

**NEW ISSUE**

**RATING:** *Moody's Investors Service: "Aa1"*

*In the opinion of Cahill Gambino LLP, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "Tax Matters" herein.*

*The Town will designate the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b)(3) of the Code.*

**TOWN OF NORTH CASTLE  
WESTCHESTER COUNTY, NEW YORK**

**\$2,500,000 PUBLIC IMPROVEMENT SERIAL BONDS, 2011**

Dated: Date of Delivery

Principal Due:

November 15,  
as shown on the inside cover

Interest Due:

May 15 and November 15 of each year,  
commencing May 15, 2012

*Security and Sources of Payment:* The \$2,500,000 Public Improvement Serial Bonds, 2011 ("the Bonds") will constitute general obligations of the Town of North Castle (the "Town"), Westchester County, New York and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds, and all the taxable real property within the Town will be subject to the levy of ad valorem taxes, subject to applicable statutory limitations, for such purposes.

*Optional Redemption:* The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

*Form and Denomination:* The Bonds will be issued as registered obligations, and when issued, will be registered in the name of Cede & Co. as partnership nominee of the Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Bonds. Individual purchases of the Bonds may be made only in book-entry-only form in denominations of \$5,000 or integral multiples thereof. Bond owners will not receive certificates representing their ownership interest in the Bonds purchased. See "The Bonds, Book-Entry-Only System," herein.

*Payment:* Payment of the principal of and interest on the Bonds to the Beneficial Owners of the Bonds will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment to the Beneficiary Owner will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Description of the Bonds, Book-Entry-Only System," herein.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential for making an informed decision.

The Bonds are offered, when, as and if issued and accepted by the purchasers, subject to the opinion on certain legal matters relating to their issuance by Cahill Gambino, LLP, New York, New York, in its capacity as Bond Counsel. Environmental Capital LLC, New York, New York, is serving as Financial Advisor to the Town in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 20, 2011.

The Town deems this Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), except for certain information that has been omitted herefrom in accordance with said Rule and that will be supplied when this Official Statement is updated following the sale of the obligations herein described. The Town will covenant in a continuing disclosure agreement to provide continuing disclosure and material events notices with respect to the Bonds in accordance with the Rule. See "Continuing Disclosure Undertaking" herein.

**TOWN OF NORTH CASTLE  
WESTCHESTER COUNTY, NEW YORK**

**AMOUNTS, MATURITIES, INTEREST RATES, AND PRICES OR YIELDS**

**\$2,500,000 PUBLIC IMPROVEMENT SERIAL BONDS, 2011**

| <b><u>Maturity</u></b><br><b><u>(November 15)</u></b> | <b><u>Amount</u></b> | <b><u>Interest</u></b><br><b><u>Rate</u></b> | <b><u>Yield</u></b> | <b><u>CUSIP #</u></b> |
|---|----------------------|--|---------------------|-----------------------|
| 2013  | \$135,000            |  |                     |                       |
| 2014  | \$140,000            |  |                     |                       |
| 2015  | \$150,000            |  |                     |                       |
| 2016  | \$155,000            |  |                     |                       |
| 2017  | \$160,000            |  |                     |                       |
| 2018  | \$165,000            |  |                     |                       |
| 2019  | \$175,000            |  |                     |                       |
| 2020  | \$180,000            |  |                     |                       |
| 2021  | \$185,000            |  |                     |                       |
| 2022*   | \$195,000            |  |                     |                       |
| 2023*   | \$200,000            |  |                     |                       |
| 2024*   | \$210,000            |  |                     |                       |
| 2025*   | \$220,000            |  |                     |                       |
| 2026*   | \$230,000            |  |                     |                       |

\*Subject to optional redemption, as described herein.

## **TOWN OF NORTH CASTLE**

15 Bedford Rd  
Town of North Castle  
Armonk, NY 10504  
(914) 273-3322

### **SUPERVISOR**

WILLIAM R. WEAVER

### **TOWN BOARD**

REBECCA A. KITTREDGE  
DIANE ROTH  
JOHN J. CRONIN  
MICHAEL J. SCHILIRO

Councilwoman  
Councilwoman  
Councilman  
Councilman

### **ADMINISTRATION**

ANNE CURRAN  
DAWN H. GOBEO  
ROLAND A. BARONI, JR. ESQ.

Town Clerk  
Town Comptroller  
Town Attorney

### **BOND COUNSEL**

CAHILL GAMBINO, LLP  
New York, New York

### **INDEPENDENT AUDITORS**

PKF O'CONNOR DAVIES, LLP  
Certified Public Accountants  
Harrison, New York

### **FINANCIAL ADVISOR TO THE TOWN**

ENVIRONMENTAL CAPITAL LLC  
New York, New York

No person has been authorized by the Town of North Castle to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no changes in the affairs of the Town of North Castle since the date thereof.

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**OFFICIAL STATEMENT**  
**of the**  
**TOWN OF NORTH CASTLE, WESTCHESTER COUNTY, NEW YORK**

**Relating to**  
**\$2,500,000 Public Improvement Serial Bonds, 2011**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of North Castle, in the County of Westchester, in the State of New York (the "Town," "County," and "State," respectively), in connection with the sale of \$2,500,000 Public Improvement Serial Bonds, 2011 (the "Bonds") of the Town.

All quotations, forms, summaries and explanations of the provisions of the Constitution and Laws of the State and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

**DESCRIPTION OF THE BONDS**

The Bonds are general obligations of the Town and contain a pledge of the faith and credit of the Town for the punctual payment of the principal of and interest on the Bonds, as required by the Constitution and Laws of the State (State Constitution, Article VIII, Section 2; Local Finance Law 100.00). For the payment of the principal of and interest on the Bonds, the Town has the power to levy ad valorem taxes on all taxable real property in the Town, subject to applicable statutory limitations. See "Real Property Tax Information" and "New Tax Levy Limitation Law" herein.

The Bonds will be dated the date of delivery, will bear interest payable semiannually on May 15 and November 15 of each year, commencing May 15, 2012, and will serially mature on November 15 as shown on the inside cover page of this Official Statement. The Bonds will be initially issued as registered bonds in book-entry form, in denominations such that one Bond shall be issued for each maturity of Bonds. The Town Clerk will be the fiscal and paying agent for the Bonds while the Bonds are in registered form. See "Book-Entry-Only System," herein. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the Town to the securities depository company.

THE RECORD DATE (THE "RECORD DATE") FOR THE BONDS IS THE LAST DAY OF THE MONTH IMMEDIATELY PRECEDING EACH INTEREST PAYMENT.

**AUTHORIZATION AND PURPOSE**

The Bonds are issued pursuant to the Constitution and Statutes of the State of New York, including, among others, the Town Law and the Local Finance Law, and a bond resolution duly adopted by the Town Board on September 14, 2011, for the following purposes in the following amounts:

| <u>Purpose</u>   | <u>Amount</u> |
|--|---------------|
| To pay the cost of acquisition, construction and reconstruction of improvements to Town roads.               | \$2,100,000   |
| To pay the cost of the acquisition of machinery and apparatus for construction and maintenance for the Town. | \$400,000     |

## OPTIONAL REDEMPTION

### *Call Provisions*

The Bonds maturing on or before November 15, 2021 will not be subject to redemption prior to maturity. The Bonds maturing on November 15, 2022 and thereafter will be subject to redemption prior to maturity, at the option of the Town, in whole or in part (and by lot if less than all of the maturity is to be redeemed), on any date on or after November 15, 2021, at par plus accrued interest to the redemption date.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Town Supervisor. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date by regular United States mail. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

### *Call Notification*

If less than all the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Supervisor of the Town. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See "Book-Entry-Only System" for additional information concerning redemptions).

## BOOK-ENTRY-SYSTEM ONLY

**THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN THE DEPOSITORY TRUST COMPANY ("DTC"), THE DTC PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE TOWN NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.**

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.



**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BOND HOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.**

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). Effective August 9, 2011, Standard and Poor's has downgraded DTC's rating to "AA+." This adjustment to "AA+" is not in any way a reflection on DTCC's clearing and overall operations or a result of any company specific event. This action by Standard and Poor's followed the lowering of its long-term sovereign credit rating on the U.S., and is simply due to that change. In its announcement, Standard and Poor's reaffirmed the short-term counterparty credit rating for DTC, NSCC and FICC at "A-1+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of beneficial interests in Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in

effect from time to time. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. Upon compliance with any agreements between the Town and DTC, the Town may discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event bond certificates are required to be printed and delivered.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Source – The Depository Trust Company

## **THE TOWN**

There follows in this Official Statement a brief description of the Town together with certain information concerning its governmental organization, revenues and expenditures, indebtedness and economy.

### **GENERAL INFORMATION**

The Town encompasses an area of approximately 24 square miles. The Town is located in the eastern, central portion of the County, approximately 30 miles north of The City of New York. The Town is a suburban community, primarily residential in nature.

The 2010 population of 11,841 for the Town showed an increase of 992 persons or 9.1% since the 2000 official census. In 2009, the Town's per capita money income was \$74,466 which is 58% higher than the average for all County residents and 143% higher than that of the State as a whole. Median family income for the Town was \$153,043 in 2009; median incomes for families in the County and State were \$101,324 and \$67,040, respectively (2005-2009 American Community Survey 5-Year Average, U.S. Census Bureau). The Byram Hills School District is the Town's largest employer with 523 employees in the Town. (Also, see "Real Property Tax Information, Matters Affecting Property Assessments and Taxes" herein). International Business Machines Corporation ("IBM") has its world corporate headquarters in the Town and has approximately 550 employees. Many residents commute to jobs in New York City, other areas of the County or nearby Connecticut.

### **FORM OF GOVERNMENT**

The Town was established in 1788 by the State as a separate political entity vested with independent taxing and debt authority. There are no incorporated villages situated within the Town's borders. There are also three fire districts. The Town has portions of five independently governed school districts which rely on their taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town.

Governmental operations of the Town are subject to the provisions of the State constitution and various statutes affecting local governments including the Town Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the County Tax Law, a basic feature of which requires that the Town guarantee and enforce the real property taxes levied by the County as well as school districts situated in the Town. The Real Property Tax Law, in part, also governs certain assessment and taxing procedures for the Town. Under Article 2 of the Town Law, the Town is classified as a first class town.

### **ELECTED AND APPOINTED OFFICIALS**

The Town Board is the legislative, appropriating, governing and policy-determining body of the Town and consists of four councilmen, elected at large to serve a four-year term, plus the Supervisor. Councilmen may serve an unlimited number of terms. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Town must be approved by the Board; modifications and transfers between budgetary appropriations also must be authorized by the Board on the recommendation of the Supervisor. The original issuance of all the Town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief executive officer and chief fiscal officer of the Town and is elected for a two-year term of office and may serve unlimited, consecutive terms. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. Duties of the Supervisor include the administration of the Town's daily functions, budget preparation and control, and debt issuance.

The Town Clerk, who is elected to serve a four-year term of office, acts as the custodian of the Town's records as well as the clerk of the Town Board. Duties of this office include: recording and maintaining the minutes of the proceedings of the Town Board, issuing certain licenses and permits, and coordinating Town elections.

The Receiver of Taxes and Assessments is elected to serve a four-year term of office, the number of terms is not limited by law. It is the responsibility of the Receiver of Taxes and Assessments to receive and collect all State, County, Town and school taxes, and all assessments levied or assessed in the Town.

The Comptroller, who functions as the Town's chief accounting officer, is appointed by, and serves at the pleasure of the Town Board, upon the recommendation of the Supervisor. Duties and responsibilities of this position include: maintaining the Town's accounting systems and records, preparing the annual report to be filed with the State Comptroller, cash and debt management and auditing vendor claims for payment.

The Town Assessor is appointed by the Town Board, on the Supervisor's recommendation, to serve a six-year term. It is the Assessor's responsibility to appraise real property in the Town for the purpose of preparing and maintaining tax assessment rolls in the form prescribed by the State Board of Assessment and Equalization. The State Board provides an advisory service to assist with the assessment of certain forested lands, public utilities or unusually complex properties. Assessment review procedures include examination of the tentative assessment roll in the Assessor's presence, a public hearing before an independent board of assessment review and, finally, judicial review in the State Supreme Court or for certain claims a proceeding in small claims court.

## SERVICES AND PROGRAMS

The Town is responsible for providing government services to its residents. Water, sewer, lighting and fire protection services are furnished by various Town special districts which generally serve discrete areas within the Town. Highway construction and the maintenance of roads is also a Town function. In addition, recreation is provided and parks are maintained through the Town government. Other services performed at the Town level include: property assessment, police protection, zoning administration and planning.

The Town provides refuse collection services to residential properties and pays the cost thereof from the General Fund. Refuse collection is not provided to commercial establishments who must contract with private carters for this service.

Education is provided by five central school districts which are as follows: Byram Hills, Bedford, Harrison, Mt. Pleasant and Valhalla (each district is independent of the Town and has separate taxing and debt authority).

## EMPLOYEE CONTRACTS

The Town employs 112 full-time and approximately 17 part-time workers. Employees are represented by the following collective bargaining organizations.

| Union  | Members | Contract Expiration |
|--|---------|---------------------|
| Highway - Civil Service Employees Assoc., Unit I       | 23      | 12/31/2011          |
| Town - Civil Service Employees Assoc, Unit II          | 41      | 12/31/2010*         |
| Library - Civil Service Employees Assoc, Unit III      | 15      | 12/31/2011          |
| Police Benevolent Association                          | 32      | 12/31/2008**        |
| * Currently in Negotiations                            |         |                     |
| ** Subject to a Memo of Understanding dated 12/31/2010 |         |                     |

## ECONOMIC AND DEMOGRAPHIC INFORMATION

The Town encompasses approximately 24 square miles and is primarily suburban residential in nature. However, the Town has a significant commercial base, which includes the world headquarters for International Business Machines (“IBM”) and several other large corporations. Population of the Town, according to the 2010 census, is 11,841, which represents an increase of 9.1% since the 2000 official census report. The 2009 per capita money income for residents of the Town is approximately 58% above the County level and more than twice the State average (see Table 3 below). Unemployment statistics are not maintained for the Town; however, Town officials believe that unemployment in the Town is less than the County’s overall rate (see “Table 8”).

### POPULATION

Except for a small decline between 1970 and 1980, the population of the Town has grown steadily since 1960. Population growth rates for the Town exceeded County and State rates during this period of time. The following table provides population data as reported by the U.S. Census Bureau. Table 2 shows the percent change in population between census dates.

TABLE 1  
POPULATION  
1960-2010

| Year | Town   | County  | State      | United States |
|------|--------|---------|------------|---------------|
| 1960 | 6,796  | 808,891 | 16,782,304 | 179,323,000   |
| 1970 | 9,591  | 894,406 | 18,244,381 | 203,212,000   |
| 1980 | 9,467  | 866,599 | 17,558,072 | 225,234,000   |
| 1990 | 10,061 | 874,866 | 17,990,455 | 248,709,873   |
| 2000 | 10,849 | 923,459 | 18,976,457 | 281,421,906   |
| 2010 | 11,841 | 949,113 | 19,378,102 | 308,745,538   |

Source: U.S. Bureau of the Census.

TABLE 2  
PERCENT CHANGE IN POPULATION  
1970-2010

| Year | Town  | County | State | United States |
|------|-------|--------|-------|---------------|
| 1970 | 41.1% | 10.6%  | 8.7%  | 13.3%         |
| 1980 | -1.3% | -3.1%  | -3.8% | 10.8%         |
| 1990 | 6.3%  | 1.0%   | 2.5%  | 10.4%         |
| 2000 | 7.8%  | 5.6%   | 5.5%  | 13.2%         |
| 2010 | 9.1%  | 2.8%   | 2.1%  | 9.7%          |

Source: U.S. Bureau of the Census.

### INCOME

Tables 3 and 4 provide comparative income statistics for the Town, County and State, and show that income for residents of the Town is significantly higher than for residents of the County or State. The per-capita income of Town residents in 2009 was 158% of the per capita income of the entire County’s and 243%

of the State average. Median family income in the Town for 2009 was 151% and 228% of the income of all families in the County and State, respectively.

TABLE 3  
PER CAPITA MONEY INCOME

|        | 1990     | 2000     | 2009 <sup>(a)</sup> | % Change between<br>2000 and 2009 |
|--------|----------|----------|---------------------|-----------------------------------|
| Town   | \$43,018 | \$60,628 | \$74,466            | 22.82%                            |
| County | 25,584   | 36,726   | 47,204              | 28.53%                            |
| State  | 16,501   | 23,389   | 30,634              | 30.98%                            |

(a) 2005-2009 American Community Survey 5-Year Estimate

Source: U.S. Department of Commerce, Bureau of the Census.

TABLE 4  
MEDIAN INCOME OF FAMILIES

|        | Median<br>Income | Income Groups - % of Families |                     |                     |                     |                      |
|--------|------------------|-------------------------------|---------------------|---------------------|---------------------|----------------------|
|        |                  | Under<br>\$25,000             | \$25,000<br>-49,999 | \$50,000<br>-74,999 | \$75,000<br>-99,999 | \$100,000<br>Or More |
| Town   | \$153,043        | 6.54%                         | 5.44%               | 9.92%               | 7.66%               | 70.44%               |
| County | 101,324          | 8.93                          | 14.69               | 13.57               | 12.15               | 50.66                |
| State  | 67,040           | 16.31                         | 20.80               | 18.32               | 14.07               | 30.50                |

Source: 2005-2009 American Community Survey 5-Year Estimate, U.S. Bureau of the Census

## EMPLOYMENT

Table 5 provides certain information about the types of jobs in which employees in the Westchester, Rockland and Putnam Statistical Area are engaged. Such data is presented for the County and surrounding counties as a whole and is not necessarily representative of conditions in the Town. However, Table 7 does provide employment information for Town residents as well as comparative information at the County and State level.

TABLE 5  
TRENDS IN EMPLOYMENT BY CATEGORY OF WORK  
(WESTCHESTER, ROCKLAND AND PUTNAM COUNTIES)  
1990 - 2011 <sup>(a)(b)</sup>  
(in 000's)

|                     | Manufacturing | Natural<br>Resources,<br>Mining,<br>Construction | Trade,<br>Transportation,<br>Utility | Finance<br>Activities | Service,<br>Miscellaneous | Government | Total Non-<br>Agricultural |
|---------------------|---------------|--|--------------------------------------|-----------------------|---------------------------|------------|----------------------------|
| 1990                | 52.1          | 28.9   | 111.7                                | 36.8                  | 215.5                     | 84.8       | 529.8                      |
| 1995                | 40.2          | 21.4   | 103.3                                | 33.0                  | 218.3                     | 83.8       | 500.0                      |
| 2000                | 36.5          | 32.0   | 108.9                                | 35.0                  | 246.3                     | 90.2       | 548.9                      |
| 2001                | 34.9          | 33.1   | 108.3                                | 34.2                  | 252.0                     | 90.2       | 552.7                      |
| 2002                | 33.5          | 32.4   | 107.6                                | 33.8                  | 251.6                     | 93.5       | 552.4                      |
| 2003                | 32.0          | 33.3   | 107.3                                | 33.9                  | 253.9                     | 94.8       | 555.2                      |
| 2004                | 31.6          | 33.3   | 108.6                                | 35.7                  | 259.2                     | 95.3       | 563.7                      |
| 2005                | 31.5          | 33.7   | 109.8                                | 38.0                  | 258.0                     | 95.2       | 566.2                      |
| 2006                | 31.0          | 35.4   | 110.2                                | 37.4                  | 260.6                     | 94.9       | 569.5                      |
| 2007                | 30.6          | 37.9   | 110.5                                | 36.9                  | 267.0                     | 96.5       | 579.4                      |
| 2008                | 29.8          | 37.4   | 108.7                                | 36.0                  | 270.2                     | 97.8       | 579.9                      |
| 2009                | 27.7          | 31.5   | 102.6                                | 33.5                  | 264.6                     | 97.3       | 557.2                      |
| 2010                | 26.4          | 28.7   | 102.2                                | 32.2                  | 268.4                     | 96.0       | 553.9                      |
| 2011 <sup>(c)</sup> | 25.6          | 28.4   | 103.3                                | 32.6                  | 278.3                     | 90.2       | 558.4                      |

(a) Non-agricultural workers.

(b) Annual averages (except 2010)

(c) As of September, 2011

Source: New York State Department of Labor

TABLE 6  
EMPLOYED CIVILIAN LABOR FORCE  
(Annual Averages)

|        | 1990      | 2000      | 2009 <sup>(a)</sup> | % of Change |           |
|--------|-----------|-----------|---------------------|-------------|-----------|
|        |           |           |                     | 1990/2000   | 2000/2009 |
| County | 471,300   | 465,300   | 453,993             | -1.40%      | -2.43%    |
| State  | 8,339,800 | 8,751,400 | 9,102,596           | 4.90%       | 4.01%     |

(a) 2005-2009 American Community Survey 5-Year Estimate

Source: State Department of Labor, US Census Bureau

TABLE 7  
EMPLOYED WORKERS AGE 16 AND OVER BY OCCUPATION (%)

|                               | Town   | County | State  |
|-------------------------------|--------|--------|--------|
| Management and Professional   | 55.10% | 45.70% | 37.70% |
| Service                       | 10.10% | 16.50% | 18.80% |
| Sales and Office              | 27.90% | 23.90% | 25.60% |
| Construction and Maintenance  | 3.70%  | 7.70%  | 7.70%  |
| Production and Transportation | 3.20%  | 6.00%  | 9.90%  |
| Farming, Fishing and Forestry | 0.00%  | 0.10%  | 0.30%  |

Source: U.S. Department of Commerce, Bureau of the Census.  
2005-2009 American Community Survey 5-Year Average

TABLE 8  
AVERAGE UNEMPLOYMENT RATE (%)

| Year                | County | State | United States |
|---------------------|--------|-------|---------------|
| 2002                | 4.6    | 6.2   | 5.8           |
| 2003                | 4.5    | 6.4   | 6.0           |
| 2004                | 4.5    | 5.8   | 5.5           |
| 2005                | 4.1    | 5.0   | 5.1           |
| 2006                | 3.9    | 4.6   | 4.6           |
| 2007                | 3.7    | 4.5   | 4.6           |
| 2008                | 4.7    | 5.3   | 5.8           |
| 2009                | 7.1    | 8.4   | 9.3           |
| 2010                | 7.2    | 8.6   | 9.6           |
| 2011 <sup>(a)</sup> |        |       |               |
| Jan                 | 7.6    | 8.9   | 9.8           |
| Feb                 | 7.3    | 8.7   | 9.5           |
| Mar                 | 6.7    | 8.0   | 9.2           |
| Apr                 | 6.3    | 7.6   | 8.7           |
| May                 | 6.4    | 7.8   | 8.7           |
| June                | 6.8    | 8.0   | 9.3           |
| July                | 6.7    | 8.0   | 9.3           |
| Aug                 | 6.5    | 7.7   | 9.1           |
| Sep                 | 6.5    | 7.8   | 8.8           |
| Oct                 | 6.2    | 7.7   | 8.5           |

(a) Monthly Rates.

Source: U.S. Department of Labor and State Department of Labor.

Two of the largest employers in the Town are the Byram Hills School District (523 employees) and IBM (550 employees). In addition, Swiss Re employs 665 employees and MBIA, which provides insurance for municipal bonds as well as other financial services to the public sector, employs 325 persons. There are a variety of other companies or public agencies located in the Town that employ 100 or more employees. A large percentage of the working force is employed in New York City or the White Plains area (located on the Town's southern border). Many of the Town's residents hold top level management or professional positions. The following table lists the major employers in the Town:



TABLE 9  
MAJOR EMPLOYERS IN THE TOWN

| Name of Business            | Nature of The Business                            | Number of Employees |
|-----------------------------|---|---------------------|
| Byram Hills School District | Education   | 523                 |
| IBM Corporation             | Computer-products and research services           | 550                 |
| MBIA                        | Financial Services                                | 547                 |
| Breezemont Day Camp         | Education/recreation                              | 154                 |
| Swiss Re America            | Property/casualty reinsurance, financial services | 665                 |
| Town of North Castle        | Government  | 618                 |
| Safe Flight                 | Book and magazine publishing                      | 504                 |
| Car Quest Distributions     | Investment Management Services                    | 155                 |

Sources: Town of North Castle, New York Comprehensive Annual Financial Report, Fiscal Year Ended December 31, 2010 and the Town of North Castle

## CONSTRUCTION ACTIVITY

The following tables provide certain information about construction and demolition activity in the Town from January 1, 2000 through December 31, 2010:

TABLE 10  
COMMERCIAL, INDUSTRIAL AND RESIDENTIAL BUILDING PERMIT ACTIVITY

| Year  | Commercial & Industrial |               | Residential    |               | Totals         |               | Demolition Permits |
|-------|-------------------------|---------------|----------------|---------------|----------------|---------------|--------------------|
|       | No. of Permits          | \$ Value      | No. of Permits | \$ Value      | No. of Permits | \$ Value      |                    |
| 2001  | 36                      | \$4,152,400   | 422            | 59,174,301    | 458            | 63,326,701    | 5                  |
| 2002  | 56                      | 14,114,448    | 453            | 63,125,212    | 509            | 77,239,660    | 9                  |
| 2003  | 75                      | 29,486,452    | 563            | 41,247,849    | 638            | 70,734,301    | 10                 |
| 2004  | 76                      | 94,474,760    | 884            | 112,719,720   | 960            | 207,194,480   | 21                 |
| 2005  | 32                      | 838,452       | 694            | 60,063,712    | 726            | 60,902,164    | 11                 |
| 2006  | 55                      | 13,539,801    | 772            | 39,074,023    | 827            | 52,590,842    | 12                 |
| 2007  | 64                      | 1,734,163     | 748            | 46,181,873    | 812            | 47,916,036    | 12                 |
| 2008  | 25                      | 9,352,277     | 1,102          | 26,041,837    | 1,127          | 35,394,114    | 7                  |
| 2009  | 28                      | 2,825,650     | 1,021          | 24,157,082    | 1,049          | 26,982,732    | 9                  |
| 2010  | 94                      | 3,761,056     | 835            | 203,224,622   | 929            | 206,985,678   | 7                  |
| Total | 541                     | \$174,279,459 | 7,494          | \$675,010,231 | 8,035          | \$849,266,708 | 103                |

Source: Town of North Castle

TABLE 11  
RESIDENTIAL BUILDING PERMITS (a)  
NEW CONSTRUCTION  
2001-2010

| Year | Number of<br>Dwelling Units (a) |
|------|---------------------------------|
| 2001 | 45                              |
| 2002 | 38                              |
| 2003 | 22                              |
| 2004 | 53                              |
| 2005 | 26                              |
| 2006 | 14                              |
| 2007 | 14                              |
| 2008 | 10                              |
| 2009 | 12                              |
| 2010 | 4                               |
|      | <u>238</u>                      |

(a) All permits were issued for single family homes.

Source: Town of North Castle

## HOUSING DATA

TABLE 12  
COMPARATIVE HOUSING STOCK  
1980-2000

|        | Number of Units |           |           | % Change  |           |
|--------|-----------------|-----------|-----------|-----------|-----------|
|        | 1980            | 1990      | 2000      | 1980-1990 | 1990-2000 |
| Town   | 3,043           | 3,522     | 3,706     | 15.7%     | 5.2%      |
| County | 316,658         | 336,727   | 349,445   | 6.3       | 3.8       |
| State  | 6,866,851       | 7,226,891 | 7,679,307 | 5.2       | 6.3       |

Source: U.S. Department of Commerce, Bureau of Census.

TABLE 13  
MEDIAN HOUSING VALUES AND RENTS  
2000

|        | %<br>Constructed<br>1980-2000 | Median Value            | Median Rent              | Occupancy Status  |                    |            |
|--------|-------------------------------|-------------------------|--------------------------|-------------------|--------------------|------------|
|        |                               | Owner<br>Occupied Units | Renter<br>Occupied Units | Owner<br>Occupied | Renter<br>Occupied | Vacant (a) |
| Town   | 25.2%                         | \$588,500               | \$1,118                  | 84.2%             | 12.5%              | 3.3%       |
| County | 41.0                          | 325,800                 | 839                      | 58.1              | 38.4               | 3.5        |
| State  | 14.6                          | 148,700                 | 672                      | 47.9              | 48.7               | 8.1        |

(a) Includes units temporarily vacant pending sale or rental.

Source: U.S. Department of Commerce, Bureau of the Census.

## TRANSPORTATION

The Town is served by all major forms of transportation. Highway facilities include U.S. Interstate 684 and U.S. Route 22. Rail and Bus Service are provided by the Harlem Division of the Metropolitan Transportation Authority and the Westchester Bee Line. The County Airport (a portion of which is in the Town) and the New York City airports (LaGuardia, Kennedy and Newark Airports) are easily accessible to residents of the Town and provide domestic and international air service on a regular basis.

## UTILITIES

The Consolidated Edison Company provides electric and gas services to homes and businesses in the Town. Verizon provides local telephone services in the Town. The Town and other public agencies in the Town purchase electricity from the State Power Authority. The Town provides municipal water and sewer services throughout much of the Town. Various County Sewer Districts provide sewage treatment for all municipal sewer districts in the Town, with the exception of one.

