

Town of Walkill, New York

Financial Statements And
Supplementary Information

Year Ended December 31, 2012

Town of Walkill, New York

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Independent Auditors' Report

The Town Board of the Town of Wallkill, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Wallkill, New York ("Town") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Wallkill Housing Authority (a component unit) and the Town of Wallkill Industrial Development Agency (a component unit) for the year ended December 31, 2012. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for such component units, is based solely on the reports of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

O'CONNOR DAVIES, LLP

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Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to the component units referred to above, is based on the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

June 28, 2013

Town of Wallkill, New York

Management's Discussion and Analysis
December 31, 2012

Introduction

On behalf of Town Supervisor Daniel Depew and the staff of the Wallkill Finance Office, I am Submitting this Management's Discussion and analysis (MD&A) as required by the Governmental Accounting Standards Board. The MD&A gives the Town's Finance Officer an opportunity to summarize the Town's financial activity for the fiscal year ended December 31, 2012. This MD&A should be read in conjunction with the basic financial statements that immediately follow this section to enhance understanding of the Town's financial performance.

Financial Highlights for Fiscal Year 2012

The key information that readers of this report need to draw from it is as follows:

- The Town of Wallkill has net position that totals \$21.1 million, excluding the Wallkill Housing Authority and Wallkill IDA. Of this amount, \$21.8 million represents governmental net position and \$(.70) million is business-type net position for the Town's golf course. Total net position for both types of activities increased by \$.436 million, with governmental activities increasing by \$.515 million and business-type activities declining by \$.079 million.
- The Town's major governmental funds ended 2012 with total fund balance of \$16.1 million, exclusive of the Capital Projects Fund. However, of this amount, \$1.7 million was nonspendable. An additional \$.315 million was restricted, while assigned fund balance was \$12.8 million (primarily because of the special revenue funds), and \$ 1.3 million was unassigned fund balance in the General Fund.
- The Town's business-type entity, the Town of Wallkill golf course had total negative net position of \$.70 million. Unfortunately, the golf course has been running at a deficit in recent years, with a loss in 2012 of \$.079 million.
- The Town's total outstanding debt was \$ 21.1 million on bonds and notes (tax anticipation notes and revenue anticipation notes) as of December 31, 2012.

Using This Annual Report

This annual report consists of a series of financial statements that are shown in detail in the section that follows this MD&A. The statement of net position and the statement of activities provide information about the activities of the Town as a whole, and in time, information for a longer-term view of the Town's finances. Fund financial statements show how the various operating funds began and ended 2012 and the level of resources available for future years. Fiduciary funds also are shown; these consist of an Agency Fund. The notes provide additional information that is essential to a full understanding of the data provided in government-wide and fund financial statements.

Additional statements and schedules can be found immediately following the notes to the financial statements. These include statements for the non-governmental funds and schedules of budgets to actual comparisons.

Reporting on the Town as a Whole

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Town's finances, in a manner similar to a private-sector business, including assets not previously included such as infrastructure. The statements that best summarize the Town's finances as a whole are the Statement of Net Position and the Statement of Activities. These two statements include all assets and liabilities using the accrual basis of accounting. All of the Town's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Increases or decreases in net position indicate whether the financial position of the Town is improving or deteriorating. In both statements, the activities of the Town are divided into three types:

Governmental activities - Most of the Town's basic services are shown here including police, highway, water, sewer, parks, land use, and support agencies. Property taxes, non property tax items, state aid and charges for services are the primary sources of revenue for these activities.

Business-type activities - the Town's golf course is intended to be completely self-sufficient and does not receive taxes. Golf fees, green fees, cart rental and facility rental are the primary revenue sources.

Component units - The Town of Walkkill Housing Authority and Town of Walkkill IDA are separate legal entities from the Town, but the Town ultimately is financially accountable for them.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Town's various funds. Some funds are required to be established by State law. The Town's three types of funds – governmental, proprietary and fiduciary – use different basis of accounting.

Governmental funds - Most of the basic services provided by the Town are financed and accounted for through governmental funds. Governmental funds' financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information is useful in determining the Town's financial requirements for subsequent fiscal periods.

Proprietary funds - These funds are used to show activities that operate similar to private business enterprises. Because these funds charge fees for services provided, they are known as proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

All of the Town's fiduciary activities are reported in a separate Statement of Assets and Liabilities - Fiduciary Fund. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance operations.

