31, 2013, financial statements.

M. Future Changes in Accounting Standards:

GASB has issued Statement 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and

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TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions. This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2014, financial statements.

GASB has issued Statement 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 2*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statement 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2015, financial statements.

GASB has issued Statement 69 – *Government Combinations and Disposals of Government Operations*. The Statement establishes accounting and financial reporting related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement requires measurements of assets acquired and

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of *operations* that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2014, financial statements.

GASB has issued Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2014, financial statements.

GASB has issued Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* - This Statement addresses the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement No. 68. The provisions are effective simultaneously with the provisions of Statement 68, which is required to be applied in the December 31, 2015, financial statements.

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TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY:

A. Budgetary Data:

The budget policies are as follows:

- I. No later than September 30, the budget officer submits a tentative budget to the Town Clerk, who then has until October 5 to submit the budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- II. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- III. All modifications of the budget must be approved by the governing board.

B. Overdrawn Appropriation:

The General Fund and Special Revenue Fund had minor instances where expenditures exceeded appropriations. This will be provided for by budgetary transfers yet to be approved by the Board and, if necessary, future budgets.

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash and Investment Policies:

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC insured commercial banks located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2013 AND 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the state and its municipalities and school districts.

The written investment policy requires re-purchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the re-purchase agreement.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

II. Cash and Cash Equivalents – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks:

Cash:

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes.

As of December 31, 2013, \$-0- of the Town's bank balance of \$1,983,296 was exposed to custodial credit risk as follows:

	Bank Balance 12/31/13	FDIC Coverage	Collateral	Total Coverage 12/31/13
Salisbury Bank	\$ 1,983,296	361,905	1,621,391	\$ 1,983,296

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$9,601 within the governmental funds.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

III. Changes in Non-Current Government Assets:

A summary of changes in non-current government assets is as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Land	\$ 52,800	\$ -	\$ -	\$ 52,800
Buildings	194,780	6,174	-	200,954
Machinery and Equipment	1,056,424	13,507	17,173	1,052,758
	<u>\$ 1,304,004</u>	<u>\$ 19,681</u>	<u>\$ 17,173</u>	<u>\$ 1,306,512</u>

B. Liabilities:

I. Pension Plans:

a. Plan Description:

The Town participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing, multiple-public-employer, retirement systems. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

As set forth in the NYSRSSL, the Comptroller of the State of New York, (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information.

That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement Systems; 110 State Street; Albany, New York 12244.

b. Funding Policies:

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and before April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. Those joining NYSERS on or after April 1, 2012 are required to contribute between 3% and 6% dependent upon their salary for their entire career. For NYSRSSL, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2013	\$ 84,728
2012	\$ 61,717
2011	\$ 61,121

II. Indebtedness:

a. Long-Term Debt:

At December 31, 2013, the total outstanding indebtedness of the Town aggregated \$720,000. This represented approximately 2% of its debt limit.

b. Serial Bonds:

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Non-Current Government Liabilities Account Group. The provision to be made in the future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Summary of Long-Term Debt:

The following is the summary of long-term liabilities outstanding at December 31, 2013:

	Balance 12/31/2012	Additions	Payments	Balance 12/31/2013
Serial Bonds	\$ 545,000	\$ -	\$ 15,000	\$ 530,000
EFC Bonds	<u>280,000</u>	<u>-</u>	<u>90,000</u>	<u>190,000</u>
	<u>\$ 825,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 720,000</u>

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

d. Maturity:

The following is a statement of an EFC Bond with corresponding maturity schedules:

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/13	Outstanding 12/31/12
Landfill Remediation	07/25/02	\$ 1,201,294	1.33%	10/15/15	<u>\$ 190,000</u>	<u>\$ 280,000</u>

The following is a statement of Serial Bonds with corresponding maturity schedules:

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/13	Outstanding 12/31/12
Water	06/01/98	\$ -	4.50%	06/01/36	<u>\$ 530,000</u>	<u>\$ 545,000</u>

e. Debt Service:

The following table summarizes the Town's future debt service requirements as of December 31, 2013:

	Principal	Interest
2014	\$ 110,000	\$ 26,377
2015	111,000	24,439
2016	17,000	22,455
2017	17,000	21,690
2018	18,000	20,925
2019-2023	102,000	91,620
2024-2028	115,000	67,590
2029-2033	135,000	41,130
2034-2036	95,000	9,360
	<u>\$ 720,000</u>	<u>\$ 325,586</u>

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012

NOTE 3 -- DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

III. Landfill Maintenance:

State and federal laws and regulations require the Town to place a final cover on its refuse landfill site when it stops accepting waste, and also requires certain maintenance and monitoring functions at the site for 30 years after closure. The Town established a capital project to aid in paying the costs for the closure. Cumulative expenditures for landfill closure costs were \$1,181,475 for the years ended December 31, 2013 and 2012. The capital project balance was \$71,040 and \$71,040 at December 31, 2013 and 2012, respectively. The Town has applied for, and was awarded, State Aid in the amount of \$1,201,294 to aid in paying the cost to date and for future costs.

C. Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2013, were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 38,283	\$ 4,084	\$ 40,000	\$ -
General Fund - Town Outside	5,875	116	-	66,000
Special Revenue:				
Highway Part Town	18,835	8,980	66,000	-
Water	1,533	-	-	-
Special Grant	2,040	1,893	-	-
Capital Projects	-	-	-	40,000
Total government activities	<u>66,566</u>	<u>15,073</u>	<u>106,000</u>	<u>106,000</u>
Fiduciary Trust and Agency	<u>80</u>	<u>51,573</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 66,646</u>	<u>\$ 66,646</u>	<u>\$ 106,000</u>	<u>\$ 106,000</u>

D. Fund Equity:

Appropriation of Fund Balance:

The Town has appropriated the following amounts to be used to reduce taxes for the year ending December 31, 2014:

<u>Fund</u>	<u>Appropriated Fund Balance</u>
General	\$ 60,000
General - Town Outside	62,500
Highway - Town Outside	57,500
Water	<u>1,100</u>
	<u>\$ 181,100</u>

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TOWN OF NORTH EAST, NEW YORK
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

E. Reserves:

The general fund equity includes reserve funds established for the following purposes:

Fund	Purpose	Balance at 12/31/13
General	Unemployment Reserve	<u>\$ 9,601</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Grants:

The Town has received grants in varying amounts, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the State and Federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

B. Landfill Closure Costs:

The Town has not reported post closure care costs as a liability at December 31, 2013, in either the General Fund or the Non-Current Government Liabilities Account Group. The amount of this liability has not been calculated however; and is deemed to be material.

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