## INDEBTEDNESS OF THE TOWN

### CONSTITUTIONAL REQUIREMENTS

The New York State Constitution limits the power of the Town (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations include the following, in summary form, and are generally applicable to the Town and the Bonds:

#### *Purpose and Pledge*

Subject to certain exceptions, the Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal thereof and interest thereon.

#### *Payment and Maturity*

Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than 50% in excess of the smallest prior installment unless the Town Board provides for substantially level or declining debt service in the manner prescribed by the State Legislature. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its bonds and notes.

#### *Debt Limit*

The Town may not contract indebtedness for any Town purpose if the principal amount of outstanding indebtedness would then exceed 7% of average full valuation of taxable real estate of the Town subject to certain enumerated exclusions and deductions, such as indebtedness for certain water, sewer and revenue-producing facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed

assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the Office of Real Property Services (the "ORPS"). The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

## STATUTORY PROCEDURE

In general, the State Legislature, by enactment of the Local Finance Law, has authorized the powers and procedures for the Town to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the Town Law.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board. Customarily, the Town has delegated to the Supervisor of the Town, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- 1) such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- 2) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations,

and an action contesting such validity is commenced within twenty days after the date of such publication, or

- 3) such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not a prerequisite to the issuance of obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal restrictions (of the Constitution, Local Finance Law and case law) relating to the period of probable usefulness with respect thereto.

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided, generally, that such renewals do not extend five years beyond the original date of borrowing (See "Payment and Maturity" under "Constitutional Requirements" above).

The Local Finance Law contains provisions that provide the Town with the power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget and capital notes.

## DEBT CONTRACTING LIMITATION AND POWER

The ORPS annually establishes State Equalization Rates for all localities in the State which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and, where applicable, the calculation of debt contracting and real property tax limitations. The Town has a debt contracting limitation equal to seven percent of its five-year average full valuation (see “Constitutional Requirements-Debt Limit,” herein).

The Town determines the assessed valuation for taxable real properties. The Office of Real Property Service determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes but which the Town exempts for general municipal purposes.

The following table sets forth the Town’s debt-contracting limitation:

TABLE 14  
COMPUTATION OF CONSTITUTIONAL  
DEBT CONTRACTING LIMITATION

| Assessment<br>Roll<br>Filed            | Years<br>Ended<br>December 31: | State<br>Assessed<br>Valuation | Equalization<br>Rate | Full<br>Valuation |
|--|--------------------------------|--------------------------------|----------------------|-------------------|
| 2006                                   | 2007                           | 116,993,878                    | 1.94%                | \$6,030,612,268   |
| 2007                                   | 2008                           | 116,213,910                    | 1.91%                | \$6,084,497,906   |
| 2008                                   | 2009                           | 116,681,761                    | 1.91%                | \$6,108,992,723   |
| 2009                                   | 2010                           | 115,897,760                    | 2.13%                | \$5,441,209,390   |
| 2010                                   | 2011                           | 118,279,796                    | 2.13%                | \$5,553,042,066   |
| Total Five-Year Full Valuation         |                                |                                |                      | 29,218,354,353    |
| Five-Year Average Full Valuation       |                                |                                |                      | 5,843,670,871     |
| Debt Contracting Limitation:           |                                |                                |                      |                   |
| 7% of Five-Year Average Full Valuation |                                |                                |                      | \$ 409,056,961    |

Source: Town of North Castle, New York Comprehensive Annual Financial Report, Fiscal Year Ended December 31, 2010

TABLE 15  
STATEMENT OF DEBT CONTRACTING POWER  
AS OF NOVEMBER 15, 2011

|  | Amount <sup>(d)</sup> | Percentage    |
|--|-----------------------|---------------|
| Debt Contracting Limitation (Table 14) | \$409,056,961         | 100.00%       |
| Gross Debt:                            |                       |               |
| Serial Bonds                           | 15,140,000            | 3.70%         |
| Bond Anticipation Notes                | 1,732,751             | 0.42%         |
|  | <u>16,872,751</u>     | <u>4.12%</u>  |
| Less Exclusions and Deductions:        |                       |               |
| Water Debt: <sup>(a)(b)</sup>          | 1,621,250             | 0.40%         |
|  | <u>1,621,250</u>      | <u>0.40%</u>  |
| Net Indebtedness <sup>(c)</sup>        | <u>15,251,501</u>     | <u>3.73%</u>  |
| Debt Contracting Margin                | <u>\$393,805,460</u>  | <u>96.27%</u> |

(a) Water debt is paid entirely from water rents and is not supported by real property taxes. However, the Town is required by the State Constitution to pledge its faith and credit to pay debt service on the water obligation if the rents prove to be insufficient for this purpose.

(b) Sewer debt excluded pursuant to an order of the State Comptroller, dated May 28, 1996.

(c) Net indebtedness takes into account the effects of the Bonds

(d) The Town currently has authorized but unissued debt in the amount of \$3,000,000 (See "Capital Programs and Financings", herein)

#### TREND OF BONDED DEBT

The following table sets forth the gross amount of bonded debt outstanding at the end of each of the last five years:

TABLE 16  
BONDED DEBT  
2006-2010

| Years Ended<br>December 31: | Amount     |
|-----------------------------|------------|
| 2006                        | 4,635,000  |
| 2007                        | 10,958,563 |
| 2008                        | 10,478,563 |
| 2009                        | 15,228,563 |
| 2010                        | 15,065,000 |

## DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service requirements on all outstanding bonds of the Town and the Bonds:

| Year<br>Ending<br><br>December 31 | Outstanding Bonded Debt: |                    |                        |                       | The Bonds:         |                     |
|-----------------------------------|--------------------------|--------------------|------------------------|-----------------------|--------------------|---------------------|
|                                   | Principal                | Interest           | Subsidy <sup>(a)</sup> | Total Debt<br>Service | New<br>Principal   | Total Principal     |
| 2011                              | \$758,000                | \$610,985          | (191,727)              | \$2,070,703           |                    | \$758,000           |
| 2012                              | 774,000                  | 583,251            | (184,989)              | 2,055,018             |                    | \$774,000           |
| 2013                              | 784,000                  | 555,886            | (178,230)              | 2,031,949             | \$135,000          | \$919,000           |
| 2014                              | 794,000                  | 527,846            | (171,417)              | 2,023,427             | \$140,000          | \$934,000           |
| 2015                              | 739,000                  | 500,066            | (164,548)              | 1,934,723             | \$150,000          | \$889,000           |
| 2016                              | 759,000                  | 471,969            | (157,626)              | 1,932,505             | \$155,000          | \$914,000           |
| 2017                              | 774,000                  | 442,209            | (150,648)              | 1,917,941             | \$160,000          | \$934,000           |
| 2018                              | 804,000                  | 411,062            | (143,616)              | 1,921,110             | \$165,000          | \$969,000           |
| 2019                              | 809,000                  | 378,821            | (136,530)              | 1,887,552             | \$175,000          | \$984,000           |
| 2020                              | 834,000                  | 345,055            | (129,388)              | 1,882,190             | \$180,000          | \$1,014,000         |
| 2021                              | 874,000                  | 309,115            | (122,192)              | 1,909,189             | \$185,000          | \$1,059,000         |
| 2022                              | 729,000                  | 275,394            | (114,942)              | 1,726,923             | \$195,000          | \$924,000           |
| 2023                              | 524,000                  | 245,397            | (107,582)              | 1,273,027             | \$200,000          | \$724,000           |
| 2024                              | 524,000                  | 223,314            | (100,167)              | 1,245,125             | \$210,000          | \$734,000           |
| 2025                              | 459,000                  | 200,811            | (92,699)               | 1,081,631             | \$220,000          | \$679,000           |
| 2026                              | 464,000                  | 181,001            | (85,120)               | 1,068,886             | \$230,000          | \$694,000           |
| 2027                              | 488,000                  | 161,800            | (77,433)               | 1,019,734             |                    | \$488,000           |
| 2028                              | 376,000                  | 145,607            | (69,605)               | 904,004               |                    | \$376,000           |
| 2029                              | 396,000                  | 128,686            | (61,446)               | 926,481               |                    | \$396,000           |
| 2030                              | 417,000                  | 110,887            | (52,856)               | 950,061               |                    | \$417,000           |
| 2031                              | 439,000                  | 92,167             | (43,816)               | 974,701               |                    | \$439,000           |
| 2032                              | 456,000                  | 72,602             | (34,359)               | 988,487               |                    | \$456,000           |
| 2033                              | 480,000                  | 52,161             | (24,483)               | 1,015,355             |                    | \$480,000           |
| 2034                              | 180,000                  | 30,636             | (14,093)               | 393,086               |                    | \$180,000           |
| 2035                              | 180,000                  | 22,016             | (10,160)               | 383,712               |                    | \$180,000           |
| 2036                              | 185,000                  | 13,276             | (6,173)                | 384,207               |                    | \$185,000           |
| 2037                              | 190,000                  | 4,423              | (2,076)                | 384,695               |                    | \$190,000           |
| Totals                            | <u>\$15,190,000</u>      | <u>\$7,096,443</u> | <u>(\$2,627,921)</u>   | <u>\$36,286,420</u>   | <u>\$2,500,000</u> | <u>\$17,690,000</u> |

(a) Interest reflects effects of Subsidy on 2007 and 2009 EFC Loan Conversions. It does not include the associated administrative fees.

## SHORT-TERM INDEBTEDNESS

Pursuant to the Local Finance Law, the Town is authorized to issue short-term indebtedness, in the form of bond anticipation notes as specified by this statute, to finance both capital and operating purposes.

Bond anticipation notes may be sold to provide moneys for capital projects once an enabling bond resolution has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time-to-time up to five years. Notes may not be renewed

after the second year unless there is a principal payment on such notes from a source other than the proceeds of bonds or notes. In no event may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

The Town is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and in the regulations issued under the U.S. Internal Revenue Code. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes, and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year.

TABLE 18  
BOND ANTICIPATION NOTES  
AS OF NOVEMBER 15, 2011

| Purpose                                   | Date of<br>Original<br>Issuance | Current<br>Maturity<br>Date | Amount<br>Outstanding |
|---|---------------------------------|-----------------------------|-----------------------|
| 1998 Sewer District #2                    | 1/23/1998                       | 1/7/2012 <sup>(a)</sup>     | 61,250                |
| 2011 Claims Settlement/Water Improvements | 4/28/2011                       | 4/27/2012                   | 1,671,501             |
|   |                                 |                             | <u>\$1,732,751</u>    |

(a) Proceeds of Notes issued for Assessable Improvements

#### CAPITAL PROGRAMS AND FINANCINGS

The Town last issued public general obligation bonds, in the amount of \$2,385,000, in September, 2010. These obligations bear a true interest rate of 2.13% and will mature on April 15 of each year through the year 2021.

The Town issued \$1,675,061 bond anticipation notes on April 28, 2011, and which mature on April 27, 2012, to pay part of a claim brought by West Wood Organic Recycling, LLC and to pay for improvements at Water District No. 1 and Water District No. 2.

After issuing the Bonds, the Town will have \$3,000,000 authorized but unissued debt to finance open space in the Town.

#### OVERLAPPING DEBT

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and various school districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping debt and the Town's share of this debt as of the dates indicated; authorized but unissued debt has not been included.



TABLE 19  
STATEMENT OF OVERLAPPING DEBT

| Overlapping Units     | Date of Report | Total Net Indebtedness | Percent Applicable | Applicable Net Indebtedness |
|-----------------------|----------------|------------------------|--------------------|-----------------------------|
| County of Westchester | 12/31/2010     | \$829,730,720          | 2.33%              | \$19,314,700                |
| School District:      |                |                        |                    |                             |
| Byram Hills           | 6/30/2010      | \$66,671,459           | 86.52%             | 57,684,146                  |
| Bedford               | 6/30/2010      | \$70,790,000           | 2.30%              | 1,628,170                   |
| Harrison              | 6/30/2010      | \$9,449,221            | 0.03%              | 2,835                       |
| Mount Pleasant        | 6/30/2010      | \$35,905,594           | 1.39%              | 499,088                     |
| Valhalla              | 6/30/2010      | \$23,846,422           | 32.25%             | 7,690,471                   |
| Total                 |                |                        |                    | <u>\$86,819,410</u>         |

Source: Town of North Castle, New York Comprehensive Annual Financial Report December 31, 2010

#### DEBT RATIOS

The following table presents certain ratios relative to the Town's capital indebtedness as of November 15, 2011:

TABLE 20  
DIRECT AND OVERLAPPING DEBT RATIOS

|                                    | Amount        | Debt Per Capita (a) | Debt to Estimated Full Value (b) | Per Capita Debt To Per Capita Income (c) |
|------------------------------------|---------------|---------------------|----------------------------------|--|
| Gross Direct Debt(d)               | \$ 16,872,751 | \$ 1,425            | 0.31%                            | 1.88%                                    |
| Net Direct Debt(d)                 | 16,872,751    | \$ 1,425            | 0.31%                            | 1.88%                                    |
| Net Direct and Overlapping Debt(d) | 101,883,444   | \$ 8,604            | 1.87%                            | 11.33%                                   |

- (a) The population of the Town for 2010 is 11,841 (See "Table 1" herein).
- (b) Taxable real property valuation for the 2010 Tax Roll is \$118,279,796 and the final equalization rate established by the ORPS for this roll is 2.13% yielding a full valuation of \$5,553,042,066. (See "Table 14" herein).
- (c) See "Economic and Demographic Information - Table 3" herein.
- (d) As of December 31, 2010 (Source: Town of North Castle Comprehensive Annual Financial Report - 2010)

## DISCUSSION OF FINANCIAL MATTERS

### BUDGET PROCESS

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before October 20<sup>th</sup> of each year. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date (the Town has no authority to amend the budget submitted by a fire district). After reviewing these estimates, the budget officer prepares a tentative budget which includes the budget officer's recommendations. A budget message explaining the main features is also prepared at this time. The tentative budget is filed with the Town Clerk not later than October 30<sup>th</sup>. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before November 10<sup>th</sup>. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is required to be held no later than the 10<sup>th</sup> day of December. At such hearing, any person may express his opinion concerning the preliminary budget; however, this is no requirement that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than December 20<sup>th</sup>, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

A summary of the 2011 budget is presented in Appendix B hereto.

#### *Status of 2012 Budget*

Town officials expect that the General Fund, Highway Fund and Library Fund, the Town's principal operating funds, will operate within their respective budgets for 2011. Revenue and expenditure data for these funds, which were obtained from the Town's budget control report, prepared as of November 30, 2011, are presented below.

| <u>Fund</u> | <u>Revenue</u> | <u>Expenditures</u> | <u>Difference</u> |
|-------------|----------------|---------------------|-------------------|
| General     | \$17,496,834   | \$17,496,834        | \$ -              |
| Highway     | 4,781,169      | 4,781,169           | -                 |
| Library     | 1,621,990      | 1,621,990           | -                 |

### INVESTMENT POLICY

Although the accumulation of funds for investment is not a Town purpose, the Town temporarily invests funds on hand pending their expenditures for Town capital and operating purposes. Pursuant to Section 39 of the State's General Municipal Law, the Town has adopted an investment policy applicable to the investment of all moneys and financial resources of the Town. The responsibility for the investment program has been delegated by the Town Board to the Town Supervisor and certain "delegated officers" who were required to establish written operation procedures consistent with the Town's investment policy guidelines. According to the investment policy of the Town, all investments must conform to the applicable requirements of law and provide for: the safety of the principal, sufficient liquidity, and a reasonable rate of return. The Town reviews its investment policy on an annual basis.

### *Authorized Investments*

The Town has designated nine banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money, including certificates of deposits, from the Town. No more than \$25 million may be on deposit in any institution at one time. In addition to such deposits, the Town is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, obligations issued pursuant to the Local Finance Law 24.00 or 25.00 by any municipality, school district or district corporation other than the Town (with State Comptroller approval), obligations of public authorities, urban corporation other than the Town (with State Comptroller approval), urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose enabling legislation authorizes such investments, certificates of participation issued pursuant to General Municipal Law 109(b) and obligations of the Town but only with any moneys in a reserve fund. The Town may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York, securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a third-party bank or trust company located and authorized to conduct business in the State.

### *Collateral Requirements*

All Town deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be a pledge of collateral of "eligible securities" authorized by Section 10 (1)(f) of the General Municipal Law of the State, irrevocable letters of credit or surety bonds made payable to the Town. The Town's collateral agreements limit the type of eligible securities acceptable to the Town as follows: obligations of the United States of America, guaranteed agencies thereof, certain corporations sponsored by the United States government, obligations issued or fully insured or guaranteed by the State, the obligations of political subdivisions of the State and certain public benefit corporations, obligations issued by states (other than the State) of the United States rated in one of the three highest rating categories, general obligations of political subdivisions of other states rated in one of the three highest rated categories, any mortgage related securities which may be purchased by banks and zero coupon obligations of the United States.

Eligible securities must be held by the depository or third party bank or trust company subject to security and custodial agreements. The Town's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest and the cost or expense for collecting such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank. The custodial agreements used by the Town provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstance, be commingled with, or become part of, the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

## INDEPENDENT AUDIT

The Town retains a certified public accounting firm of PKF O'Connor Davies, LLP, Harrison, New York to audit its financial statements. The Town's financial statements for the year ended December 31, 2010, the notes thereto and the auditors' reports thereon are included in Appendix A hereto. The auditors consented to the use of their audit report in the official statement; however, no additional auditing procedures have been performed to consider events subsequent to the March 22, 2011 date of the report.

### *Financial Reporting*

The Town adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments," Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," Statement No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Note Disclosures."

The Town's Statement of Net Assets, presented in Appendix A, hereto shows total net assets of \$19,137,212 at December 31, 2010. Net assets are comprised of: capital assets, net of related debt, \$18,307,276, restricted assets, \$5,037,797 and unrestricted assets, (\$4,207,861).

The Town's comprehensive annual financial reports ("CAFR") for the years 1998 through 2010, from which reports certain information has been used in this Official Statement, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to the program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

## REVENUES

The Town derives its General Fund revenues primarily from real property taxes (including interest and penalties thereon), sales and use taxes, State aid and recreation fees.

### *Real Property Taxes – "See Real Property Tax Information"*

### *State Aid*

The Town received 4.49% (\$782,003) of its total 2010 General Fund revenue and other financing sources from the State. The mortgage tax (\$685,776) accounted for 87.7% of the Town's State aid for 2010. State aid revenue for 2010 showed a favorable budgetary variance of \$184,503. The 2011 general fund budget includes an estimate of \$685,500 for State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town and, in fact, has reduced aid payments to municipalities and school districts in the past in order to balance its own budget. No assurances can be given that State aid payments to the Town will continue under existing formulae or in any other manner. Further reductions in State aid could require a corresponding reduction in expenditures or an increase in revenue from other sources.

### *Sales and Use Tax*

Pursuant to the provisions of the County Property Tax Stabilization and Relief Act (Section 1262-b of the State Tax Law) adopted in 1991, the Town receives a share of the 1/2% County sales and use tax which became effective on March 1, 2004.

The Town recorded sales and use tax revenue of \$1,428,861 in 2010, which accounted for 8.20% of total general fund revenue and other financing sources for the year. Sales and use tax revenue showed a budgetary variance of \$45,675 for 2010. The Town has budgeted \$1,350,000 for the sales and use tax in 2011.

### EMPLOYEE RETIREMENT PLANS

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS") or the New York State and Local Police and Fire Retirement System ("PFRS") Both systems are referred to together hereinafter as the "Retirement Systems". These Retirement Systems are a cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service.

The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976.

Except as noted below, all members hired on or after July 27, 1976 must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new Teacher Retirement System employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On May 14, 2003, the Governor signed a pension reform bill into law as Chapter 49 of the Law of 2003 ("Chapter 49"). Chapter 49 changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

During its 2004 Session, the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 changed the pension payment date for all local governments from December 15 to February 1.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town has prepaid its employer contributions each December since the option was made available in 2004.

Due to recent poor performance of the investment portfolio of the State Retirement System ("SRS"), New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS in 2011 and subsequent years will increase. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such new legislation, local governments and school district that choose to amortize will be required to set aside and reserve funds with the SRS for certain future rate increases.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future use.

#### *ERS and PFRS Contributions*

The Town recorded expenditures for ERS and PFRS of \$774,421 and \$693,576, respectively, for the year ended December 31, 2010. The Town's 2011 budget includes \$810,000 in the general fund for PFRS contributions and \$1,029,000 in various funds for ERS contributions. The State Comptroller estimates that the Town's contributions payable on or before February 1, 2012 are \$856,620 for ERS and \$757,905 for PFRS. The Town will not be amortizing the eligible portion of its annual required contributions to ERS and PFRS.

See "Notes to Financial Statements" Note 3, Appendix A hereto.

#### POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post-employment health care benefits is shared between the Town and the retired employee. Substantially all of the Town's employees 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 expense/expenditure as claims are paid. The Town recognized revenues and expenditures of \$34,891 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees in 2010.

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the

Governmental Accounting Standards Board ("GASB") requires governmental entities, such as the Town, to account for the cost of certain non-pension post-employment benefits as it accounts for vested pension benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts had not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC .

Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

The number of participants entitled to OPEB benefits as of December 31, 2010 was as follows:

TABLE 21

|  |                      |
|--|----------------------|
| Active Employees                         | 122                  |
| Retired Employees                        | <u>77</u>            |
| Total                                    | 199                  |
| Amortization Component:                  |                      |
| Actuarial Accrued Liability as of 1/1/10 | \$ 37,289,643        |
| Assets at Market Value                   | -                    |
| Unfunded Actuarial Accrued Liability     | <u>\$ 37,289,643</u> |
| Covered Payroll (Active Plan Members)    | <u>\$ 9,800,660</u>  |
| UAAL as a Percentage of Covered Payroll  | <u>380.48%</u>       |
| Annual Required Contribution             |                      |

|  |    |                         |
|--|----|-------------------------|
| Amortization of Unfunded Accrued Liability | \$ | 3,019,949               |
| Interest on Net OPEB Obligation            |    | 165,151                 |
| Adjustment to Annual Required Contribution |    | <u>(177,755)</u>        |
| Annual OPEB Cost                           |    | 3,007,345               |
| Contributions Made                         |    | <u>(843,054)</u>        |
| Increase in net OPEB Obligation            |    | 2,164,291               |
| NET OPEB Cost at December 31, 2009         |    | 4,128,753               |
| NET OPEB Cost at December 31, 2010         | \$ | <u><u>6,293,044</u></u> |

Source: Town of North Castle Comprehensive Annual Financial Report - 2010

## REAL PROPERTY TAX INFORMATION

### NEW TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:



“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

The Town derives its power to levy an ad valorem real property tax from the Constitution of the State. The Town is responsible for levying taxes for Town and special district operating purposes and for debt service.

## TAX COLLECTION PROCEDURES

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State and the County Tax Law. Towns and cities in the County are responsible to assess all real property within their boundaries and to collect and enforce all real property taxes and assessments. The Town receives tax warrants for the collection of taxes from the County as well as the school districts and fire districts within its boundaries. The Town remits the full amount of the County, fire district and school district taxes according to the times prescribed by the County Tax Law. The Town is required to pay the full amount of each warrant presented by these various entities, whether or not these amounts are actually collected by the Town. The Town enforces delinquent taxes through tax liens and in-rem foreclosure proceedings.

Town, County, and special district taxes or assessments for the period from January 1<sup>st</sup> to December 31<sup>st</sup> are due in a single payment on April 1<sup>st</sup>. Payment may be made without penalty until April 30<sup>th</sup>, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December, and 12% thereafter to the tax lien sale date of July 1.

School taxes for the school year beginning July 1<sup>st</sup> may be paid in two installments. The first of such installments is due on September 1<sup>st</sup> and may be paid without penalty until September 30<sup>th</sup>, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during February and March, and 12% thereafter to the tax lien sale of July 1. The second installment of school taxes is payable without penalty until January 31<sup>st</sup>, after which the penalty is 10% during February and March, and 12% thereafter to the tax lien sale date of July 1.

At the time of the tax lien sale date of July 1, the Town Tax Receiver files a delinquent list with the County and a 1% per month late fee accrues for the next two years. At this point, In Rem foreclosure proceedings commence.

## REAL PROPERTY TAXES AND ASSESSMENTS

The Town received approximately 64.6% of its total general fund operation revenue and other financing sources from real property taxes and assessments during the year ended December 31, 2010. Payments in lieu of taxes (\$777,300) accounted for 4.5% of 2010 general fund revenue (See "Matters Affecting Property Assessments and Taxes" herein). The following table shows the trend during the last five years for real property assessments, real property tax and assessment levies and collections thereof, general purpose tax rates and certain information concerning tax liens.

TABLE 22  
VALUATIONS, TAX LEVIES AND COLLECTIONS  
2006-2010

|                              | 2006                    | 2007                   | 2008                   | 2009                   | 2010                   |
|------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Valuations:</b>           |                         |                        |                        |                        |                        |
| Taxable Value                | \$ 116,353,427          | \$ 116,993,878         | \$ 116,213,910         | \$ 115,897,760         | \$ 118,279,796         |
| Equalization Rate (%)        | 2.26%                   | 1.94%                  | 1.91%                  | 2.13%                  | 2.13%                  |
| Full Value                   | <u>\$ 5,114,793,805</u> | <u>\$6,030,612,268</u> | <u>\$6,084,497,906</u> | <u>\$5,441,209,390</u> | <u>\$5,553,042,066</u> |
| <b>Tax Levies:</b>           |                         |                        |                        |                        |                        |
| <b>Town Tax Levy</b>         |                         |                        |                        |                        |                        |
| General (a)                  | \$ 13,693,833           | \$ 14,479,800          | \$ 15,729,761          | \$ 16,533,036          | \$ 16,885,340          |
| Special Dist. (b)            | 3,522,331               | 4,187,443              | 4,594,006              | 4,744,656              | 5,266,356              |
| County Tax Levy (c)          | <u>16,089,968</u>       | <u>15,579,988</u>      | <u>16,892,236</u>      | <u>18,013,559</u>      | <u>18,744,494</u>      |
| Total                        | <u>\$ 33,306,132</u>    | <u>\$ 34,247,231</u>   | <u>\$ 37,216,003</u>   | <u>\$ 39,291,251</u>   | <u>\$ 40,896,190</u>   |
| <b>Tax Rate:</b>             |                         |                        |                        |                        |                        |
| Town (d)                     | \$ 118.51               | \$ 555.3               | \$ 133.1               | \$ 139.25              | \$ 147.3552            |
| County (e)                   | 135.63                  | 133.85                 | 142.88                 | 151.66                 | 157.8552               |
| <b>Taxes Collected:</b>      |                         |                        |                        |                        |                        |
| Current Year                 | \$ 33,029,831           | \$ 34,120,366          | \$ 37,017,163          | \$ 38,843,930          | \$ 40,409,607          |
| Prior Years                  | <u>20,103</u>           | <u>71,652</u>          | <u>40,978</u>          | <u>0</u>               | <u>32,769</u>          |
|                              | <u>\$ 33,049,934</u>    | <u>\$ 34,192,018</u>   | <u>\$ 37,058,141</u>   | <u>\$ 38,843,930</u>   | <u>\$ 40,442,376</u>   |
| <b>Current Collections</b>   |                         |                        |                        |                        |                        |
| To Levy (%)                  | 99.17%                  | 99.63%                 | 99.47%                 | 98.86%                 | 98.81%                 |
| <b>Total Collections</b>     |                         |                        |                        |                        |                        |
| To Levy (%)                  | 99.23                   | 99.84%                 | 99.58%                 | 98.86%                 | 98.89%                 |
| <b>Tax Sale Information:</b> |                         |                        |                        |                        |                        |
| <b>Current Taxes In</b>      |                         |                        |                        |                        |                        |
| Tax Liens                    | N/A                     | N/A                    | N/A                    | N/A                    | N/A                    |
| <b>Percentage Of</b>         |                         |                        |                        |                        |                        |
| Current Levy                 | N/A                     | N/A                    | N/A                    | N/A                    | N/A                    |

(a) Includes general, highway and library.

(b) Special Districts include taxes for independent fire districts.

(c) Includes assessments for County Sewer districts.

(d) Tax rate per \$1,000 assessed value for General, Highway and Library Fund purpose.

(e) General County purposes.

(See Also "New Tax Levy Limitation Law")

Table 23  
SCHOOL TAX COLLECTIONS  
2006-2010

| <u>Years<br/>Ended<br/>June 30</u> | <u>Amount of<br/>Tax Levy</u> | <u>Tax<br/>Collections (a)</u> | <u>Current<br/>Unpaid<br/>Taxes (a)</u> | <u>Collections<br/>To Tax Levy (%)</u> |
|------------------------------------|-------------------------------|--------------------------------|---|--|
| 2006                               | 53,237,157                    | 53,019,321                     | 217,836                                 | 99.59                                  |
| 2007                               | 57,776,265                    | 57,513,456                     | 262,809                                 | 99.55                                  |
| 2008                               | 61,143,378                    | 60,858,954                     | 284,424                                 | 99.53                                  |
| 2009                               | 67,072,025                    | 66,631,138                     | 441,687                                 | 99.34                                  |
| 2010                               | 70,303,498                    | 69,453,798                     | 849,700                                 | 98.79                                  |

(a) School tax collections through tax lien date; unpaid school taxes as of the lien date.