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 required supplementary information for the Town's other post employment benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

The Town's combined net position at the end of 2012 was \$21.14 million. Of this amount, \$21.81 million were assets of governmental activities and a negative \$.668 million were assets of business-type activities - the Town of Wallkill golf course.

Total assets were \$59.6 million at the end of 2012, with capital assets, net of depreciation accounting for \$41.1 million of this amount. This latter amount includes infrastructure of \$23.2 million. An additional \$2.1 million is land, which is not depreciated. The values of capital assets are based on historical costs. The Town uses these capital assets to provide services to residents, and therefore 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 resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt. Current assets total \$18.5 million and consist primarily of \$14.1 million in cash and equivalents and \$4.4 million in receivables.

Total liabilities are \$38.5 million with bonds outstanding at \$10.4 million and capital leases payable of \$.415 million. Other long-term liabilities of the Town include compensated absences of \$1.7 million and other post employment benefit obligations of \$13.4 million. The Town also reported \$10.3 million in short-term notes.

**Town of Walkill, New York
Net Position
December 31, 2012
(In millions of dollars)**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 18.362	\$ 14.163	\$ 0.144	\$ 0.238	\$ 18.506	\$ 14.401
Capital Assets, Net	39.617	42.967	1.508	1.618	41.125	44.585
Total Assets	57.979	57.130	1.652	1.856	59.631	58.986
Current Liabilities	10.644	12.521	1.815	2.038	12.459	14.559
Long Term Liabilities	25.524	23.314	0.505	0.407	26.029	23.721
Total Liabilities	36.168	35.835	2.320	2.445	38.488	38.280
Net investment in Capital Assets	20.910	22.281	1.365	1.475	22.275	23.756
Restricted Assets	10.242	-	-	-	10.242	-
Unrestricted Assets	(9.341)	(0.986)	(2.033)	(2.064)	(11.374)	(3.050)
Total Net Position	\$ 21.811	\$ 21.295	\$ (0.668)	\$ (0.589)	\$ 21.143	\$ 20.706

When liabilities are subtracted from assets the resulting net position is \$ 21.14 million, consisting of \$22.3 million net investment in capital assets, \$10.2 million in restricted assets, and a negative \$11.4 million in unrestricted assets. The latter includes capital projects for which long-term debt has not been issued as well as the cumulative deficits of the Town's golf course. The restricted assets include \$ 9.93 million for special revenue funds and \$.305 million for parklands.

Statement of Activities

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes are reported as soon as the change occurs, regardless of the timing of the related cash flows. The Town activities are all shown on an accrual basis rather than the modified approach that is traditional in governmental financial statements.

Total revenues for the Town of Walkill were \$ 28.0 million. Real property taxes made up \$11.7 million of this amount or 41%. Charges for services were \$ 8.1 million or 28% made up of building, recreation and water/sewer charges. Non property tax items (sales tax) were at \$4.03 million or 14%. Operating grants and contribution were \$2.04 million or 7%. Unrestricted State aid totaled \$0.558 million or 1%.

Changed in Net Position
Fiscal Year Ended December 31, 2012
(in millions of dollars)

	Governmental Activities 2012	Business- Type Activities 2012	Total
Revenue			
Program Revenues			
Charges for services	\$ 6.902	\$ 1.217	\$ 8.119
Grants & contribution	2.040	-	2.040
Capital grants	0.001	-	0.001
General Revenues			
Real Property Taxes	11.679	-	11.679
Other Tax Items	1.369	-	1.369
Non-Property Taxes	4.029	-	4.029
Unrestricted Use of Money & Property	0.008	0.001	0.009
Sale of Property	0.044	-	0.044
Unrestricted State aid	0.558	-	0.558
Miscellaneous	0.007	-	0.007
Sale of Real Property	0.173	-	0.173
Total Revenues	26.810	1.218	28.028
Program Expenses			
General Government Support	3.062	-	3.062
Public Safety	8.923	-	8.923
Health	0.016	-	0.016
Transportation	7.339	-	7.339
Economic Opportunity & Development	0.005	-	0.005
Culture & Recreation	1.182	-	1.182
Home & Community Service	5.267	-	5.267
Interest	0.501	-	0.501
Golf Course		1.297	1.297
Total Expenses	26.295	1.297	27.592
Increase in Net Position before Transfers	0.515	(0.079)	0.436
Transfers	-	-	-
Increase in Net Assets	0.515	(0.079)	0.436
Net Position Beg. Of Year	21.296	-0.589	20.707
Net Position End of Year	\$ 21.811	\$ (0.668)	\$ 21.143