Source: Town of North Castle

The following table presents the taxable assessments of the Town's largest taxpayers listed on the 2010 tax roll:

TABLE 24  
LARGEST TAXABLE PROPERTIES IN THE TOWN  
ASSESSMENT ROLL 2010

| <u>Taxpayer's Name</u>             | <u>Nature of Business</u> | <u>Taxable<br/>Assessed<br/>Valuation</u> | <u>% of Total<br/>Assessed<br/>Valuation<sup>(a)</sup></u> |
|------------------------------------|---------------------------|---|--|
| New York City                      | Water Shed Property       | \$ 8,206,100                              | 6.99%  |
| Westchester County                 | Airport                   | 1,837,200                                 | 1.57%  |
| Con Edison                         | Utility                   | 1,445,717                                 | 1.23%  |
| MBIA                               | Commercial                | 1,352,500                                 | 1.15%  |
| IBM                                | Commercial                | 1,284,100                                 | 1.09%  |
| Citigroup Inc.                     | Financial Services        | 888,800                                   | 0.76%  |
| North White Plains Shopping Center | Commercial                | 672,600                                   | 0.57%  |
| Lashins                            | Commercial                | 547,000                                   | 0.47%  |
| NYNEX/Verizon                      | Utility                   | 423,107                                   | 0.36%  |
| Frank Gilbride                     | Commercial                | 386,700                                   | 0.33%  |
|                                    |                           | <u>\$17,043,824</u>                       | <u>14.52%</u>  |

(a) Total taxable assessed value for 2010 is \$118,279,796

(b) See "Matters Affecting Property Assessments and Taxes" herein.

## MATTERS AFFECTING PROPERTY ASSESSMENTS AND TAXES

### *International Business Machines Corporation*

The taxable assessments of property owned by International Business Machines Corporation ("IBM") have been affected by certain transactions and agreements. Initially, IBM divided a single parcel consisting of 367.93 acres of land and several buildings, including its corporate headquarters, into four separate contiguous parcels. A parcel consisting of 133.56 acres of land and the headquarters building, designated as Lot A, will remain on the tax assessment rolls (See Table 24, herein). Two smaller parcels were transferred to the Town. The remaining parcel consisting of 211.1 acres of land and IBM's Management Development

Center building, designated as Lot B, was transferred to a State agency pursuant to a lease agreement (See “Empire State Development Corporation Leases” below). The cumulative effect of these various transactions was to reduce the taxable assessments of IBM by approximately \$4.9 million.

The taxes assessed to Lot A are determined in accordance with normal assessment and taxation practices. However, IBM has agreed with the Town that aggregate taxes paid by this property for all purposes will not be less than \$750,000. The Town will bill IBM for any deficiency and allocate the makeup payment among the Town, County and the Byram Hills School District on a pro-rata basis.

#### *Empire State Development Corporation Leases*

The New York State Urban Development Corporation, D.B.A. Empire State Development Corporation (“ESDC”), has entered into lease agreement with IBM and Swiss Re Investors, Inc. (“Swiss Re”) in connection with the construction projects undertaken by these companies in the Town. Under the terms of these agreements, ESDC acquired title to certain properties which are being leased back to the original corporate owners. The leases both have a term of 20 years and provide that the leased corporations will pay rent in the form of payment in-lieu of taxes (“PILOTS”). Such payments will be made to the taxing jurisdiction, in which the properties are located, based on their proportionate share of the total taxes applicable to the subject property. In connection with the transfer of title to ESDC, the leased properties became exempt from real property taxation.

IBM PILOTS. Pursuant to a lease agreement, dated December 5, 1995, the ESDC (as landlord) leased to IBM (as tenant) a parcel of land consisting of 211.11 acres upon which a 228,000 square foot management development center (MDC) is located. The land and MDC were acquired by the ESDC from the IBM for nominal consideration.

IBM constructed a building on this site to serve as its new corporate headquarters.

Under the terms of the lease, IBM will make PILOTS to the Town, the County and the Byram Hills School District. The Town’s share of the IBM PILOT is estimated to be approximately 20%. The annual payments will be \$2,700,000 (adjusted payment after audit of construction costs) for the first 10 years and increase each year thereafter until the payment reaches \$3,490,151 in the final year. PILOTS will be increased to reflect any subsequent construction or alterations made to the property during the term of the agreement.

Payments will be allocated among the various tax jurisdictions based on the ratio of their tax rate per \$1,000 of assessed value to the combined tax rate for all jurisdictions. Amounts due to the Town will be paid on or before April 30. The Town received payments of \$471,046 and \$495,134 under this agreement for 2009 and 2010, respectively.

Swiss Re PILOTS. ESDC and Swiss Re entered into a lease agreement, dated June 27, 1997, pursuant to which Swiss Re leased 127 acres from ESDC and constructed a 270,000 square foot office building. Swiss Re has approvals in place for a facility of 360,000 square foot, but Town officials indicate that the company presently has no plans to expand its facilities. The office complex will serve as the corporate headquarters of Swiss Re America Holding Corporation and Swiss Re Insurance America Corporation.

In accordance with the lease terms, Swiss Re will make PILOTS to the Town, the County and the Byram Hills School District beginning in 2000. Until the final certificate of occupancy issued for the new building, the payments will be based on a percentage of the estimate rent schedule. Payments for years subsequent to the issuance of the aforementioned certificate will be determined by multiplying the square footage by a pre-set rent factor. For the first 10 years of the schedule, the total annual payment was \$1,041,760. Swiss Re will also make annual PILOTS on a vacant parcel of land assessed at \$190,150. Each taxing jurisdiction will

receive an amount computed by applying their effective tax rate to the assessment of the land. The Swiss Re PILOT will increase to extent that the company undertakes future construction to expand its facilities.

The payment that Swiss Re makes under its lease agreement is divided among the Town, the County and the Byram Hills School District. Based on the relative tax rates currently in effect, the Town expects to receive approximately 21.0% of the total payment to be made by Swiss Re. Payment to the Town will be made on or before April 30<sup>th</sup> of each year. For the years 2009 and 2010, the Town received \$246,636 and \$252,695, respectively, as its share of the Swiss Re PILOT.

#### *County Industrial Development Agency Tax Agreements*

The County Industrial Development Agency (the “Agency”) has entered into an agreement with IJAN B-Realty, LLC in connection with construction projects. Pursuant to this agreement, the Agency will acquire and develop certain real property for the use by IJAN-B Realty. Property will be exempt from real property taxes; however, IJAN-B Realty has agreed to make PILOTS. The agreement to make such payments has a term of 10 years.

A combined office-warehouse facility will be constructed by the Agency and leased to IJAN B-Realty, which will sublease the building to D.W.P. Distributors, INC (CarQuest). Title to the property reverts to IJAN after 10 years.

The property acquired by the Agency and held in its name shall be listed as exempt on the tax assessment rolls according to various statutory provisions. Such exemptions become effective on the next taxable status date following the Agency’s acquisition and subsequent completion of the filings required by law. IJAN is required to make PILOT payments so long as the Agency’s exemption remains in effect.

For purpose of determining the PILOTS, IJAN, the property will be valued and assessed as if it were privately held. Annual tax rates established for municipal and school purpose shall be applied to property assessments to compute the payments due to the various tax jurisdictions, including the Town. PILOTS will be due according to the scheduled payments dates for Town and County taxes and school taxes.

The Town received \$27,850 and \$29,471 from IJAN PILOTS in 2009 and 2010, respectively.

#### **SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975. At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year

moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

No principal of or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of or interest on any indebtedness.

### **MARKET AND RISK FACTORS**

The financial condition of the Town as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Town's control. There can be no assurance that adverse events including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or any of the State agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In several recent years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations (see also "State Aid").

The enactment of the New Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities and fire districts including the Town, without providing an exclusion for debt service on obligations by such municipalities or fire districts could have an impact upon the market price of the Bonds. See "New Tax Levy Limitation Law" herein.

## LITIGATION

### *General*

There are a series of claims asserted against the Town in the routine conduct of its affairs arising from such matters as the maintenance of roadways, recreation facilities, the conduct of its police officers and local judges, the activities of Building Department personnel, decisions of its administrative boards and legislative actions by its Town Board. All such claims have been referred to the Town's insurance carrier, which defends and indemnifies (subject to policy limits) the Town for any judgment rendered against it as result of any such claims. All such asserted claims are within monetary limits of the Town's applicable insurance. According to the Town Attorney, there presently are no uninsured monetary claims, actions or proceedings, of which he has knowledge, pending or threatened against the Town.

### *Tax Certiorari*

The Town is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years. Town officials report that there are no material tax certiorari proceeding currently outstanding.

It is not possible to provide an estimate of Town's ultimate financial exposure but historically certiorari settlements have resulted in assessment reductions that were for were for amounts less than the original claim. Moreover, these claims are frequently settled without a provision for tax refunds. Tax refunds paid by the Town in the past have not been material. The Town paid \$46,963 from its budget during 2010 to refund real property taxes. Tax refunds paid in 2011 to date are \$23,449.65.

Byrnwood Partners LLC filed tax certs for its property for tax years 2010 and 2011 claiming overvaluation. The property assessment reflects a value of approximately 17M. The property was purchased for approximately 6M. The assessment was reduced for the 2011 tax year to reflect a value of 12M. Negotiations are under way to resolve both tax years.

## TAX MATTERS

In the opinion of Cahill Gambino LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income; the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Town to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Town's certifications and representations or the continuing compliance with the Town's covenants.



The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Town may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Town has covenanted to take the actions required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain "S corporations" (as defined in Section 1361(a)(1) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation, court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS has a program to

audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes.

If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Town as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Bonds.

### **Original Issue Discount and Original Issue Premium**

Certain of the Bonds (the “Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover of this Official Statement, who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement, who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds or Premium Bonds should consult their own tax advisers as the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS**

### **Legal Matters**

Legal matters incident to the authorization, issuance, and sale of the Bonds will be subject to the final approving opinion of Cahill Gambino LLP, New York, New York, Bond Counsel to the Town. Such opinions

will be available at the time of delivery of and payment for the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Town, for the payment of which the Town has validly pledged its faith and credit, and all the real property within the Town subject to taxation by the Town, is subject to the levy by the Town of ad valorem taxes, subject to applicable statutory limits, for payment of the principal of and interest on the Bonds. Said opinions will also contain further statements to the effect that, assuming continuing compliance with certain covenants and the accuracy of certain representations of the Town contained in the records of proceedings relating to the authorization and issuance of the Bonds, (a) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income; and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code, (b) interest on the Bonds is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) the interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest, and (d) the enforceability of the Bonds is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

### **Closing Certificates**

Upon delivery of and payment for the Bonds, the purchaser(s) of the Bonds will also receive, without cost, in form satisfactory to Bond Counsel, the following dated as of the date of delivery of and payment for the Bonds: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds, (b) a certificate or certificates executed by the officer of the Town who executed the Bonds on behalf of the Town, stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds, (2) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement relating to the Bonds, on the date thereof and on the date of delivery of and payment for the Bonds, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (c) a Tax Compliance Certificate executed by the Supervisor of the Town, (d) the unqualified legal opinion as to the validity of the Bonds of Cahill Gambino LLP, New York, New York, Bond Counsel and (e) Continuing Disclosure Agreement relating to the Bonds executed by the Supervisor of the Town for purposes of the Rule (as defined below).

### **RATING**

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Aa1" to the bonds of the Town, including the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Such rating represents only the views of Moody's from whom the significance of such rating should be obtained. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of the Town's rating may have an adverse effect on the market price of the Town's obligations or the availability of a secondary market for such obligations.

### **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Town has agreed to provide, or cause to be provided,

- (i) during any succeeding fiscal year in which the Bonds are outstanding, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA")

system, in electronic format and accompanied by such identifying information as is prescribed by the MSRB, certain “annual financial information” (as such quoted term is defined under the Rule) for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) “The Town”, “Indebtedness of Town”, “Real Property Tax Information” and “Litigation” and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding year when and if available will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the Town of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.

(ii) In a timely manner, not more than ten (10) business days after occurrence of the event, to the MSRB through EMMA in electronic format, a notice of any of the following events with respect to the Bonds:

- (a) principal and interest payments delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service (IRS) of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of Bondholders, if material;
- (h) bond calls, if material and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar events of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

The Town may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the Town determines that any such other event is material with respect to the Bonds; but the Town does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

(iii) in a timely manner, to the MSRB through EMMA, notice of its failure to provide the aforescribed annual financial information on or before the date specified in the continuing disclosure undertaking.

The Town reserves the right to terminate its obligation to provide the aforescribed notices, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interest in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town obligations under its event notices undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town, provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

There have been no instances in the previous five years in which the Town failed to comply, in all material respects, with any previous undertakings pursuant to the Rule.

#### **AMERICAN JOBS ACT OF 2011**

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

#### **FINANCIAL ADVISOR**

Environmental Capital LLC, New York, has acted as financial advisor to the Town in connection with the sale of the Bonds.

#### **ADDITIONAL INFORMATION**

Additional information may be obtained from the Town Comptroller, Armonk, New York 10504, telephone (914) 273-3322 or from Environmental Capital LLC, New York, New York, 10018, telephone (212) 302-8695.

Cahill Gambino, LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of any of the Bonds.

By: WILLIAM R. WEAVER  
SUPERVISOR AND CHIEF  
FISCAL OFFICER  
TOWN OF NORTH CASTLE

DATED: \_\_\_\_\_, 2011  
ARMONK, NEW YORK

## APPENDIX A

### The Town of North Castle 2010 Audited Financial Statements as of December 31, 2010

TOWN OF NORTH CASTLE, NEW YORK  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2010  
WITH INDEPENDENT AUDITORS' REPORT





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## INDEPENDENT AUDITORS' REPORT

To the Honorable Supervisor and Town Board of  
the Town of North Castle, 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 North Castle, New York ("Town") as of and for the year ended December 31, 2010, 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 as of December 31, 2010 and the respective changes in financial position and the respective budgetary comparison for the General, Highway, Public Library and Special Districts funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress - Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
February 28, 2011

**Town of North Castle, New York**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2010**

---

**Introduction**

The following discussion and analysis of the Town of North Castle, New York's ("Town") financial statements provides an overview of the financial activities of the Town for the fiscal year ended December 31, 2010. 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 2010 are as follows:

- On the government-wide financial statements, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$19,137,212. Of this amount, the unrestricted portion is a deficit of \$4,207,861. The deficit results primarily from the accrual of the annual other post employment benefit obligations cost in accordance with the provisions of Government Accounting Standards Board ("GASB") Statement No. 45.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,173,283, an increase of \$1,454,439. Exclusive of the Capital Projects Fund, the combined ending fund balances were \$8,706,071. Of this latter amount, the unreserved and undesignated fund balance was \$6,843,275 or 79%. This amount is available for spending at the Town's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,091,073 or 12.8% of total General Fund expenditures and other financing uses.
- The Town issued \$2,385,000 in serial bonds and refunding bonds and used the proceeds to advance refund 1994 series and 2001 series serial bonds with higher interest rates totaling \$1,740,000 and to pay off bond anticipation notes of \$645,000 in 2010.
- The Town retired \$1,397,842 of short-term obligations during the year ended December 31, 2010.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also includes other supplementary information as listed in the table of contents.

### *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 and 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, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### *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* 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 on *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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, Public Library Fund, Special Districts Fund and Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund, Highway Fund, Public Library Fund and Special Districts Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

*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 statements because the resources of those funds are *not* available to support the Town's own programs. The Town maintains only one type of fiduciary fund that is known as an Agency Fund. Resources are held in this fund by the Town 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 Financial Statements*

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

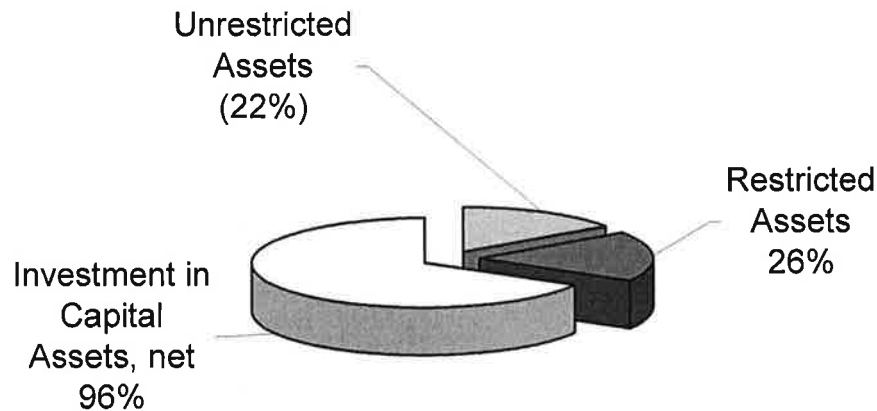
### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets exceeded liabilities by \$19,137,212 at the close of the current fiscal year.

#### **Net Assets**

|  | December 31,         |                      |
|--|----------------------|----------------------|
|  | 2010                 | 2009                 |
| Current Assets                                     | \$ 46,967,860        | \$ 37,997,485        |
| Capital Assets, net                                | <u>32,933,821</u>    | <u>32,730,675</u>    |
| Total Assets                                       | <u>79,901,681</u>    | <u>70,728,160</u>    |
| Current Liabilities                                | 36,793,078           | 29,521,078           |
| Long-term Liabilities                              | <u>23,971,391</u>    | <u>21,856,660</u>    |
| Total Liabilities                                  | <u>60,764,469</u>    | <u>51,377,738</u>    |
| Net Assets:  |                      |                      |
| Invested in capital assets,<br>net of related debt | 18,307,276           | 17,628,645           |
| Restricted   | 5,037,797            | 4,942,924            |
| Unrestricted                                       | <u>(4,207,861)</u>   | <u>(3,221,147)</u>   |
| Total Net Assets                                   | <u>\$ 19,137,212</u> | <u>\$ 19,350,422</u> |

**Net Assets Distribution  
December 31, 2010**



By far, the largest component of the Town's net assets is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding (96%). The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net assets of \$5,037,797, or 26%, represent resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

|                                | 2010                | 2009                |
|--------------------------------|---------------------|---------------------|
| Capital Projects               | \$ 625,152          | \$ 362,541          |
| Parklands                      | 394,856             | 341,571             |
| Trusts                         | 989,398             | 952,263             |
| Workers' Compensation Benefits | 1,692               | 1,692               |
| D.A.R.E                        | 1,847               | 1,712               |
| Special Districts              | 3,023,886           | 3,282,179           |
| Debt Service                   | 966                 | 966                 |
| <b>Total</b>                   | <b>\$ 5,037,797</b> | <b>\$ 4,942,924</b> |

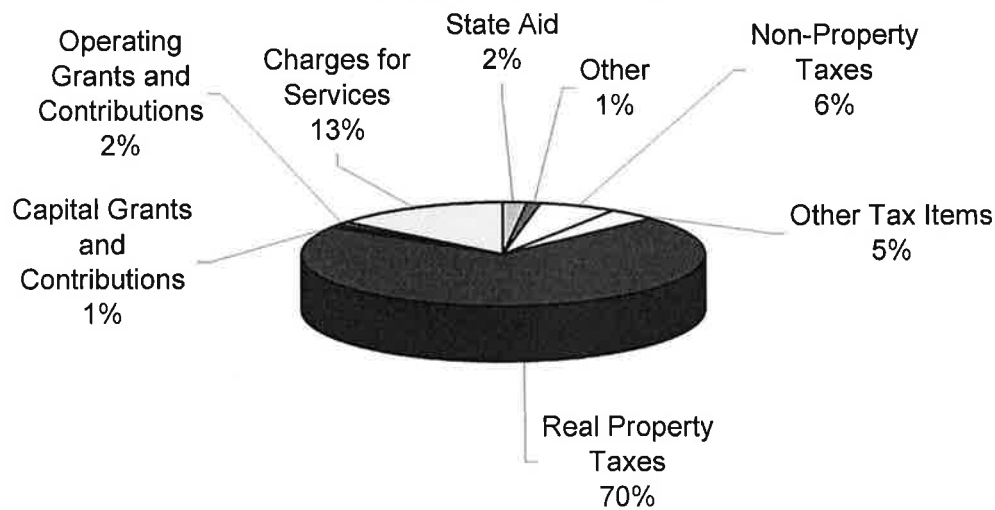
Those assets subject to external restrictions are \$23.3 million. The remaining balance of unrestricted net assets, which is a deficit of \$4.2 million, must be financed from future obligations. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing years. Rather, it is the result of having long-term commitments of other post employment benefit obligations (\$6.3 million) that

are greater than currently available resources. Payment for these liabilities will be budgeted in the year that actual payment will be made.

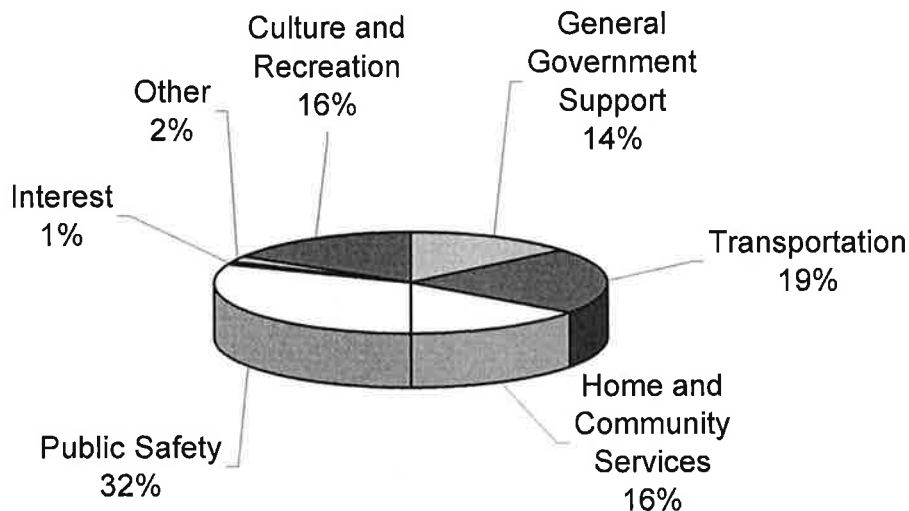
### Change in Net Assets

|   | December 31,         |                      |
|---|----------------------|----------------------|
|   | 2010                 | 2009                 |
| Program Revenues:                                       |                      |                      |
| Charges for Services                                    | \$ 3,849,803         | \$ 3,720,125         |
| Operating Grants and Contributions                      | 639,773              | 347,363              |
| Capital Grants and Contributions                        | 152,800              | 445,050              |
| General Revenues:                                       |                      |                      |
| Real Property Taxes                                     | 20,354,370           | 19,224,451           |
| Other Tax Items   | 1,414,904            | 1,013,986            |
| Non-Property Taxes                                      | 1,648,859            | 1,526,691            |
| Unrestricted Use of Money and Property                  | 70,509               | 112,782              |
| Unrestricted Sale of Property and Compensation for Loss | 13,593               | -                    |
| Unrestricted State Aid                                  | 739,217              | 579,654              |
| Miscellaneous   | 57,803               | 102,818              |
| Gain on Sale of Property                                | 49,699               | 122,055              |
| Total Revenues  | <u>28,991,330</u>    | <u>27,194,975</u>    |
| Program Expenses:                                       |                      |                      |
| General Government Support                              | 4,166,045            | 3,890,067            |
| Public Safety   | 9,345,182            | 8,873,203            |
| Health  | 261,169              | 244,683              |
| Transportation  | 5,607,814            | 5,861,894            |
| Economic Opportunity and Development                    | 102,376              | 122,141              |
| Culture and Recreation                                  | 4,673,102            | 4,603,292            |
| Home and Community Services                             | 4,546,129            | 4,293,741            |
| Interest  | 502,723              | 461,259              |
| Total Expenses  | <u>29,204,540</u>    | <u>28,350,280</u>    |
| Change in Net Assets                                    | (213,210)            | (1,155,305)          |
| Net Assets - Beginning                                  | <u>19,350,422</u>    | <u>20,505,727</u>    |
| Net Assets - Ending                                     | <u>\$ 19,137,212</u> | <u>\$ 19,350,422</u> |

### Sources of Revenue for Fiscal Year 2010 Governmental Activities



### Expenses for Fiscal Year 2010 Governmental Activities



Governmental activities decreased the Town's net assets by \$213,210. For the fiscal year ended December 31, 2010, revenues from governmental activities totaled \$29 million. Tax revenues (\$23.4 million), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources (81%). Collection of the current tax levy remains very strong at 98.8%, while averaging 99% over the last 10 years. Governmental activities expenses of the Town for the year ended December 31, 2010 totaled \$29.2 million. The largest components of these expenses are in the areas

of public safety (32%), transportation (19%), culture and recreation (16%) and home and community services (16%).

The major changes compared to 2009 are as follows:

**Revenues:**

- Real property taxes increased by \$1,129,919, or 5.9%, primarily as a result of an increase in the tax rate. Collections of prior year's taxes contributed to additional interest and penalties for the Town.
- Operating Grants and Contributions increased by \$292,410, primarily due to grants for transportation.
- Capital Grants and Contributions decreased by \$292,250, primarily due to the completion of the Quarry Heights sewer project.
- State Aid increased by \$159,563. This is primarily due the reimbursement from the State for several state emergencies and road repair.

**Expenses:**

- General Government Support increased by \$275,978. This was the result of additional expenditures associated with employee related costs including health insurance and retirement expenses.
- Public Safety increased by \$471,979. This was the result of additional employment expenses and safety inspections.
- Transportation decreased by \$254,080. This was primarily the result of decreased costs for overtime, sand and salt, heat and fuel costs and road repaving.
- Home and Community increased \$252,388. This was primarily the result of in-additional refuse fees paid by the Town.

### **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 a combined ending fund balance of \$9.2 million, an increase of approximately \$1.5 million from the prior year. Exclusive of the Capital Projects Fund, the combined fund balances total \$8.7 million. Of this amount, approximately \$6.8 million constitutes unreserved fund balance. The remainder of the fund balance is reserved (\$1.9 million, exclusive of the Capital Projects Fund) to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$384,314), 2) a reserve for parklands (\$394,856), 3) trusts (\$989,398) and 4) a variety of other purposes (\$94,228).

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$2,081,373 representing 89% of the total General Fund balance of \$2,338,633. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures and other financing uses. Unreserved and undesignated fund balance represents 13% of total General Fund expenditures and other financing uses, while total fund balance represents 14% of that same amount. This is a favorable increase as compared with the results from the prior fiscal year (6.4% and 7.8%, respectively).

The fund balance of the General Fund increased by \$1,219,937 during the fiscal year ended December 31, 2010. Actual expenditures and other financing uses were \$1,120,578 less than the amount contained in the final budget, representing a savings of 6% of the total budget. Overall, General Fund expenditures increased by 4.5%, due primarily to an increase in Public Safety (employment and safety inspections). Actual revenues and other financing sources were more than the final budget by \$56,495, or .3% of the total revenue budget. The main revenue categories that reflected a positive variance as compared to the budget were other tax items (\$408,279), non-property taxes (\$258,859) and state aid (\$184,503).

The budget variances noted above (\$1,120,578 for expenditures and \$56,495 for revenues) aggregate \$1,177,073. This provided a positive impact in fund balance allowing the Town to meet their fund balance goals as set in the fund balance policy approved by the Town Board. The Town has designated \$0 of the fund balance to be used for real property tax relief in the 2011 fiscal year.

The **Highway Fund's** total fund balance at the end of the fiscal year was \$984,479, an increase of \$144,578 from the previous year. This resulted primarily from the increase in revenues for state and federal aid. The Town has designated that \$150,000 of the fund balance be used for real property tax relief in the 2011 fiscal year.

The **Library Fund's** total fund balance at the end of the current fiscal year was \$196,343, a decrease of \$47,258 from the previous year. This was the result of an increase of employment related expenses including health insurance and NYS

Retirement costs. Of the total fund balance, \$50,000 has been designated to be used in the 2011 fiscal year.

The **Special Districts Fund** total fund balance at the end of the current fiscal year was \$3,801,396, a decrease of \$157,996 from the previous year. This was the result of transfers out for other Financing Uses for debt service and capital projects. Of the total fund balance, \$539,044 has been designated to be used in the 2011 fiscal year.

The **Capital Projects Fund** reflects a fund balance of \$467,212 at the end of the current fiscal year. This represents an increase of \$305,999 from the prior year. Total revenues and other financing sources aggregated \$1,833,500. This revenue was primarily derived from \$1,035,700 from transfers in and the issuance of serial bonds for \$645,000. Capital outlay expenditures totaled \$1,527,501. These costs were primarily related to the upgrade of the Sewer No.2 treatment plant as well as the windmill tank project and Water 1 painting of the water tanks.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended General Fund budget was \$204,349 for 2010, was primarily due to reimbursements for police side jobs for Verizon. Actual revenues were \$31,796 more than budgetary expectations in 2010. Actual expenditures were \$1,091,641 less than budget in 2010. These variances were explained in the previous discussion.

### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of December 31, 2010, amounted to \$32.9 million (net of accumulated depreciation) as compared to \$32.7 million in 2009. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

### **Capital Assets (Net of Accumulated Depreciation)**

|                            | December 31,         |                      |
|----------------------------|----------------------|----------------------|
|                            | 2010                 | 2009                 |
| Land                       | \$ 3,036,047         | \$ 3,036,047         |
| Land Improvements          | 823,520              | 911,492              |
| Buildings and Improvements | 12,405,698           | 12,746,754           |
| Infrastructure             | 5,824,507            | 6,219,461            |
| Machinery and Equipment    | 2,839,425            | 3,142,026            |
| Construction-in-Progress   | 8,004,624            | 6,674,895            |
| Total                      | <u>\$ 32,933,821</u> | <u>\$ 32,730,675</u> |

The following highlights the amounts expended during the current fiscal year on major capital assets:

- New vehicles
- Upgrades and additions to the Town's water and sewer distribution systems

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

### **Long-Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$15,065,000. 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.

During the 2010 fiscal year the Town issued \$2,385,000 in serial bonds, consisting of \$1.74 million of refunding bonds and \$645,000 of new bonds. The refunding bonds were used to advance refund \$295,00 of 1994 bonds and \$1.54 million of 2001 bonds for a net and present value savings of \$224,666 and \$201,276, respectively. The serial bond interest rates for the 2010 issue ranged from 2%-5%, depending on maturity and the older serial bond issues were between 4.5% - 6%.

A recent review of the Town by Moody's Investors Services had changed the Town's rating from Aa1 with a negative outlook to Aa1 with a stable outlook. This is still a favorable rating for the Town as compared to its surrounding areas. The Town has taken steps to restore the rating by increasing our fund balance and has adopted a fund balance policy.

Additional information on the Town's long-term debt can be found in Note 3,F in the notes to financial statements.

### **Economic Factors and Next Year's Budget**

According to the United States Bureau of Labor Statistics, the unemployment rate for Westchester County (unemployment information for the Town is unavailable) was 6.9% as of December 2010. This compares favorably with the rate of 8.2% for New York State and the 9.4% national unemployment rate. The 1.5% increase in the Consumer Price Index for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2009 to 2010 was comparable to the 1.6% increase recorded for the U.S. city average for the same period. Interest rates have been declining, contributing to decreased interest revenue. Town management was also aware that in 2010 there would most likely be significant increases in insurance and employee benefits (particularly medical insurance and retirement contributions). All of these factors were taken into consideration in developing the 2011 budget.



## **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 Comptroller, Town of North Castle, 15 Bedford Road, Armonk, New York 10504.

## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                                      |                            |
| Cash and equivalents                               | \$ 17,226,331              |
| Investments  | 338,486                    |
| Restricted investments                             | 933,918                    |
| Receivables:                                       |                            |
| Taxes, net   | 27,396,351                 |
| Accounts   | 123,730                    |
| Water rents  | 91,301                     |
| State and Federal aid                              | 320,729                    |
| Due from other governments                         | 397,605                    |
| Prepaid expenses                                   | 89,723                     |
| Deferred charges, net                              | 49,686                     |
| Capital assets (net of accumulated depreciation):  |                            |
| Land   | 3,036,047                  |
| Land improvements                                  | 823,520                    |
| Buildings and improvements                         | 12,405,698                 |
| Infrastructure                                     | 5,824,507                  |
| Machinery and equipment                            | 2,839,425                  |
| Construction-in-progress                           | 8,004,624                  |
| <b>Total Assets</b>                                | <b>79,901,681</b>          |
| <b>LIABILITIES</b>                                 |                            |
| Accounts payable                                   | 433,745                    |
| Accrued liabilities                                | 597,949                    |
| Retainages payable                                 | 264,006                    |
| Bond interest and matured bonds payable            | 575                        |
| Due to other governments                           | 27,260                     |
| Due to school districts                            | 34,319,321                 |
| Unearned revenues                                  | 36,458                     |
| Bond anticipation notes payable                    | 1,010,061                  |
| Accrued interest payable                           | 103,703                    |
| Non-current liabilities:                           |                            |
| Due within one year:                               |                            |
| Bonds payable                                      | 758,000                    |
| Compensated absences                               | 247,000                    |
| Due in more than one year:                         |                            |
| Bonds payable                                      | 14,449,167                 |
| Compensated absences                               | 2,224,180                  |
| Other post employment benefit obligations payable  | 6,293,044                  |
| <b>Total Liabilities</b>                           | <b>60,764,469</b>          |
| <b>NET ASSETS</b>                                  |                            |
| Invested in capital assets,<br>net of related debt | 18,307,276                 |
| Restricted for:                                    |                            |
| Capital projects                                   | 625,152                    |
| Parklands  | 394,856                    |
| Trusts   | 989,398                    |
| Workers' compensation benefits                     | 1,692                      |
| D.A.R.E.   | 1,847                      |
| Special districts                                  | 3,023,886                  |
| Debt service                                       | 966                        |
| Unrestricted                                       | (4,207,861)                |
| <b>Total Net Assets</b>                            | <b>\$ 19,137,212</b>       |

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

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## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2010

| Functions/Programs                                      | Expenses             | Program Revenues        |  |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|---|----------------------|-------------------------|--|--|--|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| Governmental activities:                                |                      |                         |  |  |  |
| General government support                              | \$ 4,166,045         | \$ 40,131               | \$ 7,500                                 | \$ -                                   | \$ (4,118,414)   |
| Public safety   | 9,345,182            | 983,252                 | 58,916                                   | -                                      | (8,303,014)  |
| Health  | 261,169              | -                       | -  | -                                      | (261,169)  |
| Transportation  | 5,607,814            | 269,271                 | 277,336                                  | 143,047                                | (4,918,160)  |
| Economic opportunity<br>and development                 | 102,376              | -                       | -  | -                                      | (102,376)  |
| Culture and recreation                                  | 4,673,102            | 1,029,766               | 119,400                                  | -                                      | (3,523,936)  |
| Home and community services                             | 4,546,129            | 1,527,383               | 176,621                                  | 9,753                                  | (2,832,372)  |
| Interest  | 502,723              | -                       | -  | -                                      | (502,723)  |
| Total Governmental<br>Activities                        | <u>\$ 29,204,540</u> | <u>\$ 3,849,803</u>     | <u>\$ 639,773</u>                        | <u>\$ 152,800</u>                      | <u>(24,562,164)</u>                                      |
| General Revenues:                                       |                      |                         |  |  |  |
| Real property taxes                                     |                      |                         |  |  | 20,354,370   |
| Other tax items:  |                      |                         |  |  |  |
| Payments in lieu of taxes                               |                      |                         |  |  | 777,300  |
| Interest and penalties on real property taxes           |                      |                         |  |  | 637,604  |
| Non-property taxes:                                     |                      |                         |  |  |  |
| Non-property tax distribution from County               |                      |                         |  |  | 1,428,861  |
| Franchise fees - Cable TV                               |                      |                         |  |  | 219,998  |
| Unrestricted use of money and property                  |                      |                         |  |  | 70,509   |
| Unrestricted sale of property and compensation for loss |                      |                         |  |  | 13,593   |
| Unrestricted State aid                                  |                      |                         |  |  | 739,217  |
| Miscellaneous   |                      |                         |  |  | 57,803   |
| Gain on Sale of Real Property                           |                      |                         |  |  | 49,699   |
| Total General Revenues                                  |                      |                         |  |  | <u>24,348,954</u>  |
| Change in Net Assets                                    |                      |                         |  |  | (213,210)  |
| Net Assets - Beginning                                  |                      |                         |  |  | <u>19,350,422</u>  |
| Net Assets - Ending                                     |                      |                         |  |  | <u>\$ 19,137,212</u>                                     |

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

## TOWN OF NORTH CASTLE, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

|   | General       | Highway      | Public<br>Library | Special<br>Districts |
|---|---------------|--------------|-------------------|----------------------|
| <b>ASSETS</b>   |               |              |                   |                      |
| Cash and Equivalents  | \$ 9,912,645  | \$ 969,579   | \$ 198,331        | \$ 3,833,352         |
| Investments   | 338,486       | -            | -                 | -                    |
| Restricted Investments  | -             | -            | -                 | -                    |
| Taxes Receivable, net of<br>allowance for uncollectible taxes | 27,396,351    | -            | -                 | -                    |
| Other Receivables:  |               |              |                   |                      |
| Accounts  | 119,595       | 4,135        | -                 | -                    |
| Water rents   | -             | -            | -                 | 91,301               |
| State and Federal aid   | -             | 143,115      | -                 | 12,776               |
| Due from other governments                                    | 397,605       | -            | -                 | -                    |
|   | 517,200       | 147,250      | -                 | 104,077              |
| Prepaid Expenditures  | 89,723        | -            | -                 | -                    |
| Total Assets  | \$ 38,254,405 | \$ 1,116,829 | \$ 198,331        | \$ 3,937,429         |
| <b>LIABILITIES AND FUND BALANCES</b>                          |               |              |                   |                      |
| Liabilities:  |               |              |                   |                      |
| Accounts payable  | \$ 35,227     | \$ 2,552     | \$ 1,988          | \$ 122,731           |
| Accrued liabilities   | 88,626        | 129,798      | -                 | 4,525                |
| Retainages payable  | 14,822        | -            | -                 | 2,319                |
| Bond interest and<br>matured bonds payable                    | -             | -            | -                 | -                    |
| Due to other governments                                      | 27,260        | -            | -                 | -                    |
| Due to school districts                                       | 34,319,321    | -            | -                 | -                    |
| Deferred revenues   | -             | -            | -                 | 6,458                |
| Deferred tax revenues   | 1,430,516     | -            | -                 | -                    |
| Bond anticipation notes payable                               | -             | -            | -                 | -                    |
| Total Liabilities   | 35,915,772    | 132,350      | 1,988             | 136,033              |
| Fund Balances:  |               |              |                   |                      |
| Reserved for encumbrances                                     | 154,298       | 10,172       | -                 | 219,844              |
| Reserved for prepaid expenditures                             | 89,723        | -            | -                 | -                    |
| Reserved for parklands  | -             | -            | -                 | -                    |
| Reserved for trusts   | -             | -            | -                 | -                    |
| Reserved for workers'<br>compensation benefits                | 1,692         | -            | -                 | -                    |
| Reserved for D.A.R.E.   | 1,847         | -            | -                 | -                    |
| Reserved for debt service                                     | -             | -            | -                 | -                    |
| Unreserved, reported in:                                      |               |              |                   |                      |
| General Fund  | 2,091,073     | -            | -                 | -                    |
| Special Revenue Funds   | -             | 974,307      | 196,343           | 3,581,552            |
| Capital Projects Fund   | -             | -            | -                 | -                    |
| Total Fund Balances   | 2,338,633     | 984,479      | 196,343           | 3,801,396            |
| Total Liabilities and Fund Balances                           | \$ 38,254,405 | \$ 1,116,829 | \$ 198,331        | \$ 3,937,429         |

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

| Capital<br>Projects | Non-Major<br>Governmental | Total<br>Governmental<br>Funds |
|---------------------|---------------------------|--------------------------------|
| \$ 926,629          | \$ 1,385,795              | \$ 17,226,331                  |
| -                   | -                         | 338,486                        |
| 933,918             | -                         | 933,918                        |
| -                   | -                         | 27,396,351                     |
| -                   | -                         | 123,730                        |
| -                   | -                         | 91,301                         |
| 164,838             | -                         | 320,729                        |
| -                   | -                         | 397,605                        |
| 164,838             | -                         | 933,365                        |
| -                   | -                         | 89,723                         |
| \$ 2,025,385        | \$ 1,385,795              | \$ 46,918,174                  |
|                     |                           |                                |
| \$ 271,247          | \$ -                      | \$ 433,745                     |
| -                   | -                         | 222,949                        |
| 246,865             | -                         | 264,006                        |
| -                   | 575                       | 575                            |
| -                   | -                         | 27,260                         |
| -                   | -                         | 34,319,321                     |
| 30,000              | -                         | 36,458                         |
| -                   | -                         | 1,430,516                      |
| 1,010,061           | -                         | 1,010,061                      |
| 1,558,173           | 575                       | 37,744,891                     |
| -                   | -                         | 384,314                        |
| -                   | -                         | 89,723                         |
| -                   | 394,856                   | 394,856                        |
| -                   | 989,398                   | 989,398                        |
| -                   | -                         | 1,692                          |
| -                   | -                         | 1,847                          |
| -                   | 966                       | 966                            |
| -                   | -                         | 2,091,073                      |
| -                   | -                         | 4,752,202                      |
| 467,212             | -                         | 467,212                        |
| 467,212             | 1,385,220                 | 9,173,283                      |
| \$ 2,025,385        | \$ 1,385,795              | \$ 46,918,174                  |

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TOWN OF NORTH CASTLE, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

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|  |               |
|--|---------------|
| Fund Balances - Total Governmental Funds   | \$ 9,173,283  |
| 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.  | 32,933,821    |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |               |
| Real property taxes  | 1,430,516     |
| Governmental funds report the effect of issuance costs, premiums discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. |               |
| Deferred charges   | 49,686        |
| Long-term liabilities that are not due and payable in the current period are not reported in the funds.  |               |
| Accrued liabilities  | (375,000)     |
| Accrued interest payable   | (103,703)     |
| Bonds payable  | (15,207,167)  |
| Compensated absences   | (2,471,180)   |
| Other post employment benefit obligations payable  | (6,293,044)   |
|  | (24,450,094)  |
| Net Assets of Governmental Activities  | \$ 19,137,212 |

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



## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2010

|  | General       | Highway      | Public<br>Library | Special<br>Districts |
|--|---------------|--------------|-------------------|----------------------|
| <b>REVENUES</b>                                      |               |              |                   |                      |
| Real property taxes                                  | \$ 11,252,920 | \$ 4,241,299 | \$ 1,391,121      | \$ 2,929,649         |
| Other tax items                                      | 1,414,904     | -            | -                 | -                    |
| Non-property taxes                                   | 1,648,859     | -            | -                 | -                    |
| Departmental income                                  | 1,519,830     | -            | 21,334            | 1,248,340            |
| Intergovernmental charges                            | -             | 195,849      | -                 | -                    |
| Use of money and property                            | 86,056        | 7,058        | 21,272            | 251,486              |
| Licenses and permits                                 | 411,450       | -            | -                 | -                    |
| Fines and forfeitures                                | 207,824       | -            | -                 | -                    |
| Sale of property and<br>compensation for loss        | 13,593        | 27,163       | 1,380             | -                    |
| Interfund revenues                                   | -             | 3,381        | -                 | -                    |
| State aid  | 782,003       | 120,445      | 12,526            | 1,825                |
| Federal aid  | 21,158        | 122,670      | -                 | 10,950               |
| Miscellaneous  | 68,178        | -            | 2,487             | 121,309              |
| Total Revenues                                       | 17,426,775    | 4,717,865    | 1,450,120         | 4,563,559            |
| <b>EXPENDITURES</b>                                  |               |              |                   |                      |
| Current:   |               |              |                   |                      |
| General government support                           | 3,404,131     | 5,141        | -                 | 3,379                |
| Public safety  | 8,063,353     | -            | -                 | 429,243              |
| Health   | 5,358         | -            | -                 | 255,811              |
| Transportation                                       | 322,580       | 4,267,647    | -                 | 120,463              |
| Economic opportunity<br>and development              | 96,002        | -            | -                 | -                    |
| Culture and recreation                               | 2,577,637     | -            | 1,497,378         | -                    |
| Home and community services                          | 1,496,526     | -            | -                 | 2,319,622            |
| Debt service:  |               |              |                   |                      |
| Principal  | -             | -            | -                 | -                    |
| Interest   | 18,960        | 18,902       | -                 | 15,118               |
| Refunding bond issuance costs                        | -             | -            | -                 | -                    |
| Capital outlay                                       | -             | -            | -                 | -                    |
| Total Expenditures                                   | 15,984,547    | 4,291,690    | 1,497,378         | 3,143,636            |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 1,442,228     | 426,175      | (47,258)          | 1,419,923            |
| <b>OTHER FINANCING SOURCES (USES)</b>                |               |              |                   |                      |
| Bonds issued   | -             | -            | -                 | -                    |
| Refunding bonds issued                               | -             | -            | -                 | -                    |
| Issuance premium                                     | -             | -            | -                 | -                    |
| Payment to refunded bond escrow agent                | -             | -            | -                 | -                    |
| Sale of real property                                | 49,699        | -            | -                 | -                    |
| Transfers in   | -             | -            | -                 | -                    |
| Transfers out  | (373,231)     | (281,597)    | -                 | (1,577,919)          |
| Total Other Financing Sources (Uses)                 | (323,532)     | (281,597)    | -                 | (1,577,919)          |
| Net Change in Fund Balances                          | 1,118,696     | 144,578      | (47,258)          | (157,996)            |
| Fund Balances -<br>Beginning of Year                 | 1,219,937     | 839,901      | 243,601           | 3,959,392            |
| Fund Balances -<br>End of Year                       | \$ 2,338,633  | \$ 984,479   | \$ 196,343        | \$ 3,801,396         |

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

| Capital<br>Projects | Non-Major<br>Governmental | Total<br>Governmental<br>Funds |
|---------------------|---------------------------|--------------------------------|
| \$ -                | \$ -                      | \$ 19,814,989                  |
| -                   | -                         | 1,414,904                      |
| -                   | -                         | 1,648,859                      |
| -                   | -                         | 2,789,504                      |
| -                   | -                         | 195,849                        |
| -                   | 2,653                     | 368,525                        |
| -                   | -                         | 411,450                        |
| -                   | -                         | 207,824                        |
| -                   | -                         | 42,136                         |
| -                   | -                         | 3,381                          |
| 143,047             | -                         | 1,059,846                      |
| 8,253               | -                         | 163,031                        |
| 1,500               | 91,859                    | 285,333                        |
| <u>152,800</u>      | <u>94,512</u>             | <u>28,405,631</u>              |
| -                   | -                         | 3,412,651                      |
| -                   | -                         | 8,492,596                      |
| -                   | -                         | 261,169                        |
| -                   | -                         | 4,710,690                      |
| -                   | -                         | 96,002                         |
| -                   | 4,092                     | 4,079,107                      |
| -                   | -                         | 3,816,148                      |
| -                   | 713,563                   | 713,563                        |
| -                   | 483,484                   | 536,464                        |
| -                   | 51,039                    | 51,039                         |
| <u>1,527,501</u>    | <u>-</u>                  | <u>1,527,501</u>               |
| <u>1,527,501</u>    | <u>1,252,178</u>          | <u>27,696,930</u>              |
| <u>(1,374,701)</u>  | <u>(1,157,666)</u>        | <u>708,701</u>                 |
| 645,000             | -                         | 645,000                        |
| -                   | 1,740,000                 | 1,740,000                      |
| -                   | 161,390                   | 161,390                        |
| -                   | (1,850,351)               | (1,850,351)                    |
| -                   | -                         | 49,699                         |
| 1,035,700           | 1,197,047                 | 2,232,747                      |
| -                   | -                         | (2,232,747)                    |
| <u>1,680,700</u>    | <u>1,248,086</u>          | <u>745,738</u>                 |
| 305,999             | 90,420                    | 1,454,439                      |
| <u>161,213</u>      | <u>1,294,800</u>          | <u>7,718,844</u>               |
| <u>\$ 467,212</u>   | <u>\$ 1,385,220</u>       | <u>\$ 9,173,283</u>            |

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TOWN OF NORTH CASTLE, 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, 2010

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

|  |              |
|--|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,454,439 |
|--|--------------|

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 is the amount by which capital outlay exceeded depreciation expense in the current period. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold and, therefore, were not capitalized.

|                             |                |
|-----------------------------|----------------|
| Capital outlay expenditures | 1,514,362      |
| Depreciation expense        | (1,311,216)    |
|                             | <u>203,146</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>539,381</u> |
|---------------------|----------------|

Issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized on the statement of activities.

|  |               |
|--|---------------|
| Bonds issued   | (645,000)     |
| Refunding bonds issued                               | (1,740,000)   |
| Payment to refunded bond escrow agent                | 1,850,351     |
| Refunding bond issuance costs                        | 51,039        |
| Issuance premium                                     | (161,390)     |
| Principal paid on bonds                              | 713,563       |
| Amortization of issuance costs and loss on refunding | (1,760)       |
| Amortization of premium on bonds                     | 4,279         |
|  | <u>71,082</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 liabilities                       | (375,000)          |
| Accrued interest                          | 29,869             |
| Compensated absences                      | 28,164             |
| Other post employment benefit obligations | (2,164,291)        |
|   | <u>(2,481,258)</u> |

|   |                     |
|---|---------------------|
| Change in Net Assets of Governmental Activities | <u>\$ (213,210)</u> |
|---|---------------------|

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

## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 GENERAL, HIGHWAY, PUBLIC LIBRARY AND SPECIAL DISTRICTS FUNDS  
 YEAR ENDED DECEMBER 31, 2010

|  | General Fund       |                 |               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual        |   |
| Revenues:  |                    |                 |               |   |
| Real property taxes                                    | \$ 11,865,253      | \$ 11,865,253   | \$ 11,252,920 | \$ (612,333)  |
| Other tax items  | 1,006,625          | 1,006,625       | 1,414,904     | 408,279   |
| Non-property taxes                                     | 1,390,000          | 1,390,000       | 1,648,859     | 258,859   |
| Departmental income                                    | 1,369,560          | 1,574,560       | 1,519,830     | (54,730)  |
| Intergovernmental charges                              | -                  | -               | -             | -   |
| Use of money and property                              | 135,800            | 135,800         | 86,056        | (49,744)  |
| Licenses and permits                                   | 565,210            | 565,210         | 411,450       | (153,760)   |
| Fines and forfeitures                                  | 181,000            | 188,556         | 207,824       | 19,268  |
| Sale of property and<br>compensation for loss          | 23,600             | 23,600          | 13,593        | (10,007)  |
| Interfund revenues                                     | -                  | -               | -             | -   |
| State aid  | 597,500            | 597,500         | 782,003       | 184,503   |
| Federal aid  | -                  | -               | 21,158        | 21,158  |
| Miscellaneous  | 45,000             | 47,875          | 68,178        | 20,303  |
| Total Revenues   | 17,179,548         | 17,394,979      | 17,426,775    | 31,796  |
| Expenditures:  |                    |                 |               |   |
| Current:   |                    |                 |               |   |
| General government support                             | 4,102,029          | 3,910,813       | 3,404,131     | 506,682   |
| Public safety  | 7,911,157          | 8,306,599       | 8,063,353     | 243,246   |
| Health   | 6,862              | 6,862           | 5,358         | 1,504   |
| Transportation   | 333,560            | 326,960         | 322,580       | 4,380   |
| Economic opportunity and<br>development                | 132,500            | 118,770         | 96,002        | 22,768  |
| Culture and recreation                                 | 2,726,103          | 2,729,874       | 2,577,637     | 152,237   |
| Home and community services                            | 1,640,668          | 1,655,141       | 1,496,526     | 158,615   |
| Debt service - Interest                                | 18,960             | 21,169          | 18,960        | 2,209   |
| Total Expenditures                                     | 16,871,839         | 17,076,188      | 15,984,547    | 1,091,641   |
| Excess (Deficiency) of Rev-<br>enues Over Expenditures | 307,709            | 318,791         | 1,442,228     | 1,123,437   |
| Other Financing Sources (Uses):                        |                    |                 |               |   |
| Sale of real property                                  | 25,000             | 25,000          | 49,699        | 24,699  |
| Transfers out  | (388,376)          | (402,168)       | (373,231)     | 28,937  |
| Total Other Financing Uses                             | (363,376)          | (377,168)       | (323,532)     | 53,636  |
| Net Change in Fund Balances                            | (55,667)           | (58,377)        | 1,118,696     | 1,177,073   |
| Fund Balances - Beginning of Year                      | 55,667             | 58,377          | 1,219,937     | 1,161,560   |
| Fund Balances - End of Year                            | \$ -               | \$ -            | \$ 2,338,633  | \$ 2,338,633  |

| Highway Fund    |              |              |  | Public Library Fund |              |              |  |
|-----------------|--------------|--------------|--|---------------------|--------------|--------------|--|
| Original Budget | Final Budget | Actual       | Variance with Final Budget Positive (Negative) | Original Budget     | Final Budget | Actual       | Variance with Final Budget Positive (Negative) |
| \$ 4,241,299    | \$ 4,241,299 | \$ 4,241,299 | \$ -   | \$ 1,391,121        | \$ 1,391,121 | \$ 1,391,121 | \$ -   |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| -               | -            | -            | -  | 30,500              | 30,500       | 21,334       | (9,166)  |
| 80,500          | 80,500       | 195,849      | 115,349  | -                   | -            | -            | -  |
| 15,000          | 15,000       | 7,058        | (7,942)  | 23,000              | 23,000       | 21,272       | (1,728)  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| 23,200          | 23,200       | 27,163       | 3,963  | 1,100               | 1,100        | 1,380        | 280  |
| 2,200           | 2,200        | 3,381        | 1,181  | -                   | -            | -            | -  |
| -               | -            | 120,445      | 120,445  | 3,200               | 15,562       | 12,526       | (3,036)  |
| -               | -            | 122,670      | 122,670  | -                   | -            | -            | -  |
| -               | -            | -            | -  | 575                 | 575          | 2,487        | 1,912  |
| 4,362,199       | 4,362,199    | 4,717,865    | 355,666  | 1,449,496           | 1,461,858    | 1,450,120    | (11,738)                                       |
| -               | 6,800        | 5,141        | 1,659  | -                   | -            | -            | -  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| 4,336,002       | 4,365,000    | 4,267,647    | 97,353   | -                   | -            | -            | -  |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| -               | -            | -            | -  | 1,535,476           | 1,547,838    | 1,497,378    | 50,460   |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| 17,700          | 18,902       | 18,902       | -  | -                   | -            | -            | -  |
| 4,353,702       | 4,390,702    | 4,291,690    | 99,012   | 1,535,476           | 1,547,838    | 1,497,378    | 50,460   |
| 8,497           | (28,503)     | 426,175      | 454,678  | (85,980)            | (85,980)     | (47,258)     | 38,722   |
| -               | -            | -            | -  | -                   | -            | -            | -  |
| (291,597)       | (291,597)    | (281,597)    | 10,000   | -                   | -            | -            | -  |
| (291,597)       | (291,597)    | (281,597)    | 10,000   | -                   | -            | -            | -  |
| (283,100)       | (320,100)    | 144,578      | 464,678  | (85,980)            | (85,980)     | (47,258)     | 38,722   |
| 283,100         | 320,100      | 839,901      | 519,801  | 85,980              | 85,980       | 243,601      | 157,621  |
| \$ -            | \$ -         | \$ 984,479   | \$ 984,479                                     | \$ -                | \$ -         | \$ 196,343   | \$ 196,343                                     |

(Continued)

## TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL (Continued)  
 GENERAL, HIGHWAY, PUBLIC LIBRARY AND SPECIAL DISTRICTS FUNDS  
 YEAR ENDED DECEMBER 31, 2010

|  | Special Districts Fund |                 |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------------|-----------------|--------------|---|
|  | Original<br>Budget     | Final<br>Budget | Actual       |   |
| Revenues:  |                        |                 |              |   |
| Real property taxes                                    | \$ 2,934,711           | \$ 2,934,711    | \$ 2,929,649 | \$ (5,062)  |
| Other tax items  | -                      | -               | -            | -   |
| Non-property taxes                                     | -                      | -               | -            | -   |
| Departmental income                                    | 1,245,816              | 1,245,816       | 1,248,340    | 2,524   |
| Intergovernmental charges                              | -                      | -               | -            | -   |
| Use of money and property                              | 275,841                | 275,841         | 251,486      | (24,355)  |
| Licenses and permits                                   | -                      | -               | -            | -   |
| Fines and forfeitures                                  | -                      | -               | -            | -   |
| Sale of property and<br>compensation for loss          | -                      | -               | -            | -   |
| Interfund revenues                                     | -                      | -               | -            | -   |
| State aid  | -                      | -               | 1,825        | 1,825   |
| Federal aid  | -                      | -               | 10,950       | 10,950  |
| Miscellaneous  | -                      | -               | 121,309      | 121,309   |
| Total Revenues   | 4,456,368              | 4,456,368       | 4,563,559    | 107,191   |
| Expenditures:  |                        |                 |              |   |
| Current:   |                        |                 |              |   |
| General government support                             | 19,740                 | 21,945          | 3,379        | 18,566  |
| Public safety  | 429,243                | 429,243         | 429,243      | -   |
| Health   | 238,536                | 256,536         | 255,811      | 725   |
| Transportation   | 147,235                | 147,235         | 120,463      | 26,772  |
| Economic opportunity and<br>development                | -                      | -               | -            | -   |
| Culture and recreation                                 | -                      | -               | -            | -   |
| Home and community services                            | 3,380,214              | 3,485,945       | 2,319,622    | 1,166,323   |
| Debt service - Interest                                | 13,820                 | 15,123          | 15,118       | 5   |
| Total Expenditures                                     | 4,228,788              | 4,356,027       | 3,143,636    | 1,212,391   |
| Excess (Deficiency) of Rev-<br>enues Over Expenditures | 227,580                | 100,341         | 1,419,923    | 1,319,582   |
| Other Financing Sources (Uses):                        |                        |                 |              |   |
| Sale of real property                                  | -                      | -               | -            | -   |
| Transfers out  | (1,317,910)            | (1,577,921)     | (1,577,919)  | 2   |
| Total Other Financing Uses                             | (1,317,910)            | (1,577,921)     | (1,577,919)  | 2   |
| Net Change in Fund Balances                            | (1,090,330)            | (1,477,580)     | (157,996)    | 1,319,584   |
| Fund Balances - Beginning of Year                      | 1,090,330              | 1,477,580       | 3,959,392    | 2,481,812   |
| Fund Balances - End of Year                            | \$ -                   | \$ -            | \$ 3,801,396 | \$ 3,801,396  |

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

TOWN OF NORTH CASTLE, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
DECEMBER 31, 2010

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**ASSETS**

|                        | <u>Agency</u>            |
|------------------------|--------------------------|
| Cash - Demand deposits | \$ 382,940               |
| Accounts Receivable    | <u>72,205</u>            |
| Total Assets           | <u><u>\$ 455,145</u></u> |

**LIABILITIES**

|                   |                          |
|-------------------|--------------------------|
| Accounts Payable  | \$ 20,784                |
| Deposits          | <u>434,361</u>           |
| Total Liabilities | <u><u>\$ 455,145</u></u> |

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



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**Note 1 - Summary of Significant Accounting Policies**

The Town of North Castle, New York ("Town") was established in 1788 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 chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

**A. Financial Reporting Entity**

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

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

**B. Government-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Public Library Fund - The Public Library Fund is used to account for the activities of the Town's Public Library.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, street lighting, fire protection, parking and ambulance districts.