Program expenses totaled \$27.6 million, with governmental programs accounting for \$26.3 million of that amount. The cost of operating the golf course was \$1.3 million. Public safety expenses, mainly police expenses, total \$8.92 million or 33% of Town spending. Home and community services were \$5.3 million, or 20%. Water and sewer service costs account for the majority of the latter amount. Transportation spending, primarily by the Highway Department, was \$7.3 million or 27% of the total.

The resulting net change in total net position in 2012 was a \$.436 million increase. Governmental activities increase by \$.515 million, while the assets of the golf course declined by \$.080 million.

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.

Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB 54 became effective for financial statements for the Town's fiscal period December 31, 2011. GASB Statement 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

Governmental Fund Highlights

The New York State Comptroller's Office requires the local governments use fund accounting, which is consistent with Governmental Accounting Standards Board, and that only the minimum number of funds required by law and operating requirements should be maintained.

The major operating funds of the Town of Walkill are the General Fund, Highway Fund, the Special Districts Fund (which includes the Consolidated Sewer Fund and the Consolidated Water Fund).

The tables on the following pages show the Town of Walkill's governmental funds including revenues, expenditures and changes in fund balances.

Total revenues for selected governmental funds were \$26.62 million. Expenditures were \$22.2 million, or \$4.42 million, less than revenues. There were no serial bonds issued in 2012. There was a sale of real property of \$0.173 million, leaving a \$4.57 million increase in fund balances.

Of the total \$15.86 million in fund balance, \$1.68 million is nonspendable, \$ 0.010 million is restricted, and there are no committed funds. The assigned and unassigned portions of fund balance are \$12.84 million and \$1.33 million, respectively.

Selected Governmental Operating Funds in 2012
Revenues, Expenditures and Changes in Fund Balance
(in millions of dollars)

	<u>General</u>	<u>Highway</u>	<u>Con. Sewer</u>	<u>Con. Water</u>	<u>Total</u>
Revenues					
Property Taxes & Unit charges	\$ 10.883	\$ 4.714	\$ 3.390	\$ 2.838	\$ 21.825
Other Revenue	3.114	0.873	0.023	0.106	4.116
Total Revenues	<u>13.997</u>	<u>5.587</u>	<u>3.413</u>	<u>2.944</u>	<u>25.941</u>
Expenditures	<u>12.287</u>	<u>4.926</u>	<u>2.223</u>	<u>2.225</u>	<u>21.661</u>
Revenue Net of Expenditures	1.71	0.661	1.19	0.719	4.28
Sale of Real Property	0.173	-	-	-	0.173
Transfer in	0.088	-	-	-	0.088
Transfer out	<u>-</u>	<u>-</u>	<u>0.05</u>	<u>0.065</u>	<u>0.115</u>
Fund Balance - Beginning	1.971	0.661	1.14	0.654	4.426
Fund Balance - Ending	<u>1.078</u>	<u>1.237</u>	<u>2.923</u>	<u>5.082</u>	<u>10.32</u>
Ending Fund Balances	<u>\$ 3.049</u>	<u>\$ 1.898</u>	<u>\$ 4.063</u>	<u>\$ 5.736</u>	<u>\$ 14.746</u>
Fund Balance By Type					
Nonspendable	\$ 1.751	\$ -	\$ -	\$ -	\$ 1.751
Restricted	0.011	-	-	-	0.011
Committed					
Assigned	0.024	1.898	4.063	5.736	11.721
Unassigned	<u>1.263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.263</u>
Total Fund Balance	<u>\$ 3.049</u>	<u>\$ 1.898</u>	<u>\$ 4.063</u>	<u>\$ 5.736</u>	<u>\$ 14.746</u>

General Fund

The Town of Wallkill's General Fund consists of revenues and expenditures for Town-wide services including parks and recreation, general government support and public safety. Revenues consist of property taxes, mortgage tax revenue (classified as State aid), fees from building inspector and park activities, fines and inter-fund revenues for other fund's share of general government support.