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 Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with terms of a trust agreement.

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 debt.

- b. **Fiduciary Funds** (Not Included in Government-Wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Town's Agency Fund is primarily utilized to account for various 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 and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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**

**Deposits, Investments 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 deposit and 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, 2010.

**Investments** - The Town participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The Town's position in the pool is equal to the value of the pool shares. Additional information concerning the cooperative is presented in the

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

annual report of CLASS, which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

CLASS is rated AAA/V1+ by Fitch Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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

**Restricted Investments** - Restricted investments of the Capital Projects Fund consist of bond proceeds held by a State agency. These funds are to be used for the Town's Sewer Nitrogen Removal capital project.

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

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district 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 are incurred. Allowances are recorded when appropriate.

**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.

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

**Prepaid Expenses/Expenditures** - Prepaid expenses/expenditures consist of employee retirement 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 the fund financial statements are equally offset by a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Deferred Charges** - Deferred charges in the government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), 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 used 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 and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

| <u>Class</u>               | <u>Life<br/>in Years</u> |
|----------------------------|--------------------------|
| Land improvements          | 20                       |
| Buildings and improvements | 20-50                    |
| Infrastructure             | 30-50                    |
| Machinery and equipment    | 5-20                     |

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 funds balance sheet.

**Unearned/Deferred Revenues** - Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial

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

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 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 \$1,430,516 for real property taxes in the General Fund, \$6,458 for fees received in advance in the Special Districts Fund and \$30,000 for funds 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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Assets 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, restricted for capital projects, parklands, trusts, workers' compensation benefits, D.A.R.E., special districts and 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 encumbrances, prepaid expenditures, parklands, trusts, workers' compensation benefits, D.A.R.E. and debt service 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 indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.



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

**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, Public Library 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 though the date that the financial statements were available to be issued, which date is February 28, 2011.

**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.

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

- 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, Public Library, Special Districts and Debt Service funds.
- i) Budgets for General, Highway, Public Library, 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. An annual budget is not adopted for the Special Purpose Fund.
- 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 Town Board. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- k) Appropriations in General, Highway, Public Library, Special Districts and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Property Tax Limitation**

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

**C. Capital Projects Fund Individual Project Deficits**

Deficits in certain capital projects arise in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source." Liabilities for bond anticipation notes are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other capital project deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficits, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 2 - Stewardship, Compliance and Accountability (Continued)****D. Expenditures in Excess of Budget**

The following capital projects exceeded their budgetary provisions by the amounts indicated:

| <u>Project</u>                          | <u>Amount</u> |
|---|---------------|
| IBM Park                                | \$ 35,372     |
| Firehouse Acquisition/Recreation Center | 66,465        |
| Highway Garage                          | 69,974        |
| Highway Equipment – 2007                | 3,118         |

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

Taxes receivable at December 31, 2010 consisted of the following:

|                                   | <u>Town and<br/>County<br/>Taxes</u> | <u>School<br/>Districts<br/>Taxes</u> | <u>Total</u>         |
|-----------------------------------|--------------------------------------|---------------------------------------|----------------------|
| Current year                      | \$ 486,583                           | \$ 25,886,837                         | \$ 26,373,420        |
| Overdue                           | 284,213                              | 783,579                               | 1,067,792            |
| Property acquired for taxes       | <u>43,027</u>                        | <u>-</u>                              | <u>43,027</u>        |
|                                   | <u>\$ 813,823</u>                    | <u>\$ 26,670,416</u>                  | <u>27,484,239</u>    |
| Allowance for uncollectible taxes |                                      |                                       | <u>(87,888)</u>      |
|                                   |                                      |                                       | <u>\$ 27,396,351</u> |

School districts taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2011. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$1,430,516, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

**B. Capital Assets**

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

|  | <u>Balance<br/>January 1,<br/>2010</u> | <u>Additions</u>    | <u>Balance<br/>December 31,<br/>2010</u> |
|--|--|---------------------|--|
| Capital Assets, not being depreciated:         |  |                     |  |
| Land   | \$ 3,036,047                           | \$ -                | \$ 3,036,047                             |
| Construction-in-progress                       | <u>6,674,895</u>                       | <u>1,329,729</u>    | <u>8,004,624</u>                         |
| Total Capital Assets, not<br>being depreciated | <u>\$ 9,710,942</u>                    | <u>\$ 1,329,729</u> | <u>\$ 11,040,671</u>                     |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)**

|  | Balance<br>January 1,<br>2010 | Additions             | Balance<br>December 31,<br>2010 |
|--|-------------------------------|-----------------------|---------------------------------|
| Capital Assets, being depreciated:                 |                               |                       |                                 |
| Land improvements                                  | \$ 1,993,510                  | \$ -                  | \$ 1,993,510                    |
| Buildings and improvements                         | 17,355,453                    | -                     | 17,355,453                      |
| Infrastructure                                     | 24,901,673                    | 99,875                | 25,001,548                      |
| Machinery and equipment                            | 7,995,796                     | 84,758                | 8,080,554                       |
| <b>Total Capital Assets,<br/>being depreciated</b> | <b>52,246,432</b>             | <b>184,633</b>        | <b>52,431,065</b>               |
| Less Accumulated Depreciation for:                 |                               |                       |                                 |
| Land improvements                                  | 1,082,018                     | 87,972                | 1,169,990                       |
| Buildings and improvements                         | 4,608,699                     | 341,056               | 4,949,755                       |
| Infrastructure                                     | 18,682,212                    | 494,829               | 19,177,041                      |
| Machinery and equipment                            | 4,853,770                     | 387,359               | 5,241,129                       |
| <b>Total Accumulated Depreciation</b>              | <b>29,226,699</b>             | <b>1,311,216</b>      | <b>30,537,915</b>               |
| <b>Total Capital Assets,<br/>being depreciated</b> | <b>\$ 23,019,733</b>          | <b>\$ (1,126,583)</b> | <b>\$ 21,893,150</b>            |
| <b>Capital Assets, net</b>                         | <b>\$ 32,730,675</b>          | <b>\$ 203,146</b>     | <b>\$ 32,933,821</b>            |

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

|                                      |                     |
|--------------------------------------|---------------------|
| General Government Support           | \$ 70,394           |
| Public Safety                        | 68,926              |
| Transportation                       | 393,831             |
| Economic Opportunity and Development | 6,374               |
| Culture and Recreation               | 244,582             |
| Home and Community Services          | 527,109             |
| <b>Total Depreciation Expense</b>    | <b>\$ 1,311,216</b> |

**C. Accrued Liabilities**

Accrued liabilities at December 31, 2010 were as follows:

|                               | Governmental<br>Activities |
|-------------------------------|----------------------------|
| Payroll and Employee Benefits | \$ 222,949                 |
| Other                         | 375,000                    |
|                               | <b>\$ 597,949</b>          |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

**Note 3 - Detailed Notes on All Funds (Continued)****D. Pension Plans**

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

**Funding Policy** - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2011 are as follows:

|      | <u>Tier/Plan</u> | <u>Rate</u> |
|------|------------------|-------------|
| ERS  | 1 75I            | 15.3%       |
|      | 2 75I            | 14.0        |
|      | 3 A14            | 11.3        |
|      | 4 A15            | 11.3        |
|      | 5 A15            | 9.1         |
| PFRS | 1 384D           | 21.9        |
|      | 2 384D           | 16.8        |

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

|      | <u>ERS</u> | <u>PFRS</u> |
|------|------------|-------------|
| 2010 | \$ 774,421 | \$ 693,576  |
| 2009 | 553,481    | 564,288     |
| 2008 | 632,343    | 601,903     |

The ERS and PFRS contributions were equal to 100% of the actuarially required contribution for each respective fiscal year.

The current ERS contribution for the Town was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

| <u>Fund</u>       | <u>Amount</u>     |
|-------------------|-------------------|
| General           | \$ 275,558        |
| Highway           | 331,542           |
| Public Library    | 80,968            |
| Special Districts | 86,353            |
|                   | <u>\$ 774,421</u> |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)****E. Short-Term Capital Borrowings**

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

| Purpose                                 | Year of<br>Original<br>Issue | Maturity<br>Date | Rate of<br>Interest | Balance<br>January 1,<br>2010 | Redemptions         | Balance<br>December 31,<br>2010 |
|---|------------------------------|------------------|---------------------|-------------------------------|---------------------|---------------------------------|
| <b>Bond Anticipation Notes Payable:</b> |                              |                  |                     |                               |                     |                                 |
| Sewer No. 2 Odor Control                | 1998                         | 1/11             | 1.99 %              | \$ 78,750                     | \$ 8,750            | \$ 70,000                       |
| Water District No. 4 Extension          | 2003                         | -                | -                   | 269,500                       | 269,500             | -                               |
| Sewer No. 2 Sand Filter                 | 2003                         | 4/11             | 1.32                | 259,000                       | 255,500             | 3,500                           |
| Highway Equipment - 2004                | 2004                         | -                | -                   | 15,600                        | 15,600              | -                               |
| Highway Equipment - 2006                | 2006                         | 4/11             | 1.15                | 199,320                       | 99,660              | 99,660                          |
| Technology - 2007                       | 2007                         | 4/11             | 1.15                | 186,000                       | 62,000              | 124,000                         |
| Highway Equipment - 2007                | 2007                         | 4/11             | 1.15                | 150,780                       | 50,260              | 100,520                         |
| Vehicles - 2007                         | 2007                         | 4/11             | 1.15                | 96,705                        | 32,235              | 64,470                          |
| Highway Equipment - 2008/2009           | 2008                         | 4/11             | 1.15                | 442,248                       | 104,337             | 337,911                         |
| Lombardi Park                           | 2008                         | 4/11             | 1.15                | 280,000                       | 70,000              | 210,000                         |
| Open Space Acquisition                  | 2008                         | -                | -                   | 430,000                       | 430,000             | -                               |
|   |                              |                  |                     | <u>\$ 2,407,903</u>           | <u>\$ 1,397,842</u> | <u>\$ 1,010,061</u>             |

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

Interest expenditures were recorded in the fund financial statements identified below. Interest expense of \$29,923 was recorded in the government-wide financial statements for governmental activities.

| Fund              | Amount           |
|-------------------|------------------|
| General           | \$ 18,960        |
| Highway           | 18,902           |
| Special Districts | 15,118           |
|                   | <u>\$ 52,980</u> |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)****F. Long-Term Liabilities**

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2010:

|  | Balance<br>January 1,<br>2010 | New Issues/<br>Additions | Maturities<br>and/or<br>Payments | Balance<br>December 31,<br>2010 | Due Within<br>One Year |
|--|-------------------------------|--------------------------|----------------------------------|---------------------------------|------------------------|
| Bonds Payable  | \$ 15,228,563                 | \$ 2,385,000             | \$ 2,548,563                     | \$ 15,065,000                   | \$ 758,000             |
| Less - Deferred amounts                              | -                             | 146,039                  | 3,872                            | 142,167                         | -                      |
|  | <u>15,228,563</u>             | <u>2,531,039</u>         | <u>2,552,435</u>                 | <u>15,207,167</u>               | <u>758,000</u>         |
| Other Non-Current Liabilities:                       |                               |                          |                                  |                                 |                        |
| Compensated Absences                                 | 2,499,344                     | 221,770                  | 249,934                          | 2,471,180                       | 247,000                |
| Other Post Employment<br>Benefit Obligations Payable | <u>4,128,753</u>              | <u>3,007,345</u>         | <u>843,054</u>                   | <u>6,293,044</u>                | <u>-</u>               |
| Total Other Non-Current<br>Liabilities               | <u>6,628,097</u>              | <u>3,229,115</u>         | <u>1,092,988</u>                 | <u>8,764,224</u>                | <u>247,000</u>         |
| Long-term Liabilities                                | <u>\$ 21,856,660</u>          | <u>\$ 5,760,154</u>      | <u>\$ 3,645,423</u>              | <u>\$ 23,971,391</u>            | <u>\$ 1,005,000</u>    |

The liability for compensated absences and other post employment benefit obligations are liquidated primarily by the General, Highway, Public Library and Special Districts funds. The Town's indebtedness for bonds is satisfied by the Debt Service Fund, which is primarily funded by the General, Highway and Special Districts funds.

**Bonds Payable**

Bonds payable at December 31, 2010 are comprised of the following individual issues:

| Purpose   | Year of<br>Issue | Original<br>Issue<br>Amount | Final<br>Maturity | Interest<br>Rates | Amount<br>Outstanding<br>at December 31,<br>2010 |
|---|------------------|-----------------------------|-------------------|-------------------|--|
| Firehouse Acquisition   | 2004             | \$ 1,100,000                | December, 2024    | 3.500 - 4.250 %   | \$ 800,000                                       |
| Firehouse Acquisition   | 2006             | 1,100,000                   | November, 2026    | 3.500 - 4.125     | 915,000  |
| Public Improvements   | 2007             | 2,380,000                   | December, 2022    | 3.625 - 3.875     | 2,020,000  |
| Sewer No. 2 Treatment<br>Plant Upgrade                              | 2007             | 4,223,563                   | March, 2037       | 3.870 - 4.789     | 3,905,000  |
| Sewer Nitrogen Removal -<br>Environmental Facilities<br>Corporation | 2009             | 5,245,000                   | October, 2033     | 4.270             | 5,040,000  |
| Refunding Bonds   | 2010             | 1,740,000                   | April, 2021       | 2.000 - 5.000     | 1,740,000  |
| Public Improvements   | 2010             | 645,000                     | April, 2026       | 1.250 - 5.000     | 645,000  |
|   |                  |                             |                   |                   | <u>\$ 15,065,000</u>                             |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$483,484 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$472,800 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, 2010 including interest payments of \$7,096,443 are as follows:

| <u>Year Ended<br/>December 31,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|------------------------------------|----------------------|---------------------|----------------------|
| 2011                               | \$ 758,000           | \$ 610,985          | \$ 1,368,985         |
| 2012                               | 774,000              | 583,252             | 1,357,252            |
| 2013                               | 784,000              | 555,885             | 1,339,885            |
| 2014                               | 794,000              | 527,846             | 1,321,846            |
| 2015                               | 739,000              | 500,066             | 1,239,066            |
| 2016-2020                          | 3,980,000            | 2,049,115           | 6,029,115            |
| 2021-2025                          | 3,110,000            | 1,254,032           | 4,364,032            |
| 2026-2030                          | 2,016,000            | 727,980             | 2,743,980            |
| 2031-2035                          | 1,735,000            | 269,583             | 2,004,583            |
| 2036-2037                          | 375,000              | 17,699              | 392,699              |
|                                    | <u>\$ 15,065,000</u> | <u>\$ 7,096,443</u> | <u>\$ 22,161,443</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.

**Advance Refunding**

During the 2010 fiscal year, the Town issued \$1,740,000 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to advance refund \$295,000 of 1994 public improvement serial bonds, and \$1,540,000 of 2001 water system improvement serial bonds bearing interest at rates ranging from 4.5% to 6.0%. The net proceeds of \$1,850,351 (net of a \$161,390 re-offering premium and after payment of \$51,039 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 public improvement serial bonds and the 2001 water system improvement serial bonds. As a result, the 1994 public improvement serial bonds and the 2001 water system improvement serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$15,351 and the premium received was \$161,390. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.



NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

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

The Town advance refunded the 1994 public improvement serial bonds and the 2001 water system improvement serial bonds to obtain a net present value economic gain of \$201,276.

As of December 31, 2010, the defeased bonds have been called and are no longer outstanding.

**Compensated Absences**

In accordance with the Town's collective bargaining agreements, all employees may accumulate sick leave based upon length of service. Upon retirement, employees are compensated for accumulated sick leave pursuant to contract provisions. Vacation time earned during the year is generally taken in the year earned, however, with permission, certain employees may carryover vacation leave to the following year. Police employees may accumulate compensatory time up to a maximum of 96 hours. The value of compensated absences has been reflected in the government-wide financial statements.

**Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employee. Substantially all of the Town's employees 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 has recognized revenues and expenditures of \$34,891 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)**

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 postretirement benefits are as follows:

| <u>Year Ended<br/>December 31,</u> | <u>Medical</u> | <u>Dental and<br/>Vision</u> |
|------------------------------------|----------------|------------------------------|
| 2011                               | 8.0 %          | 5.0 %                        |
| 2012                               | 7.5            | 5.0                          |
| 2013                               | 7.0            | 5.0                          |
| 2014+                              | 6.5            | 5.0                          |

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 27 years remaining in the amortization period. The actuarial assumptions included a 4.0% investment rate of return and a 2.5% annual 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 entry age normal cost method.

The number of participants as of December 31, 2010 was as follows:

|                   |            |
|-------------------|------------|
| Active Employees  | 122        |
| Retired Employees | <u>77</u>  |
| Total             | <u>199</u> |

## Amortization Component:

|   |                      |
|---|----------------------|
| Actuarial Accrued Liability as of January 1, 2010 | \$ 37,289,643        |
| Assets at Market Value                            | <u>-</u>             |
| Unfunded Actuarial Accrued Liability ("UAAL")     | <u>\$ 37,289,643</u> |
| Funded Ratio                                      | <u>0.00%</u>         |
| Covered Payroll (Active plan members)             | <u>\$ 9,800,660</u>  |
| UAAL as a Percentage of Covered Payroll           | <u>380.48%</u>       |
| Annual Required Contribution                      | \$ 3,019,949         |
| Interest on Net OPEB Obligation                   | 165,151              |
| Adjustment to Annual Required Contribution        | <u>(177,755)</u>     |
| Annual OPEB Cost                                  | 3,007,345            |
| Contributions Made                                | <u>(843,054)</u>     |
| Increase in Net OPEB Obligation                   | 2,164,291            |
| Net OPEB Obligation - Beginning of Year           | <u>4,128,753</u>     |
| Net OPEB Obligation - End of Year                 | <u>\$ 6,293,044</u>  |

NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010**Note 3 - Detailed Notes on All Funds (Continued)**

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 two preceding years is as follows:

| <u>Fiscal<br/>Year Ended<br/>December 31,</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|---|-----------------------------|---|--------------------------------|
| 2010  | \$ 3,007,345                | 28.03 %   | \$ 6,293,044                   |
| 2009  | 3,036,359                   | 32.00   | 4,128,753                      |
| 2008  | 2,951,698                   | 30.08   | 2,064,846                      |

**G. 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:

| <u>Transfers Out</u>   | <u>Transfers In</u>                  |   | <u>Total</u>        |
|------------------------|--------------------------------------|---|---------------------|
|                        | <u>Capital<br/>Projects<br/>Fund</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> |                     |
| General Fund           | \$ 202,350                           | \$ 170,881                                  | \$ 373,231          |
| Highway Fund           | 281,597                              | -   | 281,597             |
| Special Districts Fund | 551,753                              | 1,026,166                                   | 1,577,919           |
|                        | <u>\$ 1,035,700</u>                  | <u>\$ 1,197,047</u>                         | <u>\$ 2,232,747</u> |

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

**H. 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 Capital Projects* - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

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

*Restricted for Parklands* - the component of net assets that has been established pursuant to New York State Law. This amount represents funds received by the Town in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

*Restricted for Trusts* - the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Restricted for Workers' Compensation Benefits* - the component of net assets that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

*Restricted for D.A.R.E.* - the component of net assets that has been established pursuant to State authorization for unexpended gifts and donations restricted to use for the Town's drug awareness program.

*Restricted for Special Districts* - the component of net assets that represents funds restricted for water, sewer, street lighting, fire protection, parking and ambulance purposes under New York State Law or by external parties and/or statutes.

*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".

**I. 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. The unreserved components of fund balance are also detailed below.

**Reserved**

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 appropriation will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The reserve indicates that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. The Town's designations are detailed below.

|   | Fund            |                   |                  |                   |
|---|-----------------|-------------------|------------------|-------------------|
|   | General         | Highway           | Public Library   | Special Districts |
| Designated for Subsequent Year's Expenditures | \$ -            | \$ 150,000        | \$ 50,000        | \$ 539,044        |
| Designated for Open Space                     | 9,700           | -                 | -                | -                 |
|   | <u>\$ 9,700</u> | <u>\$ 150,000</u> | <u>\$ 50,000</u> | <u>\$ 539,044</u> |

Designated for Subsequent Year's Expenditures - This designation represents funds that the Town Board has appropriated for the ensuing year's budget.

Designated for Open Space - This designation represents funds which the Town will use, as approved by the Town Board, to acquire and/or develop recreational facilities and open space.

**Note 4 - Summary Disclosure of Significant Contingencies****A. Litigation**

The Town is a defendant in various actions, all of which are within the limits of the Town's insurance coverage. Counsel for the insurance carrier is defending these claims. Consequently, an unfavorable decision in any of the actions will not have an adverse effect on the Town's financial condition.

The Town is also defendant in numerous tax certiorari proceedings, the results of which generally require tax refunds on the part of the Town. However, the amount of possible refunds cannot be determined at the present time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

**B. Risk Management**

The Town maintains various conventional liability insurance policies to protect against potential losses. The general liability policy provides coverage of \$3 million. The Town's public officials and law enforcement liability policies provide coverage of \$1 million each. In addition, the umbrella policy provides coverage up to \$10 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

In addition, the Town purchases conventional insurance for workers' compensation benefits and purchases conventional health insurance from various providers.

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

**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. Accordingly, the Town's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

TOWN OF NORTH CASTLE, NEW YORK

OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
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, 2008 | \$ -            | \$ 35,601,176     | \$ 35,601,176                        | - %          | \$ 10,991,828   | 323.89 %  |
| January 1, 2009 | -               | 35,601,176        | 35,601,176                           | -            | 9,834,780       | 361.99  |
| January 1, 2010 | -               | 37,289,643        | 37,289,643                           | -            | 9,800,660       | 380.48  |

## TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|  | 2010                 | 2009                 |
|--|----------------------|----------------------|
| <u>ASSETS</u>  |                      |                      |
| Cash:  |                      |                      |
| Demand deposits  | \$ 9,912,045         | \$ 2,584,882         |
| Petty cash   | 600                  | 600                  |
|  | <u>9,912,645</u>     | <u>2,585,482</u>     |
| Investments  | <u>338,486</u>       | <u>337,843</u>       |
| Taxes Receivable, net of allowance for uncollectible<br>taxes of \$87,888 in 2010 and \$82,658 in 2009 | <u>27,396,351</u>    | <u>24,787,857</u>    |
| Other Receivables:   |                      |                      |
| Accounts   | 119,595              | 104,525              |
| Due from other governments   | <u>397,605</u>       | <u>366,565</u>       |
|  | <u>517,200</u>       | <u>471,090</u>       |
| Prepaid Expenditures   | <u>89,723</u>        | <u>153,241</u>       |
| Total Assets   | <u>\$ 38,254,405</u> | <u>\$ 28,335,513</u> |
| <u>LIABILITIES AND FUND BALANCE</u>  |                      |                      |
| Liabilities:   |                      |                      |
| Accounts payable   | \$ 35,227            | \$ 41,120            |
| Accrued liabilities  | 88,626               | 75,621               |
| Retainages payable   | 14,822               | 14,240               |
| Due to other governments   | 27,260               | 25,746               |
| Due to school districts  | 34,319,321           | 26,067,714           |
| Deferred tax revenues  | <u>1,430,516</u>     | <u>891,135</u>       |
| Total Liabilities  | <u>35,915,772</u>    | <u>27,115,576</u>    |
| Fund Balance:  |                      |                      |
| Reserved for encumbrances  | 154,298              | 55,667               |
| Reserved for prepaid expenditures  | 89,723               | 153,241              |
| Reserved for workers' compensation benefits  | 1,692                | 1,692                |
| Reserved for D.A.R.E.  | 1,847                | 1,712                |
| Unreserved:  |                      |                      |
| Designated for open space  | 9,700                | 9,700                |
| Undesignated   | <u>2,081,373</u>     | <u>997,925</u>       |
| Total Fund Balance   | <u>2,338,633</u>     | <u>1,219,937</u>     |
| Total Liabilities and Fund Balance   | <u>\$ 38,254,405</u> | <u>\$ 28,335,513</u> |



## TOWN OF NORTH CASTLE, NEW YORK

## GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual        |   |
| Revenues:  |                    |                 |               |   |
| Real property taxes                                  | \$ 11,865,253      | \$ 11,865,253   | \$ 11,252,920 | \$ (612,333)  |
| Other tax items                                      | 1,006,625          | 1,006,625       | 1,414,904     | 408,279   |
| Non-property taxes                                   | 1,390,000          | 1,390,000       | 1,648,859     | 258,859   |
| Departmental income                                  | 1,369,560          | 1,574,560       | 1,519,830     | (54,730)  |
| Use of money and property                            | 135,800            | 135,800         | 86,056        | (49,744)  |
| Licenses and permits                                 | 565,210            | 565,210         | 411,450       | (153,760)   |
| Fines and forfeitures                                | 181,000            | 188,556         | 207,824       | 19,268  |
| Sale of property and<br>compensation for loss        | 23,600             | 23,600          | 13,593        | (10,007)  |
| State aid  | 597,500            | 597,500         | 782,003       | 184,503   |
| Federal aid  | -                  | -               | 21,158        | 21,158  |
| Miscellaneous  | 45,000             | 47,875          | 68,178        | 20,303  |
| Total Revenues                                       | 17,179,548         | 17,394,979      | 17,426,775    | 31,796  |
| Expenditures:  |                    |                 |               |   |
| Current:   |                    |                 |               |   |
| General government support                           | 4,102,029          | 3,910,813       | 3,404,131     | 506,682   |
| Public safety  | 7,911,157          | 8,306,599       | 8,063,353     | 243,246   |
| Health   | 6,862              | 6,862           | 5,358         | 1,504   |
| Transportation                                       | 333,560            | 326,960         | 322,580       | 4,380   |
| Economic opportunity and<br>development              | 132,500            | 118,770         | 96,002        | 22,768  |
| Culture and recreation                               | 2,726,103          | 2,729,874       | 2,577,637     | 152,237   |
| Home and community services                          | 1,640,668          | 1,655,141       | 1,496,526     | 158,615   |
| Debt service - Interest                              | 18,960             | 21,169          | 18,960        | 2,209   |
| Total Expenditures                                   | 16,871,839         | 17,076,188      | 15,984,547    | 1,091,641   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 307,709            | 318,791         | 1,442,228     | 1,123,437   |
| Other Financing Sources (Uses):                      |                    |                 |               |   |
| Sale of real property                                | 25,000             | 25,000          | 49,699        | 24,699  |
| Transfers out  | (388,376)          | (402,168)       | (373,231)     | 28,937  |
| Total Other Financing Uses                           | (363,376)          | (377,168)       | (323,532)     | 53,636  |
| Net Change in Fund Balance                           | (55,667)           | (58,377)        | 1,118,696     | 1,177,073   |
| Fund Balance - Beginning of Year                     | 55,667             | 58,377          | 1,219,937     | 1,161,560   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 2,338,633  | \$ 2,338,633  |

2009

| Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------|-----------------|--------------|---|
| \$ 10,377,298      | \$ 10,473,669   | \$ 9,878,105 | \$ (595,564)  |
| 929,116            | 929,116         | 1,013,986    | 84,870  |
| 1,540,000          | 1,540,000       | 1,526,691    | (13,309)  |
| 1,494,470          | 1,494,470       | 1,391,990    | (102,480)   |
| 210,800            | 210,800         | 125,058      | (85,742)  |
| 671,110            | 671,110         | 578,110      | (93,000)  |
| 177,000            | 177,000         | 213,835      | 36,835  |
| 23,600             | 23,600          | 32,519       | 8,919   |
| 977,400            | 887,420         | 619,973      | (267,447)   |
| -                  | 41,400          | 41,400       | -   |
| 35,000             | 37,565          | 102,818      | 65,253  |
| 16,435,794         | 16,486,150      | 15,524,485   | (961,665)   |
| 4,207,252          | 4,300,907       | 3,451,418    | 849,489   |
| 7,845,677          | 7,809,965       | 7,439,652    | 370,313   |
| 6,862              | 6,862           | 6,357        | 505   |
| 311,460            | 311,460         | 286,646      | 24,814  |
| 169,461            | 153,996         | 115,401      | 38,595  |
| 2,769,004          | 2,772,323       | 2,518,542    | 253,781   |
| 1,596,731          | 1,599,426       | 1,452,662    | 146,764   |
| 18,975             | 23,111          | 23,110       | 1   |
| 16,925,422         | 16,978,050      | 15,293,788   | 1,684,262   |
| (489,628)          | (491,900)       | 230,697      | 722,597   |
| -                  | -               | 124,042      | 124,042   |
| (392,385)          | (392,385)       | (327,376)    | 65,009  |
| (392,385)          | (392,385)       | (203,334)    | 189,051   |
| (882,013)          | (884,285)       | 27,363       | 911,648   |
| 882,013            | 884,285         | 1,192,574    | 308,289   |
| \$ -               | \$ -            | \$ 1,219,937 | \$ 1,219,937  |

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2010  
(With Comparative Actuals for 2009)

|   | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2009<br>Actual |
|---|--------------------|-----------------|---------------|---|----------------|
| REAL PROPERTY TAXES                           | \$ 11,865,253      | \$ 11,865,253   | \$ 11,252,920 | \$ (612,333)  | \$ 9,878,105   |
| OTHER TAX ITEMS                               |                    |                 |               |   |                |
| Payments in lieu of taxes                     | 731,625            | 731,625         | 777,300       | 45,675  | 745,533        |
| Interest and penalties on real property taxes | 275,000            | 275,000         | 637,604       | 362,604   | 268,453        |
|   | 1,006,625          | 1,006,625       | 1,414,904     | 408,279   | 1,013,986      |
| NON-PROPERTY TAXES                            |                    |                 |               |   |                |
| Non-property tax distribution from County     | 1,200,000          | 1,200,000       | 1,428,861     | 228,861   | 1,328,143      |
| Franchise fees - Cable TV                     | 190,000            | 190,000         | 219,998       | 29,998  | 198,548        |
|   | 1,390,000          | 1,390,000       | 1,648,859     | 258,859   | 1,526,691      |
| DEPARTMENTAL INCOME                           |                    |                 |               |   |                |
| Charges for tax redemption                    | 1,050              | 1,050           | 1,513         | 463   | 1,305          |
| Assessor's fees                               | 2,000              | 2,000           | 1,455         | (545)   | 1,508          |
| Town Clerk fees                               | 9,000              | 9,000           | 18,698        | 9,698   | 8,809          |
| Housing Board fees                            | 500                | 500             | 1,200         | 700   | 750            |
| Inspection fees                               | 50,000             | 50,000          | 57,286        | 7,286   | 68,612         |
| Police fees                                   | 26,000             | 231,000         | 274,750       | 43,750  | 34,816         |
| Dog control fines                             | 100                | 100             | 35            | (65)  | -              |
| Planning Board fees                           | 25,000             | 25,000          | 19,440        | (5,560)   | 22,355         |
| Park and recreation charges                   | 978,000            | 978,000         | 884,949       | (93,051)  | 1,009,598      |
| Recreation concessions                        | 107,500            | 107,500         | 105,678       | (1,822)   | 131,604        |
| Parking lot fees                              | 73,410             | 73,410          | 73,422        | 12  | 59,840         |
| Zoning fees                                   | 72,000             | 72,000          | 46,579        | (25,421)  | 27,343         |
| False alarm fees                              | 25,000             | 25,000          | 34,825        | 9,825   | 25,450         |
|   | 1,369,560          | 1,574,560       | 1,519,830     | (54,730)  | 1,391,990      |

# USE OF MONEY AND PROPERTY

|                         |         |         |        |          |         |
|-------------------------|---------|---------|--------|----------|---------|
| Earnings on investments | 125,000 | 125,000 | 70,509 | (54,491) | 112,782 |
| Rents                   | 10,800  | 10,800  | 15,547 | 4,747    | 12,276  |

## LICENSES AND PERMITS

|                                    |         |         |         |           |         |
|------------------------------------|---------|---------|---------|-----------|---------|
| Business and occupational licenses | 1,600   | 1,600   | 2,125   | 525       | 1,700   |
| Dog licenses                       | 3,600   | 3,600   | 2,898   | (702)     | 3,090   |
| Building and alteration permits    | 560,000 | 560,000 | 406,407 | (153,593) | 573,310 |
| Games of chance                    | 10      | 10      | 20      | 10        | 10      |

## FINES AND FORFEITURES

|                                 |         |         |         |         |         |
|---------------------------------|---------|---------|---------|---------|---------|
| Fines and forfeited bail        | 180,000 | 180,000 | 200,268 | 20,268  | 213,835 |
| Fines and penalties - dog cases | 1,000   | 1,000   | -       | (1,000) | -       |
|                                 | 181,000 | 188,556 | 207,824 | 19,268  | 213,835 |

## SALE OF PROPERTY AND COMPENSATION FOR LOSS

|                      |        |        |        |          |        |
|----------------------|--------|--------|--------|----------|--------|
| Minor sales          | 3,000  | 3,000  | 2,761  | (239)    | 2,052  |
| Sale of equipment    | 600    | 600    | -      | (600)    | -      |
| Insurance recoveries | 20,000 | 20,000 | 10,832 | (9,168)  | 30,467 |
|                      | 23,600 | 23,600 | 13,593 | (10,007) | 32,519 |

## STATE AID

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Per capita                             | 55,000  | 55,000  | 53,441  | (1,559) | 56,879  |
| Mortgage tax                           | 510,000 | 510,000 | 685,776 | 175,776 | 522,775 |
| Police - Stop DWI and D.A.R.E programs | 30,000  | 30,000  | 37,758  | 7,758   | 31,037  |
| STAR Program                           | 2,000   | 2,000   | -       | (2,000) | -       |
| Youth Programs                         | -       | -       | 5,028   | 5,028   | 2,891   |
| Other                                  | 500     | 500     | -       | (500)   | 6,391   |
|  | 597,500 | 597,500 | 782,003 | 184,503 | 619,973 |

(Continued)

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TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)  
 YEAR ENDED DECEMBER 31, 2010  
 (With Comparative Actuals for 2009)

|   | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2009<br>Actual |
|---|--------------------|-----------------|---------------|---|----------------|
| FEDERAL AID                                   |                    |                 |               |   |                |
| Public safety grant                           | \$ -               | \$ -            | \$ 21,158     | \$ 21,158   | \$ 41,400      |
| MISCELLANEOUS                                 |                    |                 |               |   |                |
| Refund of prior year's expenditures           | 2,000              | 2,000           | -             | (2,000)   | 1,674          |
| Medicare Part D reimbursement                 | 35,000             | 35,000          | 34,891        | (109)   | 48,703         |
| Gifts and donations                           | 2,000              | 4,875           | 10,375        | 5,500   | 2,585          |
| Other   | 6,000              | 6,000           | 22,912        | 16,912  | 49,856         |
|   | 45,000             | 47,875          | 68,178        | 20,303  | 102,818        |
| TOTAL REVENUES                                | 17,179,548         | 17,394,979      | 17,426,775    | 31,796  | 15,524,485     |
| OTHER FINANCING SOURCES                       |                    |                 |               |   |                |
| Sale of real property                         | 25,000             | 25,000          | 49,699        | 24,699  | 124,042        |
| TOTAL REVENUES AND OTHER<br>FINANCING SOURCES | \$ 17,204,548      | \$ 17,419,979   | \$ 17,476,474 | \$ 56,495   | \$ 15,648,527  |

TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2010  
(With Comparative Actuals for 2009)

|                                 | Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2009<br>Actual |
|---------------------------------|--------------------|-----------------|------------|---|----------------|
| GENERAL GOVERNMENT SUPPORT      |                    |                 |            |   |                |
| Town Board                      | \$ 147,404         | \$ 138,304      | \$ 135,808 | \$ 2,496  | \$ 168,069     |
| Town Justice                    | 423,134            | 421,979         | 407,704    | 14,275  | 385,403        |
| Supervisor                      | 252,655            | 252,655         | 245,489    | 7,166   | 257,191        |
| Finance                         | 392,594            | 392,606         | 380,563    | 12,043  | 385,293        |
| Independent audit               | 68,700             | 68,700          | 68,700     | -   | 77,750         |
| Receiver of Taxes               | 244,795            | 244,770         | 240,671    | 4,099   | 279,016        |
| Assessor                        | 437,285            | 437,298         | 393,041    | 44,257  | 374,872        |
| Fiscal agent fees               | 5,000              | 5,000           | 4,581      | 419   | 17,617         |
| Town Clerk                      | 426,364            | 458,395         | 451,683    | 6,712   | 467,291        |
| Town Attorney                   | 352,333            | 372,333         | 297,497    | 74,836  | 283,375        |
| Engineer                        | 170,235            | 159,235         | 159,125    | 110   | 165,136        |
| Elections                       | 21,720             | 22,870          | 22,870     | -   | 22,213         |
| Records management              | 1,454              | 1,454           | 183        | 1,271   | 2,747          |
| Town Clerk - Public information | 53,065             | 53,065          | 41,490     | 11,575  | 42,181         |
| Central communications          | 69,905             | 67,734          | 45,754     | 21,980  | 43,332         |
| Central printing                | 56,582             | 56,582          | 41,559     | 15,023  | 39,835         |
| Central data processing         | 40,546             | 46,446          | 41,646     | 4,800   | 40,948         |
| Buildings                       | 282,283            | 276,512         | 248,533    | 27,979  | 264,649        |
| Special items:                  |                    |                 |            |   |                |
| Unallocated insurance           | 28,250             | 25,350          | 25,087     | 263   | 22,515         |
| Municipal association dues      | 4,200              | 5,100           | 5,100      | -   | 3,000          |
| Taxes on Town property          | 26,250             | 32,250          | 32,222     | 28  | 23,574         |
| Judgments and claims            | 300,000            | 98,500          | 46,963     | 51,537  | 26,729         |
| Miscellaneous - Consultants     | 97,275             | 73,675          | 67,862     | 5,813   | 58,682         |
| Contingency                     | 200,000            | 200,000         | -          | 200,000   | -              |
|                                 | 4,102,029          | 3,910,813       | 3,404,131  | 506,682   | 3,451,418      |

# PUBLIC SAFETY

|                      |           |           |           |         |           |
|----------------------|-----------|-----------|-----------|---------|-----------|
| Police               | 6,928,178 | 7,324,171 | 7,160,249 | 163,922 | 6,543,116 |
| Jail                 | 250       | 250       | 17        | 233     | 28        |
| Traffic control      | 15,500    | 17,500    | 15,505    | 1,995   | 17,187    |
| Safety inspection    | 834,370   | 827,469   | 757,628   | 69,841  | 764,597   |
| Control of animals   | 62,216    | 62,431    | 59,959    | 2,472   | 54,974    |
| E-911                | 44,595    | 43,643    | 43,166    | 477     | 40,882    |
| Emergency operations | 25,113    | 25,115    | 23,930    | 1,185   | 16,614    |
| D.A.R.E              | -         | 5,585     | 2,740     | 2,845   | 2,127     |
| Civil defense        | 935       | 435       | 159       | 276     | 127       |
|                      | 7,911,157 | 8,306,599 | 8,063,353 | 243,246 | 7,439,652 |

# HEALTH

|                               |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|
| Nursing services              | 500   | 500   | -     | 500   | 1,000 |
| Registrar of Vital Statistics | 6,362 | 6,362 | 5,358 | 1,004 | 5,357 |
|                               | 6,862 | 6,862 | 5,358 | 1,504 | 6,357 |

# TRANSPORTATION

|                               |         |         |         |       |         |
|-------------------------------|---------|---------|---------|-------|---------|
| Off-street parking            | 40,105  | 33,505  | 31,018  | 2,487 | 28,617  |
| Transportation administration | 277,905 | 277,073 | 275,213 | 1,860 | 246,180 |
| Sidewalks                     | 15,550  | 16,382  | 16,349  | 33    | 11,849  |
|                               | 333,560 | 326,960 | 322,580 | 4,380 | 286,646 |

# ECONOMIC OPPORTUNITY AND DEVELOPMENT

|                              |         |         |        |        |         |
|------------------------------|---------|---------|--------|--------|---------|
| Social services - Home meals | 15,000  | 15,000  | 11,446 | 3,554  | 12,699  |
| Programs for the aging       | 117,500 | 103,770 | 84,556 | 19,214 | 102,702 |
|                              | 132,500 | 118,770 | 96,002 | 22,768 | 115,401 |

# CULTURE AND RECREATION

|  |           |           |           |         |           |
|--|-----------|-----------|-----------|---------|-----------|
| Recreation administration                    | 1,126,744 | 1,156,613 | 1,110,737 | 45,876  | 1,032,088 |
| Parks  | 805,089   | 830,020   | 804,366   | 25,654  | 764,569   |
| Camps  | 613,385   | 563,804   | 504,555   | 59,249  | 560,739   |
| North Castle Community Park                  | 76,725    | 74,734    | 72,688    | 2,046   | 72,137    |
| Community center                             | 96,410    | 96,953    | 78,256    | 18,697  | 81,989    |
| Joint recreation Banksville Community Center | 5,500     | 5,500     | 5,500     | -       | 5,500     |
| Town historian                               | 250       | 250       | 35        | 215     | 20        |
| Historical property                          | 500       | 500       | -         | 500     | -         |
| Celebrations                                 | 1,500     | 1,500     | 1,500     | -       | 1,500     |
|  | 2,726,103 | 2,729,874 | 2,577,637 | 152,237 | 2,518,542 |

(Continued)



TOWN OF NORTH CASTLE, NEW YORK

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
YEAR ENDED DECEMBER 31, 2010  
(With Comparative Actuals for 2009)

|  | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2009<br>Actual       |
|--|----------------------|----------------------|----------------------|---|----------------------|
| <b>HOME AND COMMUNITY SERVICES</b>                     |                      |                      |                      |   |                      |
| Zoning Board of Appeals                                | \$ 14,590            | \$ 14,590            | \$ 3,313             | \$ 11,277   | \$ 4,678             |
| Planning Board   | 317,851              | 314,851              | 287,431              | 27,420  | 277,998              |
| Storm sewers   | 30,000               | 33,614               | 23,614               | 10,000  | 17,090               |
| Refuse and garbage                                     | 1,123,441            | 1,139,288            | 1,085,636            | 53,652  | 1,068,538            |
| Community beautification                               | 24,600               | 24,600               | 14,470               | 10,130  | 12,901               |
| Municipal housing                                      | 17,400               | 17,413               | 10,767               | 6,646   | 16,680               |
| Pest control   | 4,500                | 4,500                | 1,740                | 2,760   | 1,485                |
| Drainage   | 20,000               | 20,000               | 11,500               | 8,500   | 8,772                |
| Shade trees  | 35,000               | 33,000               | 21,261               | 11,739  | 11,265               |
| Conservation   | 50,786               | 50,785               | 36,794               | 13,991  | 33,255               |
| Open space acquisition                                 | 2,000                | 2,000                | -                    | 2,000   | -                    |
| Composting   | 500                  | 500                  | -                    | 500   | -                    |
|  | 1,640,668            | 1,655,141            | 1,496,526            | 158,615   | 1,452,662            |
| <b>DEBT SERVICE</b>                                    |                      |                      |                      |   |                      |
| Interest - Bond anticipation notes                     | 18,960               | 21,169               | 18,960               | 2,209   | 23,110               |
| <b>TOTAL EXPENDITURES</b>                              | <b>16,871,839</b>    | <b>17,076,188</b>    | <b>15,984,547</b>    | <b>1,091,641</b>  | <b>15,293,788</b>    |
| <b>OTHER FINANCING USES</b>                            |                      |                      |                      |   |                      |
| Transfers out:   |                      |                      |                      |   |                      |
| Debt Service Fund                                      | 170,881              | 170,881              | 170,881              | -   | 174,881              |
| Capital Projects Fund                                  | 217,495              | 231,287              | 202,350              | 28,937  | 152,495              |
|  | 388,376              | 402,168              | 373,231              | 28,937  | 327,376              |
| <b>TOTAL OTHER FINANCING USES</b>                      |                      |                      |                      |   |                      |
| <b>TOTAL EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 17,260,215</b> | <b>\$ 17,478,356</b> | <b>\$ 16,357,778</b> | <b>\$ 1,120,578</b>                                     | <b>\$ 15,621,164</b> |

## TOWN OF NORTH CASTLE, NEW YORK

HIGHWAY FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|   | <u>2010</u>         | <u>2009</u>       |
|---|---------------------|-------------------|
| <u>ASSETS</u>                                 |                     |                   |
| Cash - Demand deposits                        | <u>\$ 969,579</u>   | <u>\$ 848,469</u> |
| Receivables:                                  |                     |                   |
| Accounts                                      | 4,135               | 11,513            |
| State and Federal aid                         | <u>143,115</u>      | <u>-</u>          |
|   | <u>147,250</u>      | <u>11,513</u>     |
| Total Assets                                  | <u>\$ 1,116,829</u> | <u>\$ 859,982</u> |
| <u>LIABILITIES AND FUND BALANCE</u>           |                     |                   |
| Liabilities:                                  |                     |                   |
| Accounts payable                              | \$ 2,552            | \$ 1,664          |
| Accrued liabilities                           | <u>129,798</u>      | <u>18,417</u>     |
| Total Liabilities                             | <u>132,350</u>      | <u>20,081</u>     |
| Fund Balance:                                 |                     |                   |
| Reserved for encumbrances                     | 10,172              | 8,100             |
| Unreserved:                                   |                     |                   |
| Designated for subsequent year's expenditures | 150,000             | 275,000           |
| Undesignated                                  | <u>824,307</u>      | <u>556,801</u>    |
| Total Fund Balance                            | <u>984,479</u>      | <u>839,901</u>    |
| Total Liabilities and Fund Balance            | <u>\$ 1,116,829</u> | <u>\$ 859,982</u> |

## TOWN OF NORTH CASTLE, NEW YORK

## HIGHWAY FUND

## COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                  |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|------------------|-------------------|---|
|  | Original<br>Budget | Final<br>Budget  | Actual            |   |
| Revenues:  |                    |                  |                   |   |
| Real property taxes                                  | \$ 4,241,299       | \$ 4,241,299     | \$ 4,241,299      | \$ -  |
| Intergovernmental charges                            | 80,500             | 80,500           | 195,849           | 115,349   |
| Use of money and property                            | 15,000             | 15,000           | 7,058             | (7,942)   |
| Sale of property and<br>compensation for loss        | 23,200             | 23,200           | 27,163            | 3,963   |
| Interfund revenues                                   | 2,200              | 2,200            | 3,381             | 1,181   |
| State aid  | -                  | -                | 120,445           | 120,445   |
| Federal aid  | -                  | -                | 122,670           | 122,670   |
| Total Revenues                                       | <u>4,362,199</u>   | <u>4,362,199</u> | <u>4,717,865</u>  | <u>355,666</u>  |
| Expenditures:  |                    |                  |                   |   |
| Current:   |                    |                  |                   |   |
| General government support                           | -                  | 6,800            | 5,141             | 1,659   |
| Transportation                                       | 4,336,002          | 4,365,000        | 4,267,647         | 97,353  |
| Debt service - Interest                              | <u>17,700</u>      | <u>18,902</u>    | <u>18,902</u>     | <u>-</u>  |
| Total Expenditures                                   | <u>4,353,702</u>   | <u>4,390,702</u> | <u>4,291,690</u>  | <u>99,012</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 8,497              | (28,503)         | 426,175           | 454,678   |
| Other Financing Uses -<br>Transfers out              | <u>(291,597)</u>   | <u>(291,597)</u> | <u>(281,597)</u>  | <u>10,000</u>   |
| Net Change in Fund Balance                           | (283,100)          | (320,100)        | 144,578           | 464,678   |
| Fund Balance - Beginning of Year                     | <u>283,100</u>     | <u>320,100</u>   | <u>839,901</u>    | <u>519,801</u>  |
| Fund Balance - End of Year                           | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 984,479</u> | <u>\$ 984,479</u>                                       |

| 2009               |                 |              |   |
|--------------------|-----------------|--------------|---|
| Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 4,694,231       | \$ 4,597,860    | \$ 4,597,860 | \$ -  |
| 80,500             | 80,500          | 213,612      | 133,112   |
| 40,000             | 40,000          | 38           | (39,962)  |
| 23,200             | 23,200          | 83,896       | 60,696  |
| 2,200              | 2,200           | 3,207        | 1,007   |
| -                  | -               | -            | -   |
| -                  | -               | -            | -   |
| 4,840,131          | 4,743,760       | 4,898,613    | 154,853   |
| -                  | -               | -            | -   |
| 4,545,528          | 4,605,649       | 4,280,755    | 324,894   |
| 28,660             | 28,668          | 28,668       | -   |
| 4,574,188          | 4,634,317       | 4,309,423    | 324,894   |
| 265,943            | 109,443         | 589,190      | 479,747   |
| (318,500)          | (318,500)       | (318,497)    | 3   |
| (52,557)           | (209,057)       | 270,693      | 479,750   |
| 52,557             | 209,057         | 569,208      | 360,151   |
| \$ -               | \$ -            | \$ 839,901   | \$ 839,901  |

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TOWN OF NORTH CASTLE, NEW YORK

PUBLIC LIBRARY FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| <u>ASSETS</u>                                 |                   |                   |
| Cash:   |                   |                   |
| Demand deposits                               | \$ 198,153        | \$ 247,293        |
| Petty cash                                    | 178               | 178               |
|   | <u>          </u> | <u>          </u> |
| Total Assets                                  | <u>\$ 198,331</u> | <u>\$ 247,471</u> |
| <u>LIABILITIES AND FUND BALANCE</u>           |                   |                   |
| Liabilities - Accounts payable                | <u>\$ 1,988</u>   | <u>\$ 3,870</u>   |
| Fund Balance:                                 |                   |                   |
| Reserved for encumbrances                     | -                 | 980               |
| Unreserved:                                   |                   |                   |
| Designated for subsequent year's expenditures | 50,000            | 85,000            |
| Undesignated                                  | <u>146,343</u>    | <u>157,621</u>    |
|   | <u>          </u> | <u>          </u> |
| Total Fund Balance                            | <u>196,343</u>    | <u>243,601</u>    |
|   | <u>          </u> | <u>          </u> |
| Total Liabilities and Fund Balance            | <u>\$ 198,331</u> | <u>\$ 247,471</u> |

## TOWN OF NORTH CASTLE, NEW YORK

## PUBLIC LIBRARY FUND

## COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual       |   |
| Revenues:  |                    |                 |              |   |
| Real property taxes                                  | \$ 1,391,121       | \$ 1,391,121    | \$ 1,391,121 | \$ -  |
| Departmental income                                  | 30,500             | 30,500          | 21,334       | (9,166)   |
| Use of money and property                            | 23,000             | 23,000          | 21,272       | (1,728)   |
| Sale of property and<br>compensation for loss        | 1,100              | 1,100           | 1,380        | 280   |
| State aid  | 3,200              | 15,562          | 12,526       | (3,036)   |
| Miscellaneous  | 575                | 575             | 2,487        | 1,912   |
| Total Revenues                                       | 1,449,496          | 1,461,858       | 1,450,120    | (11,738)  |
| Expenditures -                                       |                    |                 |              |   |
| Current -  |                    |                 |              |   |
| Culture and recreation                               | 1,535,476          | 1,547,838       | 1,497,378    | 50,460  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (85,980)           | (85,980)        | (47,258)     | 38,722  |
| Fund Balance - Beginning of Year                     | 85,980             | 85,980          | 243,601      | 157,621   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 196,343   | \$ 196,343  |

| 2009               |                 |              |   |
|--------------------|-----------------|--------------|---|
| Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 1,461,507       | \$ 1,461,507    | \$ 1,461,507 | \$ -  |
| 30,500             | 30,500          | 23,994       | (6,506)   |
| 33,000             | 33,000          | 18,222       | (14,778)  |
| 1,100              | 1,100           | 1,258        | 158   |
| 3,200              | 3,200           | 3,036        | (164)   |
| 575                | 575             | 7,755        | 7,180   |
| 1,529,882          | 1,529,882       | 1,515,772    | (14,110)  |
| 1,562,582          | 1,562,582       | 1,462,389    | 100,193   |
| (32,700)           | (32,700)        | 53,383       | 86,083  |
| 32,700             | 32,700          | 190,218      | 157,518   |
| \$ -               | \$ -            | \$ 243,601   | \$ 243,601  |



## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB FUNDS  
 DECEMBER 31, 2010  
 (With Comparative Totals for 2009)

|   | Water Districts |            |            |            |           |
|---|-----------------|------------|------------|------------|-----------|
|   | No. 1           | No. 2      | No. 4      | No. 5      | No. 7     |
| <u>ASSETS</u>                                 |                 |            |            |            |           |
| Cash - Demand deposits                        | \$ 157,363      | \$ 264,504 | \$ 826,545 | \$ 139,286 | \$ 62,337 |
| Receivables:                                  |                 |            |            |            |           |
| Accounts                                      | -               | -          | -          | -          | -         |
| Water rents                                   | 45,266          | 24,331     | 16,492     | 4,816      | 396       |
| State and Federal aid                         | -               | -          | -          | -          | -         |
|   | 45,266          | 24,331     | 16,492     | 4,816      | 396       |
| Total Assets                                  | \$ 202,629      | \$ 288,835 | \$ 843,037 | \$ 144,102 | \$ 62,733 |
| <u>LIABILITIES AND FUND BALANCES</u>          |                 |            |            |            |           |
| Liabilities:                                  |                 |            |            |            |           |
| Accounts payable                              | \$ 84,944       | \$ 4,686   | \$ 6,941   | \$ 740     | \$ 26     |
| Accrued liabilities                           | 2,473           | -          | 2,052      | -          | -         |
| Retainages payable                            | -               | 1,651      | -          | -          | -         |
| Deferred revenues                             | -               | -          | -          | -          | -         |
| Total Liabilities                             | 87,417          | 6,337      | 8,993      | 740        | 26        |
| Fund Balances:                                |                 |            |            |            |           |
| Reserved for encumbrances                     | 101,906         | 16,581     | 81,394     | 1,940      | 119       |
| Unreserved:                                   |                 |            |            |            |           |
| Designated for subsequent year's expenditures | -               | 3,826      | 159,397    | 9,713      | 1,296     |
| Undesignated                                  | 13,306          | 262,091    | 593,253    | 131,709    | 61,292    |
| Total Fund Balances                           | 115,212         | 282,498    | 834,044    | 143,362    | 62,707    |
| Total Liabilities and Fund Balances           | \$ 202,629      | \$ 288,835 | \$ 843,037 | \$ 144,102 | \$ 62,733 |

| Sewer Districts |              |            |            |                | Street Lighting Districts |           |           |
|-----------------|--------------|------------|------------|----------------|---------------------------|-----------|-----------|
| No. 1           | No. 2        | No. 3      | No. 4      | Quarry Heights | No. 1                     | No. 2     | No. 3     |
| \$ 325,643      | \$ 1,483,715 | \$ 300,493 | \$ 101,166 | \$ 10,440      | \$ 44,445                 | \$ 69,856 | \$ 14,443 |
| -               | -            | -          | -          | -              | -                         | -         | -         |
| -               | 12,776       | -          | -          | -              | -                         | -         | -         |
| -               | 12,776       | -          | -          | -              | -                         | -         | -         |
| \$ 325,643      | \$ 1,496,491 | \$ 300,493 | \$ 101,166 | \$ 10,440      | \$ 44,445                 | \$ 69,856 | \$ 14,443 |
| \$ 456          | \$ 13,852    | \$ 1,658   | \$ 585     | \$ 124         | \$ 3,519                  | \$ 5,107  | \$ 93     |
| -               | -            | -          | -          | -              | -                         | -         | -         |
| -               | 6,458        | -          | -          | -              | 267                       | 267       | 134       |
| -               | -            | -          | -          | -              | -                         | -         | -         |
| 456             | 20,310       | 1,658      | 585        | 124            | 3,786                     | 5,374     | 227       |
| 1,425           | 14,143       | 1,425      | 515        | 396            | -                         | -         | -         |
| -               | 311,185      | -          | 15,565     | -              | 15,000                    | 18,000    | 2,000     |
| 323,762         | 1,150,853    | 297,410    | 84,501     | 9,920          | 25,659                    | 46,482    | 12,216    |
| 325,187         | 1,476,181    | 298,835    | 100,581    | 10,316         | 40,659                    | 64,482    | 14,216    |
| \$ 325,643      | \$ 1,496,491 | \$ 300,493 | \$ 101,166 | \$ 10,440      | \$ 44,445                 | \$ 69,856 | \$ 14,443 |