Total General Fund revenues were \$ 14 million in 2012 and expenditures totaled \$ 12.29 million.

The Town's General Fund ended 2012 with a net change in Fund Balance of \$ 1.97 million with an ending Fund Balance of \$ 3.05 million. Revenues were \$ 908,448 more than the final budget with non property tax items and licenses/permit accounting for the major part of the overage. Expenditures were \$1,104,846 below the final budget with most General Fund departments below original budget.

Fund balance increased from beginning level of \$ 1.08 million to an ending level of \$ 3.05 million. Fund balancing of \$ 1.8 million is nonspendable with advance to the golf course accounting for this. The ending unassigned fund balance is \$ 1.26 million.

Highway Fund

The Highway Fund provides Town-wide and Part –town Highway services as set by New York State Highway law. Town-wide services consists of snow removal, brush and weed control, highway equipment and machinery costs. Part –town services include road maintenance with road re-surfacing as a major component.

Property taxes accounted for 71% of Highway Fund revenues in 2012. Other revenues are mainly intergovernmental charges and state aid.

The Highway department received .171 million in federal aid for Hurricane Sandy FEMA claim.

The Highway budget had some decreases in 2012 for snow removal of \$.296 million and other costs savings in road maintenance and weed control.

Consolidated Sewer Fund

The Town's sewer system is composed of seventy miles of sewer pipe , thirteen pumping stations, and a treatment plant that has a capacity of 4 million gallons of sewage per day.

Usage charges and Special Assessment billing account for 99 % of revenue. The usage rate for 2012 was at \$ 2.75/thousand gallons; rate to be raise in 2013.

Fund balance increased from a beginning level of \$ 2.9 million to an ending level of \$ 4.1 million of which all is assigned. This increase was due to the cost cutting messages the Town has been following in running this fund. Expenditures decreased by \$.310 million in 2012.

Consolidated Water Fund

The Town's water system is composed of eighty miles of pipe and ten water pumping stations.

Usage charges and Special Assessment billing account for 97% of revenue. The usage rate for 2012 was at \$2.25/thousand gallons water used, this rate is schedule to be raised in 2013.

The Water department received \$.065 in Federal aid for Hurricane Sandy FEMA claim.

Fund balance increased from a beginning level of \$ 5.08 million to an ending level of \$ 5.74 million of which all is assigned. Expenditures were down \$.421 million which help to increase the Fund balance.

Capital Assets and Debt Administration

The Town of Walkill's capital assets had values, net of accumulated depreciation of \$41.125 million at the end of 2012.

The following table shows the components of the capital assets for governmental and business-type activities.

Capital Assets
December 31, 2012
(In millions of dollars, net of accumulated depreciation)

	<u>Governmental Activities</u>	<u>Business- Type</u>	<u>Total</u>
Land	\$ 1.585	\$ 0.523	\$ 2.108
Land Improvements	3.390	-	3.390
Buildings & Improvements	8.148	0.744	8.892
Golf Course Facility	-	0.172	0.172
Machinery & Equipment	1.720	0.069	1.789
Infrastructure	23.181	-	23.181
Construction-In-Progress	1.593	-	1.593
Total Capital Assets	\$ 39.617	\$ 1.508	\$ 41.125

Additional information on the town's capital assets can be found in Note 3 in the notes to the financial Statements.

Long-Term and Short-Term Debt

The Town of Walkill's long-term debt (general obligation bonds) at the end of 2012 was \$10.40 million of which all was for governmental activities. The town has bond anticipation notes (BANs) and a Tax Anticipation Note (TAN) outstanding of \$10.3 million of the end of 2012.

Total outstanding debt declined from \$ 22.39 million in 2011 to \$ 20.70 million due to principal payments.

The town's underlying credit rating by Standard & Poor's Financial Services LLC is "A".

Outstanding Debt
31-Dec-12
(in millions of dollars)

	<u>Governmental</u>	<u>Business</u>	<u>Total</u>
General Obligation Bonds	\$ 10.400	\$ -	\$ 10.400
Bond Anticipation Notes	8.190	-	8.190
Energy Performance Contract	1.400	-	1.400
 Total Outstanding Debt	 \$ 19.990	 \$ -	 \$ 19.990

General Information

The Town of Walkill, classified as a First Class Town, encompasses an area of 64 square miles within the western part of the County of Orange, New York. There are no incorporated villages within the town, however, the Town includes the unincorporated communities of Circleville, Howells, Washington Heights and Scotchtown. In addition, the Town completely encircles the City of Middletown. Walkill is a suburban community and primarily residential in nature. The Town also enjoys substantial retail and commercial activity and some industry. Residents of the Town are employed throughout the area, which has a retail and service oriented economy.

Next Year's Budgets and Tax Rate

The 2013 budget was the second year in which the town needed to comply with the property tax cap that was approved by the New York State Legislature in 2011. The Town has stay under or right at the cap by undertaking tight budget controls that keeps expenses down and properly record revenues.

For 2014, the Town Board has indicated that it will again stay within the tax cap.

Contacting the Town's Financial Management

This report is intended to provide a broad overview of the Town of Walkill's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Walkill Supervisor Office
Town of Walkill
99 Tower Dr. Build A
Middletown, NY 10941

Town of Walkill, New York

Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 13,960,547	\$ 129,783	\$ 14,090,330
Accounts receivable	448,552	14,108	462,660
State and Federal aid	936,043	-	936,043
Due from other governments	1,419,712	-	1,419,712
Water and sewer rents	1,597,002	-	1,597,002
Capital assets			
Not being depreciated	3,177,632	522,634	3,700,266
Being depreciated, net	36,439,491	985,287	37,424,778
Total Assets	57,978,979	1,651,812	59,630,791
LIABILITIES			
Accounts payable	584,601	16,943	601,544
Accrued liabilities	211,517	6,179	217,696
Due to other governments	-	-	-
Due to retirement systems	1,121,873	40,761	1,162,634
Tax anticipation notes payable	1,400,000	-	1,400,000
Bond anticipation notes payable	8,900,000	-	8,900,000
Internal balances	(1,750,879)	1,750,879	-
Accrued interest payable	176,596	-	176,596
Non-current liabilities			
Due within one year	1,307,220	36,490	1,343,710
Due in more than one year	24,217,267	468,900	24,686,167
Total Liabilities	36,168,195	2,320,152	38,488,347
NET POSITION			
Net investment in capital assets	20,910,392	1,365,149	22,275,541
Restricted for			
Liability and casualty	10,549	-	10,549
Special Districts			
Water	5,483,069	-	5,483,069
Sewer	3,416,606	-	3,416,606
Street lighting	313,013	-	313,013
Road improvements	713,878	-	713,878
Parklands	304,687	-	304,687
Unrestricted	(9,341,410)	(2,033,489)	(11,374,899)
Total Net Position	\$ 21,810,784	\$ (668,340)	\$ 21,142,444