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## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND  
 COMBINING BALANCE SHEET - SUB FUNDS (Continued)  
 DECEMBER 31, 2010  
 (With Comparative Totals for 2009)

|  |   |                              | Ambulance Districts |          | Totals       |              |
|--|---|------------------------------|---------------------|----------|--------------|--------------|
|  | Fire<br>Protection<br>District<br>No. 1 | Parking<br>District<br>No. 1 | No. 1               | No. 2    | 2010         | 2009         |
| <u>ASSETS</u>                                    |   |                              |                     |          |              |              |
| Cash - Demand deposits                           | \$ 15,394                               | \$ 3,062                     | \$ 10,178           | \$ 4,482 | \$ 3,833,352 | \$ 3,972,031 |
| Receivables:                                     |   |                              |                     |          |              |              |
| Accounts   | -                                       | -                            | -                   | -        | -            | 114          |
| Water rents                                      | -                                       | -                            | -                   | -        | 91,301       | 77,726       |
| State and Federal aid                            | -                                       | -                            | -                   | -        | 12,776       | -            |
|  | -                                       | -                            | -                   | -        | 104,077      | 77,840       |
| Total Assets                                     | \$ 15,394                               | \$ 3,062                     | \$ 10,178           | \$ 4,482 | \$ 3,937,429 | \$ 4,049,871 |
| <u>LIABILITIES AND FUND BALANCES</u>             |   |                              |                     |          |              |              |
| Liabilities:                                     |   |                              |                     |          |              |              |
| Accounts payable                                 | \$ -                                    | \$ -                         | \$ -                | \$ -     | \$ 122,731   | \$ 81,703    |
| Accrued liabilities                              | -                                       | -                            | -                   | -        | 4,525        | -            |
| Retainages payable                               | -                                       | -                            | -                   | -        | 2,319        | 2,318        |
| Deferred revenues                                | -                                       | -                            | -                   | -        | 6,458        | 6,458        |
| Total Liabilities                                | -                                       | -                            | -                   | -        | 136,033      | 90,479       |
| Fund Balances:                                   |   |                              |                     |          |              |              |
| Reserved for encumbrances                        | -                                       | -                            | -                   | -        | 219,844      | 144,268      |
| Unreserved:                                      |   |                              |                     |          |              |              |
| Designated for subsequent<br>year's expenditures | -                                       | 3,062                        | -                   | -        | 539,044      | 946,062      |
| Undesignated                                     | 15,394                                  | -                            | 10,178              | 4,482    | 3,042,508    | 2,869,062    |
| Total Fund Balances                              | 15,394                                  | 3,062                        | 10,178              | 4,482    | 3,801,396    | 3,959,392    |
| Total Liabilities and<br>Fund Balances           | \$ 15,394                               | \$ 3,062                     | \$ 10,178           | \$ 4,482 | \$ 3,937,429 | \$ 4,049,871 |

## TOWN OF NORTH CASTLE, NEW YORK

## SPECIAL DISTRICTS FUND

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCES - SUB FUNDS

YEAR ENDED DECEMBER 31, 2010

(With Comparative Totals for 2009)

|   | Water Districts |            |            |            |           |
|---|-----------------|------------|------------|------------|-----------|
|   | No. 1           | No. 2      | No. 4      | No. 5      | No. 7     |
| Revenues:   |                 |            |            |            |           |
| Real property taxes                               | \$ 165,324      | \$ 304,599 | \$ 24,536  | \$ 27,000  | \$ 35,248 |
| Departmental income                               | 441,964         | 302,739    | 366,468    | 118,740    | 18,354    |
| Use of money and property                         | 10,387          | 7,683      | 5,164      | 2,271      | -         |
| State aid   | -               | -          | -          | -          | -         |
| Federal aid                                       | -               | -          | -          | -          | -         |
| Miscellaneous                                     | -               | -          | -          | -          | -         |
| Total Revenues                                    | 617,675         | 615,021    | 396,168    | 148,011    | 53,602    |
| Expenditures:                                     |                 |            |            |            |           |
| Current:  |                 |            |            |            |           |
| General government support                        | 580             | 344        | -          | -          | 6         |
| Public safety                                     | -               | -          | -          | -          | -         |
| Health  | -               | -          | -          | -          | -         |
| Transportation                                    | -               | -          | -          | -          | -         |
| Home and community services                       | 673,346         | 301,072    | 368,920    | 100,523    | 9,371     |
| Debt service - Interest                           | -               | -          | 5,336      | -          | -         |
| Total Expenditures                                | 673,926         | 301,416    | 374,256    | 100,523    | 9,377     |
| Excess (Deficiency) of Revenues Over Expenditures | (56,251)        | 313,605    | 21,912     | 47,488     | 44,225    |
| Other Financing Uses -                            |                 |            |            |            |           |
| Transfers out                                     | (184,410)       | (231,088)  | (324,657)  | (54,034)   | (37,997)  |
| Net Change in Fund Balances                       | (240,661)       | 82,517     | (302,745)  | (6,546)    | 6,228     |
| Fund Balances -                                   |                 |            |            |            |           |
| Beginning of Year                                 | 355,873         | 199,981    | 1,136,789  | 149,908    | 56,479    |
| Fund Balances -                                   |                 |            |            |            |           |
| End of Year                                       | \$ 115,212      | \$ 282,498 | \$ 834,044 | \$ 143,362 | \$ 62,707 |

| Sewer Districts |              |            |            |                | Street Lighting Districts |           |           |
|-----------------|--------------|------------|------------|----------------|---------------------------|-----------|-----------|
| No. 1           | No. 2        | No. 3      | No. 4      | Quarry Heights | No. 1                     | No. 2     | No. 3     |
| \$ 121,596      | \$ 1,270,358 | \$ 108,951 | \$ 32,115  | \$ 42,604      | \$ 48,297                 | \$ 67,224 | \$ 2,488  |
| 25              | 50           | -          | -          | -              | -                         | -         | -         |
| 1,137           | 222,193      | 1,593      | 1,058      | -              | -                         | -         | -         |
| -               | 1,825        | -          | -          | -              | -                         | -         | -         |
| -               | 10,950       | -          | -          | -              | -                         | -         | -         |
| 121,309         | -            | -          | -          | -              | -                         | -         | -         |
| 244,067         | 1,505,376    | 110,544    | 33,173     | 42,604         | 48,297                    | 67,224    | 2,488     |
| 75              | 974          | 75         | 26         | 21             | -                         | 784       | -         |
| -               | -            | -          | -          | -              | -                         | -         | -         |
| -               | -            | -          | -          | -              | -                         | -         | -         |
| -               | -            | -          | -          | -              | 48,751                    | 69,747    | 1,965     |
| 54,666          | 676,656      | 79,531     | 23,270     | 32,267         | -                         | -         | -         |
| -               | 9,782        | -          | -          | -              | -                         | -         | -         |
| 54,741          | 687,412      | 79,606     | 23,296     | 32,288         | 48,751                    | 70,531    | 1,965     |
| 189,326         | 817,964      | 30,938     | 9,877      | 10,316         | (454)                     | (3,307)   | 523       |
| (29,250)        | (702,419)    | (8,270)    | (5,794)    | -              | -                         | -         | -         |
| 160,076         | 115,545      | 22,668     | 4,083      | 10,316         | (454)                     | (3,307)   | 523       |
| 165,111         | 1,360,636    | 276,167    | 96,498     | -              | 41,113                    | 67,789    | 13,693    |
| \$ 325,187      | \$ 1,476,181 | \$ 298,835 | \$ 100,581 | \$ 10,316      | \$ 40,659                 | \$ 64,482 | \$ 14,216 |

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## TOWN OF NORTH CASTLE, NEW YORK

## SPECIAL DISTRICTS FUND

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES - SUB FUNDS (Continued)

YEAR ENDED DECEMBER 31, 2010

(With Comparative Totals for 2009)

|   | Fire<br>Protection<br>District<br>No. 1 | Parking<br>District<br>No. 1 | Ambulance Districts |            | Totals       |              |
|---|---|------------------------------|---------------------|------------|--------------|--------------|
|   |   |                              | No. 1               | No. 2      | 2010         | 2009         |
| Revenues:   |   |                              |                     |            |              |              |
| Real property taxes                               | \$ 437,763                              | \$ -                         | \$ 52,821           | \$ 188,725 | \$ 2,929,649 | \$ 2,724,127 |
| Departmental income                               | -                                       | -                            | -                   | -          | 1,248,340    | 1,055,599    |
| Use of money and property                         | -                                       | -                            | -                   | -          | 251,486      | 273,159      |
| State aid   | -                                       | -                            | -                   | -          | 1,825        | -            |
| Federal aid                                       | -                                       | -                            | -                   | -          | 10,950       | -            |
| Miscellaneous                                     | -                                       | -                            | -                   | -          | 121,309      | 12,422       |
| Total Revenues                                    | 437,763                                 | -                            | 52,821              | 188,725    | 4,563,559    | 4,065,307    |
| Expenditures:                                     |   |                              |                     |            |              |              |
| Current:  |   |                              |                     |            |              |              |
| General government support                        | -                                       | -                            | -                   | 494        | 3,379        | 2,636        |
| Public safety                                     | 429,243                                 | -                            | -                   | -          | 429,243      | 429,243      |
| Health  | -                                       | -                            | 69,675              | 186,136    | 255,811      | 238,326      |
| Transportation                                    | -                                       | -                            | -                   | -          | 120,463      | 112,559      |
| Home and community services                       | -                                       | -                            | -                   | -          | 2,319,622    | 2,214,603    |
| Debt service - Interest                           | -                                       | -                            | -                   | -          | 15,118       | 18,400       |
| Total Expenditures                                | 429,243                                 | -                            | 69,675              | 186,630    | 3,143,636    | 3,015,767    |
| Excess (Deficiency) of Revenues Over Expenditures | 8,520                                   | -                            | (16,854)            | 2,095      | 1,419,923    | 1,049,540    |
| Other Financing Uses -                            |   |                              |                     |            |              |              |
| Transfers out                                     | -                                       | -                            | -                   | -          | (1,577,919)  | (792,170)    |
| Net Change in Fund Balances                       | 8,520                                   | -                            | (16,854)            | 2,095      | (157,996)    | 257,370      |
| Fund Balances -                                   |   |                              |                     |            |              |              |
| Beginning of Year                                 | 6,874                                   | 3,062                        | 27,032              | 2,387      | 3,959,392    | 3,702,022    |
| Fund Balances -                                   |   |                              |                     |            |              |              |
| End of Year                                       | \$ 15,394                               | \$ 3,062                     | \$ 10,178           | \$ 4,482   | \$ 3,801,396 | \$ 3,959,392 |



## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 165,633         | \$ 165,633      | \$ 165,324 | \$ (309)  |
| Departmental income                                  | 482,206            | 482,206         | 441,964    | (40,242)  |
| Use of money and property                            | 12,152             | 12,152          | 10,387     | (1,765)   |
| Miscellaneous  | -                  | -               | -          | -   |
| Total Revenues                                       | 659,991            | 659,991         | 617,675    | (42,316)  |
| Expenditures -                                       |                    |                 |            |   |
| Current:   |                    |                 |            |   |
| General government support                           | 1,000              | 1,550           | 580        | 970   |
| Home and community services                          | 633,734            | 752,184         | 673,346    | 78,838  |
| Total Expenditures                                   | 634,734            | 753,734         | 673,926    | 79,808  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 25,257             | (93,743)        | (56,251)   | 37,492  |
| Other Financing Uses -                               |                    |                 |            |   |
| Transfers out  | (184,410)          | (184,410)       | (184,410)  | -   |
| Net Change in Fund Balance                           | (159,153)          | (278,153)       | (240,661)  | 37,492  |
| Fund Balance - Beginning of Year                     | 159,153            | 278,153         | 355,873    | 77,720  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 115,212 | \$ 115,212  |

2009

| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------|-----------------|------------|---|
| \$ 169,242         | \$ 169,242      | \$ 168,884 | \$ (358)  |
| 482,206            | 482,206         | 428,739    | (53,467)  |
| 15,000             | 15,000          | 11,411     | (3,589)   |
| -                  | -               | 3,035      | 3,035   |
| 666,448            | 666,448         | 612,069    | (54,379)  |
| 300                | 800             | 797        | 3   |
| 694,359            | 693,859         | 511,922    | 181,937   |
| 694,659            | 694,659         | 512,719    | 181,940   |
| (28,211)           | (28,211)        | 99,350     | 127,561   |
| (133,665)          | (133,665)       | (133,657)  | 8   |
| (161,876)          | (161,876)       | (34,307)   | 127,569   |
| 161,876            | 161,876         | 390,180    | 228,304   |
| \$ -               | \$ -            | \$ 355,873 | \$ 355,873  |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:                               |                    |                 |            |   |
| Real property taxes                     | \$ 304,605         | \$ 304,605      | \$ 304,599 | \$ (6)  |
| Departmental income                     | 267,831            | 267,831         | 302,739    | 34,908  |
| Use of money and property               | 16,135             | 16,135          | 7,683      | (8,452)   |
| Miscellaneous                           | -                  | -               | -          | -   |
| Total Revenues                          | 588,571            | 588,571         | 615,021    | 26,450  |
| Expenditures -                          |                    |                 |            |   |
| Current:                                |                    |                 |            |   |
| General government support              | 150                | 600             | 344        | 256   |
| Home and community services             | 417,586            | 417,136         | 301,072    | 116,064   |
| Total Expenditures                      | 417,736            | 417,736         | 301,416    | 116,320   |
| Excess of Revenues<br>Over Expenditures | 170,835            | 170,835         | 313,605    | 142,770   |
| Other Financing Uses -                  |                    |                 |            |   |
| Transfers out                           | (231,088)          | (231,088)       | (231,088)  | -   |
| Net Change in Fund Balance              | (60,253)           | (60,253)        | 82,517     | 142,770   |
| Fund Balance - Beginning of Year        | 60,253             | 60,253          | 199,981    | 139,728   |
| Fund Balance - End of Year              | \$ -               | \$ -            | \$ 282,498 | \$ 282,498  |

| 2009               |                 |            |   |
|--------------------|-----------------|------------|---|
| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 256,442         | \$ 256,442      | \$ 256,442 | \$ -  |
| 262,831            | 262,831         | 218,599    | (44,232)  |
| 18,500             | 18,500          | 4,628      | (13,872)  |
| -                  | -               | 2,017      | 2,017   |
| 537,773            | 537,773         | 481,686    | (56,087)  |
| 150                | 150             | -          | 150   |
| 500,407            | 500,407         | 282,320    | 218,087   |
| 500,557            | 500,557         | 282,320    | 218,237   |
| 37,216             | 37,216          | 199,366    | 162,150   |
| (170,615)          | (170,615)       | (170,615)  | -   |
| (133,399)          | (133,399)       | 28,751     | 162,150   |
| 133,399            | 133,399         | 171,230    | 37,831  |
| \$ -               | \$ -            | \$ 199,981 | \$ 199,981  |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 4  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 24,590          | \$ 24,590       | \$ 24,536  | \$ (54)   |
| Departmental income                                  | 370,348            | 370,348         | 366,468    | (3,880)   |
| Use of money and property                            | 9,635              | 9,635           | 5,164      | (4,471)   |
| Miscellaneous  | -                  | -               | -          | -   |
| Total Revenues                                       | 404,573            | 404,573         | 396,168    | (8,405)   |
| Expenditures:  |                    |                 |            |   |
| Current -  |                    |                 |            |   |
| Home and community services                          | 688,298            | 688,298         | 368,920    | 319,378   |
| Debt service - Interest                              | 5,340              | 5,340           | 5,336      | 4   |
| Total Expenditures                                   | 693,638            | 693,638         | 374,256    | 319,382   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (289,065)          | (289,065)       | 21,912     | 310,977   |
| Other Financing Uses -<br>Transfers out              | (74,407)           | (324,657)       | (324,657)  | -   |
| Net Change in Fund Balance                           | (363,472)          | (613,722)       | (302,745)  | 310,977   |
| Fund Balance - Beginning of Year                     | 363,472            | 613,722         | 1,136,789  | 523,067   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 834,044 | \$ 834,044  |

| 2009               |                 |              |   |
|--------------------|-----------------|--------------|---|
| Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 27,310          | \$ 27,310       | \$ 27,201    | \$ (109)  |
| 370,148            | 370,148         | 311,729      | (58,419)  |
| 12,000             | 12,000          | 15,462       | 3,462   |
| -                  | -               | 1,583        | 1,583   |
| 409,458            | 409,458         | 355,975      | (53,483)  |
| 596,645            | 596,645         | 280,250      | 316,395   |
| 8,060              | 8,060           | 8,056        | 4   |
| 604,705            | 604,705         | 288,306      | 316,399   |
| (195,247)          | (195,247)       | 67,669       | 262,916   |
| (40,945)           | (40,945)        | (40,944)     | 1   |
| (236,192)          | (236,192)       | 26,725       | 262,917   |
| 236,192            | 236,192         | 1,110,064    | 873,872   |
| \$ -               | \$ -            | \$ 1,136,789 | \$ 1,136,789  |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 5  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 27,000          | \$ 27,000       | \$ 27,000  | \$ -  |
| Departmental income                                  | 105,307            | 105,307         | 118,740    | 13,433  |
| Use of money and property                            | 4,829              | 4,829           | 2,271      | (2,558)   |
| Miscellaneous  | -                  | -               | -          | -   |
| Total Revenues                                       | 137,136            | 137,136         | 148,011    | 10,875  |
| Expenditures -                                       |                    |                 |            |   |
| Current -  |                    |                 |            |   |
| Home and community services                          | 148,172            | 148,172         | 100,523    | 47,649  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (11,036)           | (11,036)        | 47,488     | 58,524  |
| Other Financing Uses -                               |                    |                 |            |   |
| Transfers out  | (54,034)           | (54,034)        | (54,034)   | -   |
| Net Change in Fund Balance                           | (65,070)           | (65,070)        | (6,546)    | 58,524  |
| Fund Balance - Beginning of Year                     | 65,070             | 65,070          | 149,908    | 84,838  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 143,362 | \$ 143,362  |

| 2009               |                 |            |   |
|--------------------|-----------------|------------|---|
| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 24,000          | \$ 24,000       | \$ 24,000  | \$ -  |
| 110,307            | 110,307         | 75,454     | (34,853)  |
| 6,000              | 6,000           | 2,568      | (3,432)   |
| -                  | -               | 463        | 463   |
| 140,307            | 140,307         | 102,485    | (37,822)  |
| 140,755            | 140,755         | 70,451     | 70,304  |
| (448)              | (448)           | 32,034     | 32,482  |
| (45,305)           | (45,305)        | (45,300)   | 5   |
| (45,753)           | (45,753)        | (13,266)   | 32,487  |
| 45,753             | 45,753          | 163,174    | 117,421   |
| \$ -               | \$ -            | \$ 149,908 | \$ 149,908  |



TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - WATER DISTRICT NO. 7  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-----------|---|
|   | Original<br>Budget | Final<br>Budget | Actual    |   |
| Revenues:                               |                    |                 |           |   |
| Real property taxes                     | \$ 35,248          | \$ 35,248       | \$ 35,248 | \$ -  |
| Departmental income                     | 18,824             | 18,824          | 18,354    | (470)   |
| Use of money and property               | 50                 | 50              | -         | (50)  |
| Total Revenues                          | 54,122             | 54,122          | 53,602    | (520)   |
| Expenditures -                          |                    |                 |           |   |
| Current:                                |                    |                 |           |   |
| General government support              | 90                 | 105             | 6         | 99  |
| Home and community services             | 16,050             | 16,035          | 9,371     | 6,664   |
| Total Expenditures                      | 16,140             | 16,140          | 9,377     | 6,763   |
| Excess of Revenues<br>Over Expenditures | 37,982             | 37,982          | 44,225    | 6,243   |
| Other Financing Uses -                  |                    |                 |           |   |
| Transfers out                           | (37,999)           | (37,999)        | (37,997)  | 2   |
| Net Change in Fund Balance              | (17)               | (17)            | 6,228     | 6,245   |
| Fund Balance - Beginning of Year        | 17                 | 17              | 56,479    | 56,462  |
| Fund Balance - End of Year              | \$ -               | \$ -            | \$ 62,707 | \$ 62,707   |

| 2009               |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 37,030          | \$ 37,030       | \$ 37,030 | \$ -  |
| 13,820             | 13,820          | 19,803    | 5,983   |
| 50                 | 50              | 58        | 8   |
| 50,900             | 50,900          | 56,891    | 5,991   |
| 90                 | 90              | -         | 90  |
| 17,499             | 17,499          | 10,922    | 6,577   |
| 17,589             | 17,589          | 10,922    | 6,667   |
| 33,311             | 33,311          | 45,969    | 12,658  |
| (37,030)           | (37,030)        | (37,024)  | 6   |
| (3,719)            | (3,719)         | 8,945     | 12,664  |
| 3,719              | 3,719           | 47,534    | 43,815  |
| \$ -               | \$ -            | \$ 56,479 | \$ 56,479   |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 121,682         | \$ 121,682      | \$ 121,596 | \$ (86)   |
| Departmental income                                  | 100                | 100             | 25         | (75)  |
| Use of money and property                            | 2,488              | 2,488           | 1,137      | (1,351)   |
| Miscellaneous  | -                  | -               | 121,309    | 121,309   |
| Total Revenues                                       | 124,270            | 124,270         | 244,067    | 119,797   |
| Expenditures -                                       |                    |                 |            |   |
| Current:   |                    |                 |            |   |
| General government support                           | 1,500              | 1,610           | 75         | 1,535   |
| Home and community services                          | 94,745             | 94,635          | 54,666     | 39,969  |
| Total Expenditures                                   | 96,245             | 96,245          | 54,741     | 41,504  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 28,025             | 28,025          | 189,326    | 161,301   |
| Other Financing Uses -                               |                    |                 |            |   |
| Transfers out  | (29,250)           | (29,250)        | (29,250)   | -   |
| Net Change in Fund Balance                           | (1,225)            | (1,225)         | 160,076    | 161,301   |
| Fund Balance - Beginning of Year                     | 1,225              | 1,225           | 165,111    | 163,886   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 325,187 | \$ 325,187  |

| 2009               |                 |            |   |
|--------------------|-----------------|------------|---|
| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 160,909         | \$ 160,909      | \$ 132,819 | \$ (28,090)   |
| 100                | 100             | 1,225      | 1,125   |
| 3,000              | 3,000           | 3,165      | 165   |
| -                  | -               | 554        | 554   |
| 164,009            | 164,009         | 137,763    | (26,246)  |
| 1,500              | 1,500           | 695        | 805   |
| 216,303            | 216,303         | 147,757    | 68,546  |
| 217,803            | 217,803         | 148,452    | 69,351  |
| (53,794)           | (53,794)        | (10,689)   | 43,105  |
| -                  | -               | -          | -   |
| (53,794)           | (53,794)        | (10,689)   | 43,105  |
| 53,794             | 53,794          | 175,800    | 122,006   |
| \$ -               | \$ -            | \$ 165,111 | \$ 165,111  |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|--------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual       |   |
| Revenues:                               |                    |                 |              |   |
| Real property taxes                     | \$ 1,271,831       | \$ 1,271,831    | \$ 1,270,358 | \$ (1,473)  |
| Departmental income                     | 1,000              | 1,000           | 50           | (950)   |
| Use of money and property               | 224,750            | 224,750         | 222,193      | (2,557)   |
| State aid                               | -                  | -               | 1,825        | 1,825   |
| Federal aid                             | -                  | -               | 10,950       | 10,950  |
| Miscellaneous                           | -                  | -               | -            | -   |
| Total Revenues                          | 1,497,581          | 1,497,581       | 1,505,376    | 7,795   |
| Expenditures:                           |                    |                 |              |   |
| Current:                                |                    |                 |              |   |
| General government support              | 1,100              | 2,000           | 974          | 1,026   |
| Home and community services             | 1,164,421          | 1,152,457       | 676,656      | 475,801   |
| Debt service - Interest                 | 8,480              | 9,783           | 9,782        | 1   |
| Total Expenditures                      | 1,174,001          | 1,164,240       | 687,412      | 476,828   |
| Excess of Revenues<br>Over Expenditures | 323,580            | 333,341         | 817,964      | 484,623   |
| Other Financing Uses -<br>Transfers out | (692,658)          | (702,419)       | (702,419)    | -   |
| Net Change in Fund Balance              | (369,078)          | (369,078)       | 115,545      | 484,623   |
| Fund Balance - Beginning of Year        | 369,078            | 369,078         | 1,360,636    | 991,558   |
| Fund Balance - End of Year              | \$ -               | \$ -            | \$ 1,476,181 | \$ 1,476,181  |

2009

| Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------|-----------------|--------------|---|
| \$ 1,082,059       | \$ 1,082,059    | \$ 1,081,367 | \$ (692)  |
| 1,000              | 1,000           | 50           | (950)   |
| 209,000            | 209,000         | 229,887      | 20,887  |
| -                  | -               | -            | -   |
| -                  | -               | -            | -   |
| -                  | -               | 4,285        | 4,285   |
| 1,292,059          | 1,292,059       | 1,315,589    | 23,530  |
| 1,100              | 1,100           | 228          | 872   |
| 1,234,410          | 1,234,410       | 819,556      | 414,854   |
| 10,360             | 10,360          | 10,344       | 16  |
| 1,245,870          | 1,245,870       | 830,128      | 415,742   |
| 46,189             | 46,189          | 485,461      | 439,272   |
| (309,635)          | (364,635)       | (364,630)    | 5   |
| (263,446)          | (318,446)       | 120,831      | 439,277   |
| 263,446            | 318,446         | 1,239,805    | 921,359   |
| \$ -               | \$ -            | \$ 1,360,636 | \$ 1,360,636  |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 3  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 108,951         | \$ 108,951      | \$ 108,951 | \$ -  |
| Use of money and property                            | 3,487              | 3,487           | 1,593      | (1,894)   |
| Miscellaneous  | -                  | -               | -          | -   |
| Total Revenues                                       | 112,438            | 112,438         | 110,544    | (1,894)   |
| Expenditures -                                       |                    |                 |            |   |
| Current:   |                    |                 |            |   |
| General government support                           | 200                | 310             | 75         | 235   |
| Home and community services                          | 120,968            | 120,858         | 79,531     | 41,327  |
| Total Expenditures                                   | 121,168            | 121,168         | 79,606     | 41,562  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (8,730)            | (8,730)         | 30,938     | 39,668  |
| Other Financing Uses -                               |                    |                 |            |   |
| Transfers out  | (8,270)            | (8,270)         | (8,270)    | -   |
| Net Change in Fund Balance                           | (17,000)           | (17,000)        | 22,668     | 39,668  |
| Fund Balance - Beginning of Year                     | 17,000             | 17,000          | 276,167    | 259,167   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 298,835 | \$ 298,835  |

| 2009                     |                          |                            |   |
|--------------------------|--------------------------|----------------------------|---|
| Original<br>Budget       | Final<br>Budget          | Actual                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 114,554<br>4,000<br>- | \$ 114,554<br>4,000<br>- | \$ 114,554<br>5,131<br>361 | \$ -<br>1,131<br>361                                    |
| 118,554                  | 118,554                  | 120,046                    | 1,492   |
| 200<br>133,338           | 200<br>133,338           | -<br>62,951                | 200<br>70,387   |
| 133,538                  | 133,538                  | 62,951                     | 70,587  |
| (14,984)                 | (14,984)                 | 57,095                     | 72,079  |
| -                        | -                        | -                          | -   |
| (14,984)                 | (14,984)                 | 57,095                     | 72,079  |
| 14,984                   | 14,984                   | 219,072                    | 204,088   |
| \$ -                     | \$ -                     | \$ 276,167                 | \$ 276,167  |



## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - SEWER DISTRICT NO. 4  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues:  |                    |                 |            |   |
| Real property taxes                                  | \$ 32,115          | \$ 32,115       | \$ 32,115  | \$ -  |
| Use of money and property                            | 2,315              | 2,315           | 1,058      | (1,257)   |
| Miscellaneous  | -                  | -               | -          | -   |
| Total Revenues                                       | 34,430             | 34,430          | 33,173     | (1,257)   |
| Expenditures -                                       |                    |                 |            |   |
| Current:   |                    |                 |            |   |
| General government support                           | 200                | 240             | 26         | 214   |
| Home and community services                          | 53,436             | 53,396          | 23,270     | 30,126  |
| Total Expenditures                                   | 53,636             | 53,636          | 23,296     | 30,340  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (19,206)           | (19,206)        | 9,877      | 29,083  |
| Other Financing Uses -                               |                    |                 |            |   |
| Transfers out  | (5,794)            | (5,794)         | (5,794)    | -   |
| Net Change in Fund Balance                           | (25,000)           | (25,000)        | 4,083      | 29,083  |
| Fund Balance - Beginning of Year                     | 25,000             | 25,000          | 96,498     | 71,498  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 100,581 | \$ 100,581  |

2009

| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------|-----------------|-----------|---|
| \$ 34,810          | \$ 34,810       | \$ 34,810 | \$ -  |
| 2,500              | 2,500           | 849       | (1,651)   |
| -                  | -               | 124       | 124   |
| 37,310             | 37,310          | 35,783    | (1,527)   |
| 200                | 200             | -         | 200   |
| 64,660             | 64,660          | 28,474    | 36,186  |
| 64,860             | 64,860          | 28,474    | 36,386  |
| (27,550)           | (27,550)        | 7,309     | 34,859  |
| -                  | -               | -         | -   |
| (27,550)           | (27,550)        | 7,309     | 34,859  |
| 27,550             | 27,550          | 89,189    | 61,639  |
| \$ -               | \$ -            | \$ 96,498 | \$ 96,498   |