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

Town of Wallkill, New York

Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 3,062,556	\$ 51,838	\$ 283,555	\$ -
Public safety	8,922,564	1,325,742	-	-
Health	15,506	40,520	-	-
Transportation	7,339,012	35,617	1,616,195	-
Economic opportunity and development	4,711	-	-	-
Culture and recreation	1,182,438	506,011	2,835	-
Home and community services	5,267,490	4,942,807	137,408	-
Interest	501,035	-	-	-
Total Governmental Activities	26,295,312	6,902,535	2,039,993	-
Business-type activities				
Golf Course	1,297,188	1,217,344	-	-
Total	<u>\$ 27,592,500</u>	<u>\$ 8,119,879</u>	<u>\$ 2,039,993</u>	<u>\$ -</u>
Component units				
Town of Wallkill Housing Authority	\$ 2,610	\$ -	\$ -	\$ -
Town of Wallkill Industrial Development Agency	2,850	-	-	-
Total Component Units	<u>\$ 5,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Real property taxes				
Other tax items				
Payments in lieu of taxes				
Interest and penalties on real property taxes				
Franchise fees				
Non-property taxes				
Non-property tax distribution from County				
Unrestricted use of money and property				
Sale of property and compensation for loss				
Unrestricted State aid				
Miscellaneous				
Sale of real property				
Total General Revenues				
Change in Net Position				
Net Position - Beginning, as restated				
Net Position - End of Year				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Town of Walkill Housing Authority	Town of Walkill Industrial Development Authority
\$ (2,727,163)	\$ -	\$ (2,727,163)	\$ -	\$ -
(7,596,822)	-	(7,596,822)	-	-
25,014	-	25,014	-	-
(5,687,200)	-	(5,687,200)	-	-
(4,711)	-	(4,711)	-	-
(673,592)	-	(673,592)	-	-
(187,275)	-	(187,275)	-	-
(501,035)	-	(501,035)	-	-
(17,352,784)	-	(17,352,784)	-	-
-	(79,844)	(79,844)	-	-
(17,352,784)	(79,844)	(17,432,628)	-	-
-	-	-	(2,610)	-
-	-	-	-	(2,850)
-	-	-	(2,610)	(2,850)
11,678,122	-	11,678,122	-	-
1,036,208	-	1,036,208	-	-
52,465	-	52,465	-	-
280,073	-	280,073	-	-
4,028,648	-	4,028,648	-	-
9,160	340	9,500	198,632	917
44,049	-	44,049	-	-
558,176	-	558,176	-	-
7,720	-	7,720	-	-
173,379	-	173,379	-	-
17,868,000	340	17,868,340	198,632	917
515,216	(79,504)	435,712	196,022	(1,933)
21,295,568	(588,836)	20,706,732	5,934,228	(401)
<u>\$ 21,810,784</u>	<u>\$ (668,340)</u>	<u>\$ 21,142,444</u>	<u>\$ 6,130,250</u>	<u>\$ (2,334)</u>

Town of Wallkill, New York

Balance Sheet
 Governmental Funds
 December 31, 2012

	<u>General</u>	<u>Highway</u>	<u>Special Districts</u>
ASSETS			
Cash and equivalents	\$ 1,452,326	\$ 1,985,308	\$ 9,490,464
Receivables			
Accounts	364,718	66,284	17,550
State and Federal aid	936,043	-	-
Due from other governments	1,419,712	-	-
Water and sewer rents	-	-	1,597,002
Due from other funds	73,008	291,660	99,216
Advances to other funds	1,677,871	-	-
	<u>4,471,352</u>	<u>357,944</u>	<u>1,713,768</u>
Total Assets	<u>\$ 5,923,678</u>	<u>\$ 2,343,252</u>	<u>\$ 11,204,232</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 320,543	\$ 169,089	\$ 94,969
Accrued liabilities	122,992	69,761	18,764
Due to retirement systems	789,804	206,185	125,884
Due to other funds	242,097	-	48,787
Tax anticipation notes payable	1,400,000	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>2,875,436</u>	<u>445,035</u>	<u>288,404</u>
Fund balances (deficits)			
Nonspendable	1,677,871	-	-
Restricted	10,549	-	-
Assigned	24,401	1,898,217	10,915,828
Unassigned	1,335,421	-	-
Total Fund Balances (Deficits)	<u>3,048,242</u>	<u>1,898,217</u>	<u>10,915,828</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 5,923,678</u>	<u>\$ 2,343,252</u>	<u>\$ 11,204,232</u>

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

Capital Projects	Other Governmental	Total Governmental Funds
\$ 720,509	\$ 311,940	\$ 13,960,547
-	-	448,552
-	-	936,043
-	-	1,419,712
-	-	1,597,002
-	-	463,884
-	-	1,677,871
-	-	6,543,064
<u>\$ 720,509</u>	<u>\$ 311,940</u>	<u>\$ 20,503,611</u>
\$ -	\$ -	\$ 584,601
-	-	211,517
-	-	1,121,873
49,563	50,429	390,876
-	-	1,400,000
8,900,000	-	8,900,000
<u>8,949,563</u>	<u>50,429</u>	<u>12,608,867</u>
-	-	1,677,871
-	304,687	315,236
-	-	12,838,446
(8,229,054)	(43,176)	(6,936,809)
<u>(8,229,054)</u>	<u>261,511</u>	<u>7,894,744</u>
<u>\$ 720,509</u>	<u>\$ 311,940</u>	<u>\$ 20,503,611</u>