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## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - QUARRY HEIGHTS SEWER DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2010

|   | Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-----------|---|
| Revenues:                               |                    |                 |           |   |
| Real property taxes                     | \$ 42,604          | \$ 42,604       | \$ 42,604 | \$ -  |
| Departmental income                     | 200                | 200             | -         | (200)   |
| Total Revenues                          | 42,804             | 42,804          | 42,604    | (200)   |
| Expenditures -                          |                    |                 |           |   |
| Current:                                |                    |                 |           |   |
| General government support              | -                  | 30              | 21        | 9   |
| Home and community services             | 42,804             | 42,774          | 32,267    | 10,507  |
| Total Expenditures                      | 42,804             | 42,804          | 32,288    | 10,516  |
| Excess of Revenues<br>Over Expenditures | -                  | -               | 10,316    | 10,316  |
| Fund Balance - Beginning of Year        | -                  | -               | -         | -   |
| Fund Balance - End of Year              | \$ -               | \$ -            | \$ 10,316 | \$ 10,316   |

## TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------|---|
|  | Original<br>Budget | Final<br>Budget | Actual    |   |
| Revenues - Real property taxes                       | \$ 48,330          | \$ 48,330       | \$ 48,297 | \$ (33)   |
| Expenditures -                                       |                    |                 |           |   |
| Current:   |                    |                 |           |   |
| General government support                           | 400                | 400             | -         | 400   |
| Transportation                                       | 57,930             | 57,930          | 48,751    | 9,179   |
| Total Expenditures                                   | 58,330             | 58,330          | 48,751    | 9,579   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (10,000)           | (10,000)        | (454)     | 9,546   |
| Fund Balance - Beginning of Year                     | 10,000             | 10,000          | 41,113    | 31,113  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 40,659 | \$ 40,659   |

| 2009               |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 59,306          | \$ 59,306       | \$ 59,287 | \$ (19)   |
| 400                | 400             | 177       | 223   |
| 63,906             | 63,906          | 45,000    | 18,906  |
| 64,306             | 64,306          | 45,177    | 19,129  |
| (5,000)            | (5,000)         | 14,110    | 19,110  |
| 5,000              | 5,000           | 27,003    | 22,003  |
| \$ -               | \$ -            | \$ 41,113 | \$ 41,113   |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 2  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------|---|
|  | Original<br>Budget | Final<br>Budget | Actual    |   |
| Revenues - Real property taxes                       | \$ 67,855          | \$ 67,855       | \$ 67,224 | \$ (631)  |
| Expenditures -                                       |                    |                 |           |   |
| Current:   |                    |                 |           |   |
| General government support                           | 1,000              | 1,000           | 784       | 216   |
| Transportation                                       | 81,855             | 81,855          | 69,747    | 12,108  |
| Total Expenditures                                   | 82,855             | 82,855          | 70,531    | 12,324  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (15,000)           | (15,000)        | (3,307)   | 11,693  |
| Fund Balance - Beginning of Year                     | 15,000             | 15,000          | 67,789    | 52,789  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 64,482 | \$ 64,482   |

| 2009               |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 85,453          | \$ 85,453       | \$ 85,120 | \$ (333)  |
| 1,000              | 1,000           | 284       | 716   |
| 94,453             | 94,453          | 65,762    | 28,691  |
| 95,453             | 95,453          | 66,046    | 29,407  |
| (10,000)           | (10,000)        | 19,074    | 29,074  |
| 10,000             | 10,000          | 48,715    | 38,715  |
| \$ -               | \$ -            | \$ 67,789 | \$ 67,789   |



TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - STREET LIGHTING DISTRICT NO. 3  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------|---|
|  | Original<br>Budget | Final<br>Budget | Actual    |   |
| Revenues - Real property taxes                       | \$ 2,488           | \$ 2,488        | \$ 2,488  | \$ -  |
| Expenditures -                                       |                    |                 |           |   |
| Current:   |                    |                 |           |   |
| General government support                           | 100                | 100             | -         | 100   |
| Transportation                                       | 4,388              | 4,388           | 1,965     | 2,423   |
| Total Expenditures                                   | 4,488              | 4,488           | 1,965     | 2,523   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | (2,000)            | (2,000)         | 523       | 2,523   |
| Fund Balance - Beginning of Year                     | 2,000              | 2,000           | 13,693    | 11,693  |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 14,216 | \$ 14,216   |

| 2009               |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 5,812           | \$ 5,812        | \$ 5,812  | \$ -  |
| 100                | 100             | -         | 100   |
| 6,112              | 6,112           | 1,797     | 4,315   |
| 6,212              | 6,212           | 1,797     | 4,415   |
| (400)              | (400)           | 4,015     | 4,415   |
| 400                | 400             | 9,678     | 9,278   |
| \$ -               | \$ -            | \$ 13,693 | \$ 13,693   |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - FIRE PROTECTION DISTRICT NO. 1  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues - Real property taxes                | \$ 439,243         | \$ 439,243      | \$ 437,763 | \$ (1,480)  |
| Expenditures -                                |                    |                 |            |   |
| Current:                                      |                    |                 |            |   |
| General government support                    | 10,000             | 10,000          | -          | 10,000  |
| Public safety                                 | 429,243            | 429,243         | 429,243    | -   |
| Total Expenditures                            | 439,243            | 439,243         | 429,243    | 10,000  |
| Excess of Revenues<br>Over Expenditures       | -                  | -               | 8,520      | 8,520   |
| Fund Balance (Deficit) -<br>Beginning of Year | -                  | -               | 6,874      | 6,874   |
| Fund Balance -<br>End of Year                 | \$ -               | \$ -            | \$ 15,394  | \$ 15,394   |

| 2009               |                   |                   |   |
|--------------------|-------------------|-------------------|---|
| Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <u>\$ 439,243</u>  | <u>\$ 439,243</u> | <u>\$ 438,745</u> | <u>\$ (498)</u>   |
| 10,000             | 10,000            | -                 | 10,000  |
| <u>429,243</u>     | <u>429,243</u>    | <u>429,243</u>    | <u>-</u>  |
| <u>439,243</u>     | <u>439,243</u>    | <u>429,243</u>    | <u>10,000</u>   |
| -                  | -                 | 9,502             | 9,502   |
| <u>-</u>           | <u>-</u>          | <u>(2,628)</u>    | <u>(2,628)</u>  |
| <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 6,874</u>   | <u>\$ 6,874</u>   |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - PARKING DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|----------|---|
|   | Original<br>Budget | Final<br>Budget | Actual   |   |
| Revenues                                    | \$ -               | \$ -            | \$ -     | \$ -  |
| Expenditures - Current -<br>Transportation  | 3,062              | 3,062           | -        | 3,062   |
| Deficiency of Revenues<br>Over Expenditures | (3,062)            | (3,062)         | -        | 3,062   |
| Fund Balance - Beginning of Year            | 3,062              | 3,062           | 3,062    | -   |
| Fund Balance - End of Year                  | \$ -               | \$ -            | \$ 3,062 | \$ 3,062  |

| 2009               |                 |                 |   |
|--------------------|-----------------|-----------------|---|
| Original<br>Budget | Final<br>Budget | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ -               | \$ -            | \$ -            | \$ -  |
| 3,062              | 3,062           | -               | 3,062   |
| (3,062)            | (3,062)         | -               | 3,062   |
| 3,062              | 3,062           | 3,062           | -   |
| <u>\$ -</u>        | <u>\$ -</u>     | <u>\$ 3,062</u> | <u>\$ 3,062</u>   |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - AMBULANCE DISTRICT NO. 1  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010               |                 |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------|---|
|  | Original<br>Budget | Final<br>Budget | Actual    |   |
| Revenues - Real property taxes                       | \$ 52,885          | \$ 52,885       | \$ 52,821 | \$ (64)   |
| Expenditures -                                       |                    |                 |           |   |
| Current:   |                    |                 |           |   |
| General government support                           | 1,000              | 1,000           | -         | 1,000   |
| Health   | 51,885             | 69,885          | 69,675    | 210   |
| Total Expenditures                                   | 52,885             | 70,885          | 69,675    | 1,210   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | -                  | (18,000)        | (16,854)  | 1,146   |
| Fund Balance - Beginning of Year                     | -                  | 18,000          | 27,032    | 9,032   |
| Fund Balance - End of Year                           | \$ -               | \$ -            | \$ 10,178 | \$ 10,178   |

| 2009               |                  |                  |   |
|--------------------|------------------|------------------|---|
| Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <u>\$ 70,775</u>   | <u>\$ 70,775</u> | <u>\$ 70,689</u> | <u>\$ (86)</u>  |
| 1,000              | 1,000            | 233              | 767   |
| <u>69,775</u>      | <u>69,775</u>    | <u>51,674</u>    | <u>18,101</u>   |
| <u>70,775</u>      | <u>70,775</u>    | <u>51,907</u>    | <u>18,868</u>   |
| -                  | -                | 18,782           | 18,782  |
| -                  | -                | 8,250            | 8,250   |
| <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 27,032</u> | <u>\$ 27,032</u>  |



TOWN OF NORTH CASTLE, NEW YORK

SPECIAL DISTRICTS FUND - AMBULANCE DISTRICT NO. 2  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual     |   |
| Revenues - Real property taxes          | \$ 189,651         | \$ 189,651      | \$ 188,725 | \$ (926)  |
| Expenditures -                          |                    |                 |            |   |
| Current:                                |                    |                 |            |   |
| General government support              | 3,000              | 3,000           | 494        | 2,506   |
| Health                                  | 186,651            | 186,651         | 186,136    | 515   |
| Total Expenditures                      | 189,651            | 189,651         | 186,630    | 3,021   |
| Excess of Revenues<br>Over Expenditures | -                  | -               | 2,095      | 2,095   |
| Fund Balance - Beginning of Year        | -                  | -               | 2,387      | 2,387   |
| Fund Balance - End of Year              | \$ -               | \$ -            | \$ 4,482   | \$ 4,482  |

| 2009               |                   |                   |   |
|--------------------|-------------------|-------------------|---|
| Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| <u>\$ 187,651</u>  | <u>\$ 187,651</u> | <u>\$ 187,367</u> | <u>\$ (284)</u>   |
| 1,000              | 999               | 222               | 777   |
| <u>186,651</u>     | <u>186,652</u>    | <u>186,652</u>    | <u>-</u>  |
| <u>187,651</u>     | <u>187,651</u>    | <u>186,874</u>    | <u>777</u>  |
| -                  | -                 | 493               | 493   |
| <u>-</u>           | <u>-</u>          | <u>1,894</u>      | <u>1,894</u>  |
| <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 2,387</u>   | <u>\$ 2,387</u>   |

TOWN OF NORTH CASTLE, NEW YORK

CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|                                     | 2010                | 2009                |
|-------------------------------------|---------------------|---------------------|
| <u>ASSETS</u>                       |                     |                     |
| Cash - Demand deposits              | \$ 926,629          | \$ 1,332,110        |
| Restricted Investments              | 933,918             | 1,712,611           |
| State and Federal Aid Receivable    | 164,838             | 164,552             |
| Total Assets                        | <u>\$ 2,025,385</u> | <u>\$ 3,209,273</u> |
| <u>LIABILITIES AND FUND BALANCE</u> |                     |                     |
| Liabilities:                        |                     |                     |
| Accounts payable                    | \$ 271,247          | \$ 279,424          |
| Retainages payable                  | 246,865             | 209,424             |
| Deferred revenues                   | 30,000              | 151,309             |
| Bond anticipation notes payable     | 1,010,061           | 2,407,903           |
| Total Liabilities                   | 1,558,173           | 3,048,060           |
| Fund Balance -                      |                     |                     |
| Unreserved and undesignated         | 467,212             | 161,213             |
| Total Liabilities and Fund Balance  | <u>\$ 2,025,385</u> | <u>\$ 3,209,273</u> |

TOWN OF NORTH CASTLE, NEW YORK

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2010 AND 2009

|  | 2010        | 2009        |
|--|-------------|-------------|
| Revenues:                                  |             |             |
| State aid                                  | \$ 143,047  | \$ 291,972  |
| Federal aid                                | 8,253       | 148,578     |
| Miscellaneous                              | 1,500       | 4,500       |
| Total Revenues                             | 152,800     | 445,050     |
| Expenditures - Capital outlay              | 1,527,501   | 4,323,113   |
| Deficiency of Revenues Over Expenditures   | (1,374,701) | (3,878,063) |
| Other Financing Sources:                   |             |             |
| Bonds issued                               | 645,000     | 5,245,000   |
| Transfers in                               | 1,035,700   | 572,492     |
| Total Other Financing Sources              | 1,680,700   | 5,817,492   |
| Net Change in Fund Balance                 | 305,999     | 1,939,429   |
| Fund Balance (Deficit) - Beginning of Year | 161,213     | (1,778,216) |
| Fund Balance - End of Year                 | \$ 467,212  | \$ 161,213  |

## TOWN OF NORTH CASTLE, NEW YORK

## CAPITAL PROJECTS FUND

## PROJECT-LENGTH SCHEDULE

INCEPTION OF PROJECT THROUGH DECEMBER 31, 2010

| PROJECT                                    | Project<br>Number | Project<br>Budget    | Expenditures<br>and<br>Transfers | Unexpended<br>Balance |
|--|-------------------|----------------------|----------------------------------|-----------------------|
| CHIPS Capital                              | 28c               | \$ 143,048           | \$ 143,048                       | \$ -                  |
| Chlorination Contract Water District No. 1 | 68                | 900,000              | 749,621                          | 150,379               |
| NYS Multi - Modal Sidewalk Improvements    | 81                | 128,740              | 56,638                           | 72,102                |
| IBM Park                                   | 82                | 1,306,520            | 1,341,892                        | (35,372)              |
| Sewer No. 2 Odor Control                   | 91                | 245,000              | 245,000                          | -                     |
| Route 128 Connect Road                     | 93                | 108,321              | 46,292                           | 62,029                |
| Park Improvements                          | 100               | 459,305              | 447,155                          | 12,150                |
| Water District No. 4 Extension             | 103               | 385,000              | 363,580                          | 21,420                |
| Wampus Brook Pathway                       | 106               | 240,015              | 31,300                           | 208,715               |
| Sewer No. 2 Treatment Plant Upgrade        | 109               | 5,200,000            | 4,426,437                        | 773,563               |
| Sewer No. 2 Sand Filter                    | 110               | 370,000              | 353,570                          | 16,430                |
| Highway Equipment - 2004                   | 111               | 337,000              | 335,881                          | 1,119                 |
| Highway Equipment - 2006                   | 112               | 498,300              | 493,213                          | 5,087                 |
| Firehouse Acquisition/Recreation Center    | 113               | 3,738,099            | 3,804,564                        | (66,465)              |
| Highway Garage                             | 114               | 20,000               | 89,974                           | (69,974)              |
| Highway Equipment - 2007                   | 115               | 310,000              | 313,118                          | (3,118)               |
| Technology - 2007                          | 115               | 251,300              | 216,250                          | 35,050                |
| Vehicles - 2007                            | 115               | 161,175              | 115,266                          | 45,909                |
| Windmill Tank                              | 115               | 2,080,000            | 1,509,377                        | 570,623               |
| NWP Painting                               | 116               | 1,130,000            | 514,353                          | 615,647               |
| Sewer Nitrogen Removal                     | 118               | 5,300,000            | 4,804,677                        | 495,323               |
| Highway Equipment - 2008/2009              | 119               | 521,685              | 516,530                          | 5,155                 |
| Lombardi Park                              | 120               | 440,719              | 439,418                          | 1,301                 |
| Various Projects                           | 121               | 151,195              | 143,860                          | 7,335                 |
| Open Space Acquisition                     | 122               | 430,000              | 417,001                          | 12,999                |
| Quarry Heights                             | 123               | 1,188,499            | 951,095                          | 237,404               |
| Sewer and Water Building                   | 124               | 655,003              | -                                | 655,003               |
| Police License Plate Reader                | 125               | 151,195              | 17,285                           | 133,910               |
| Police ID Equipment                        | 126               | 27,855               | -                                | 27,855                |
| Totals                                     |                   | <u>\$ 26,877,974</u> | <u>\$ 22,886,395</u>             | <u>\$ 3,991,579</u>   |

| Methods of Financing   |                               |                          |                   |                      | Fund Balance<br>(Deficit) at<br>December 31,<br>2010 | Bond<br>Anticipation<br>Notes<br>Outstanding at<br>December 31,<br>2010 |
|------------------------|-------------------------------|--------------------------|-------------------|----------------------|--|---|
| Interfund<br>Transfers | Proceeds<br>of<br>Obligations | State and<br>Federal Aid | Other             | Totals               |  |   |
| \$ -                   | \$ -                          | \$ 143,048               | \$ -              | \$ 143,048           | \$ -   | \$ -  |
| -                      | 750,000                       | -                        | -                 | 750,000              | 379  | -   |
| -                      | -                             | 56,638                   | -                 | 56,638               | -  | -   |
| 1,069,320              | -                             | -                        | 237,200           | 1,306,520            | (35,372)   | -   |
| 70,000                 | 105,000                       | -                        | -                 | 175,000              | (70,000)   | 70,000  |
| -                      | -                             | -                        | 108,321           | 108,321              | 62,029   | -   |
| 97,414                 | 345,000                       | -                        | 16,891            | 459,305              | 12,150   | -   |
| -                      | 385,000                       | -                        | -                 | 385,000              | 21,420   | -   |
| 79,710                 | -                             | -                        | 3,665             | 83,375               | 52,075   | -   |
| -                      | 4,598,563                     | -                        | -                 | 4,598,563            | 172,126  | -   |
| -                      | 366,500                       | -                        | -                 | 366,500              | 12,930   | 3,500   |
| -                      | 337,000                       | -                        | -                 | 337,000              | 1,119  | -   |
| -                      | 398,640                       | -                        | -                 | 398,640              | (94,573)   | 99,660  |
| 1,347,068              | 2,200,000                     | -                        | 38,099            | 3,585,167            | (219,397)  | -   |
| 20,000                 | -                             | -                        | -                 | 20,000               | (69,974)   | -   |
| -                      | 186,000                       | -                        | -                 | 186,000              | (127,118)  | 124,000   |
| -                      | 150,780                       | -                        | -                 | 150,780              | (65,470)   | 100,520   |
| -                      | 96,705                        | -                        | -                 | 96,705               | (18,561)   | 64,470  |
| 30,000                 | 1,650,000                     | -                        | -                 | 1,680,000            | 170,623  | -   |
| -                      | 730,000                       | -                        | -                 | 730,000              | 215,647  | -   |
| -                      | 5,300,000                     | -                        | -                 | 5,300,000            | 495,323  | -   |
| -                      | 183,774                       | -                        | -                 | 183,774              | (332,756)  | 337,911   |
| 90,719                 | 140,000                       | -                        | -                 | 230,719              | (208,699)  | 210,000   |
| 50,000                 | -                             | 101,195                  | -                 | 151,195              | 7,335  | -   |
| -                      | 430,000                       | -                        | -                 | 430,000              | 12,999   | -   |
| -                      | -                             | 880,099                  | 308,400           | 1,188,499            | 237,404  | -   |
| 225,003                | -                             | -                        | -                 | 225,003              | 225,003  | -   |
| -                      | -                             | -                        | -                 | -                    | (17,285)   | -   |
| 27,855                 | -                             | -                        | -                 | 27,855               | 27,855   | -   |
| <u>\$ 3,107,089</u>    | <u>\$ 18,352,962</u>          | <u>\$ 1,180,980</u>      | <u>\$ 712,576</u> | <u>\$ 23,353,607</u> | <u>\$ 467,212</u>                                    | <u>\$ 1,010,061</u>   |

## TOWN OF NORTH CASTLE, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2010  
 (With Comparative Totals for 2009)

|  |                    |                 | Total Non-Major<br>Governmental Funds |              |
|--|--------------------|-----------------|---------------------------------------|--------------|
|  | Special<br>Purpose | Debt<br>Service | 2010                                  | 2009         |
| <u>ASSETS</u>                              |                    |                 |                                       |              |
| Cash and Equivalents                       | \$ 1,384,254       | \$ 1,541        | \$ 1,385,795                          | \$ 1,295,375 |
| <u>LIABILITIES AND FUND BALANCES</u>       |                    |                 |                                       |              |
| Liabilities-                               |                    |                 |                                       |              |
| Bond interest and<br>matured bonds payable | \$ -               | \$ 575          | \$ 575                                | \$ 575       |
| Fund Balances:                             |                    |                 |                                       |              |
| Reserved for parklands                     | 394,856            | -               | 394,856                               | 341,571      |
| Reserved for trusts                        | 989,398            | -               | 989,398                               | 952,263      |
| Reserved for debt service                  | -                  | 966             | 966                                   | 966          |
| Total Fund Balances                        | 1,384,254          | 966             | 1,385,220                             | 1,294,800    |
| Total Liabilities and Fund Balances        | \$ 1,384,254       | \$ 1,541        | \$ 1,385,795                          | \$ 1,295,375 |

## TOWN OF NORTH CASTLE, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 YEAR ENDED DECEMBER 31, 2010  
 (With Comparative Totals for 2009)

|  | Special<br>Purpose | Debt<br>Service | Total Non-Major<br>Governmental Funds |              |
|--|--------------------|-----------------|---------------------------------------|--------------|
|  |                    |                 | 2010                                  | 2009         |
| Revenues:  |                    |                 |                                       |              |
| Use of money and property                            | \$ 2,653           | \$ -            | \$ 2,653                              | \$ 3,228     |
| Miscellaneous  | 91,859             | -               | 91,859                                | 60,820       |
| Total Revenues                                       | 94,512             | -               | 94,512                                | 64,048       |
| Expenditures:  |                    |                 |                                       |              |
| Current -  |                    |                 |                                       |              |
| Culture and recreation                               | 4,092              | -               | 4,092                                 | 40,375       |
| Debt service:  |                    |                 |                                       |              |
| Principal  | -                  | 713,563         | 713,563                               | 495,000      |
| Interest   | -                  | 483,484         | 483,484                               | 370,551      |
| Refunding bond issuance costs                        | -                  | 51,039          | 51,039                                | -            |
| Total Expenditures                                   | 4,092              | 1,248,086       | 1,252,178                             | 905,926      |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 90,420             | (1,248,086)     | (1,157,666)                           | (841,878)    |
| Other Financing Sources (Uses):                      |                    |                 |                                       |              |
| Refunding bonds issued                               | -                  | 1,740,000       | 1,740,000                             | -            |
| Issuance premium                                     | -                  | 161,390         | 161,390                               | -            |
| Payment to refunding bond escrow agent               | -                  | (1,850,351)     | (1,850,351)                           | -            |
| Transfers in   | -                  | 1,197,047       | 1,197,047                             | 865,551      |
| Total Other Financing Sources                        | -                  | 1,248,086       | 1,248,086                             | 865,551      |
| Net Change in Fund Balances                          | 90,420             | -               | 90,420                                | 23,673       |
| Fund Balances - Beginning of Year                    | 1,293,834          | 966             | 1,294,800                             | 1,271,127    |
| Fund Balances - End of Year                          | \$ 1,384,254       | \$ 966          | \$ 1,385,220                          | \$ 1,294,800 |



TOWN OF NORTH CASTLE, NEW YORK

SPECIAL PURPOSE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|                        | <u>2010</u>         | <u>2009</u>         |
|------------------------|---------------------|---------------------|
| <u>ASSETS</u>          |                     |                     |
| Cash -                 |                     |                     |
| Demand deposits        | <u>\$ 1,384,254</u> | <u>\$ 1,293,834</u> |
| <u>FUND BALANCE</u>    |                     |                     |
| Reserved for Parklands | \$ 394,856          | \$ 341,571          |
| Reserved for Trusts    | <u>989,398</u>      | <u>952,263</u>      |
| Total Fund Balance     | <u>\$ 1,384,254</u> | <u>\$ 1,293,834</u> |

TOWN OF NORTH CASTLE, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010                | 2009                |
|---|---------------------|---------------------|
| Revenues:                                       |                     |                     |
| Use of money and property                       | \$ 2,653            | \$ 3,228            |
| Miscellaneous                                   | 91,859              | 60,820              |
| Total Revenues                                  | 94,512              | 64,048              |
| Expenditures - Current - Culture and recreation | 4,092               | 40,375              |
| Excess of Revenues Over Expenditures            | 90,420              | 23,673              |
| Fund Balance - Beginning of Year                | 1,293,834           | 1,270,161           |
| Fund Balance - End of Year                      | <u>\$ 1,384,254</u> | <u>\$ 1,293,834</u> |

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TOWN OF NORTH CASTLE, NEW YORK

DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

|   | <u>2010</u>     | <u>2009</u>     |
|---|-----------------|-----------------|
| <u>ASSETS</u>   |                 |                 |
| Cash:   |                 |                 |
| Demand deposits                                       | \$ 966          | \$ 966          |
| Cash with fiscal agent                                | <u>575</u>      | <u>575</u>      |
| Total Assets  | <u>\$ 1,541</u> | <u>\$ 1,541</u> |
| <u>LIABILITIES AND FUND BALANCE</u>                   |                 |                 |
| Liabilities - Bond interest and matured bonds payable | \$ 575          | \$ 575          |
| Fund Balance - Reserved for debt service              | <u>966</u>      | <u>966</u>      |
| Total Liabilities and Fund Balance                    | <u>\$ 1,541</u> | <u>\$ 1,541</u> |

## TOWN OF NORTH CASTLE, NEW YORK

## DEBT SERVICE FUND

## COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010               |                 |             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual      |   |
| Revenues                                    | \$ -               | \$ -            | \$ -        | \$ -  |
| Expenditures -                              |                    |                 |             |   |
| Debt service -                              |                    |                 |             |   |
| Serial bonds:                               |                    |                 |             |   |
| Principal                                   | 713,563            | 713,563         | 713,563     | -   |
| Interest                                    | 473,725            | 483,486         | 483,484     | 2   |
| Refunding bond issuance costs               | -                  | 51,039          | 51,039      | -   |
| Total Expenditures                          | 1,187,288          | 1,248,088       | 1,248,086   | 2   |
| Deficiency of Revenues<br>Over Expenditures | (1,187,288)        | (1,248,088)     | (1,248,086) | 2   |
| Other Financing Sources (Uses):             |                    |                 |             |   |
| Refunding bonds issued                      | -                  | 1,740,000       | 1,740,000   | -   |
| Issuance premium                            | -                  | 161,390         | 161,390     | -   |
| Payment to refunding bond escrow agent      | -                  | (1,850,351)     | (1,850,351) | -   |
| Transfers in                                | 1,187,288          | 1,197,049       | 1,197,047   | (2)   |
| Total Other Financing Sources               | 1,187,288          | 1,248,088       | 1,248,086   | (2)   |
| Net Change in Fund Balance                  | -                  | -               | -           | -   |
| Fund Balance - Beginning of Year            | -                  | -               | 966         | 966   |
| Fund Balance - End of Year                  | \$ -               | \$ -            | \$ 966      | \$ 966  |

| 2009               |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ -               | \$ -            | \$ -      | \$ -  |
| 495,010            | 495,010         | 495,000   | 10  |
| 370,575            | 370,575         | 370,551   | 24  |
| -                  | -               | -         | -   |
| 865,585            | 865,585         | 865,551   | 34  |
| (865,585)          | (865,585)       | (865,551) | 34  |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| 865,585            | 865,585         | 865,551   | (34)  |
| 865,585            | 865,585         | 865,551   | (34)  |
| -                  | -               | -         | -   |
| -                  | -               | 966       | 966   |
| \$ -               | \$ -            | \$ 966    | \$ 966  |

## APPENDIX B

### The Town of North Castle Summary of 2011 Adopted Budget Adopted on December 15, 2010

| Year Ended December 31:                          | <b>2011 Adopted<br/>Budget</b> |
|--|--------------------------------|
| <b><u>REVENUES</u></b>                           |                                |
| Real Property Taxes                              | \$ 11,850,007                  |
| Other Tax Items                                  | 798,610                        |
| Non-Property Taxes                               | 565,000                        |
| Sales Tax  | 1,350,000                      |
| Departmental Income                              | 1,224,610                      |
| Use of Money and Property                        | 93,800                         |
| Licenses & Permits                               | 470,210                        |
| Fines & Forfeitures                              | 230,000                        |
| Sale of Property and Compensation for Loss       | 13,600                         |
| State and Federal Sources                        | 85,500                         |
| Miscellaneous                                    | 48,000                         |
| Mortgage Tax                                     | 600,000                        |
| Appropriated Fund Balance                        | -                              |
| <b>Total Revenue</b>                             | <b>\$ 17,329,337</b>           |
| <b><u>EXPENDITURES</u></b>                       |                                |
| General Government Support                       | \$ 955,077                     |
| Public Safety                                    | 6,925,927                      |
| Health   | 1,500                          |
| Transportation                                   | 296,519                        |
| Economic Assistance                              | 13,000                         |
| Culture & Recreation                             | 2,489,834                      |
| Home & Community Services                        | 1,637,937                      |
| Employee Benefits                                | 4,141,814                      |
| Debt Service (Interest on BANs )                 | 4,315                          |
| <b>Total Expenditures</b>                        | <b>\$ 16,465,923</b>           |
| <b>Other Financing Uses: Transfers (In/Out )</b> | <b>\$ 200,000</b>              |
| Source: 2011 Town of North Castle Adopted Budget |                                |
|  |                                |