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Town of Wallkill, New York

Reconciliation of the Governmental Funds

Balance Sheet to the Government-Wide Statement of Net Position

December 31, 2012

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

Fund Balances - Total Governmental Funds	<u>\$ 7,894,744</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>39,617,123</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(176,596)
Bonds payable	(10,400,000)
Capital leases payable	(272,677)
Compensated absences	(1,619,658)
Landfill closure costs	(150,140)
Other post employment benefit obligations payable	<u>(13,082,012)</u>
	<u>(25,701,083)</u>
Net Position of Governmental Activities	<u><u>\$ 21,810,784</u></u>

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

Town of Wallkill, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2012

	General	Highway	Special Districts
REVENUES			
Real property taxes	\$ 5,036,775	\$ 3,957,252	\$ 2,684,095
Other tax items	892,999	445,206	30,541
Non-property taxes	4,028,648	-	-
Departmental income	640,967	-	4,192,272
Intergovernmental charges	283,555	311,810	-
Use of money and property	46,868	10,208	30,222
Sale of property and compensation for loss	44,049	97,831	-
Interfund revenues	-	245,808	-
Licenses and permits	697,948	-	-
Fines and forfeitures	1,082,676	-	-
State aid	811,494	344,624	22,103
Federal aid	422,808	170,686	64,767
Miscellaneous	7,720	3,840	15,021
Total Revenues	13,996,507	5,587,265	7,039,021
EXPENDITURES			
Current			
General government support	2,340,144	-	-
Public safety	4,161,640	-	-
Health	15,506	-	-
Transportation	792,430	3,472,596	46,538
Economic opportunity and development	4,711	-	-
Culture and recreation	743,641	-	-
Home and community services	124,095	-	3,561,314
Employee benefits	3,450,364	1,277,699	570,118
Debt service			
Principal	350,000	161,833	625,000
Interest	304,756	13,478	183,696
Capital outlay	-	-	-
Total Expenditures	12,287,287	4,925,606	4,986,666
Excess (Deficiency) of Revenues Over Expenditures	1,709,220	661,659	2,052,355
OTHER FINANCING SOURCES (USES)			
Sale of real property	173,379	-	-
Transfers in	88,096	-	-
Transfers out	-	-	(115,000)
Total Other Financing Sources (Uses)	261,475	-	(115,000)
Net Change in Fund Balances	1,970,695	661,659	1,937,355
Fund Balances (Deficits) - Beginning of Year, as restated	1,077,547	1,236,558	8,978,473
Fund Balances (Deficits) - End of Year	\$ 3,048,242	\$ 1,898,217	\$ 10,915,828

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

Capital Projects	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ 11,678,122
-	-	1,368,746
-	-	4,028,648
-	250,000	5,083,239
-	-	595,365
964	726	88,988
-	-	141,880
-	-	245,808
-	-	697,948
-	-	1,082,676
-	-	1,178,221
-	8,464	666,725
-	10	26,591
<u>964</u>	<u>259,200</u>	<u>26,882,957</u>
-	-	2,340,144
-	-	4,161,640
-	-	15,506
-	-	4,311,564
-	-	4,711
-	-	743,641
-	9,950	3,695,359
-	-	5,298,181
-	-	1,136,833
-	-	501,930
<u>15,631</u>	<u>-</u>	<u>15,631</u>
<u>15,631</u>	<u>9,950</u>	<u>22,225,140</u>
<u>(14,667)</u>	<u>249,250</u>	<u>4,657,817</u>
-	-	173,379
115,000	-	203,096
<u>-</u>	<u>(88,096)</u>	<u>(203,096)</u>
<u>115,000</u>	<u>(88,096)</u>	<u>173,379</u>
100,333	161,154	4,831,196
<u>(8,329,387)</u>	<u>100,357</u>	<u>3,063,548</u>
<u>\$ (8,229,054)</u>	<u>\$ 261,511</u>	<u>\$ 7,894,744</u>

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Town of Wallkill, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2012

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

Net Change in Fund Balances - Total Governmental Funds \$ 4,831,196

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 depreciation expense exceeded capital outlays in the current period. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold.

Capital outlay expenditures	27,030
Depreciation expense	<u>(3,376,731)</u>

(3,349,701)

Debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	975,000
Principal paid on capital leases	<u>161,833</u>

1,136,833

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

Accrued interest	895
Compensated absences	(221,954)
Landfill closure costs	5,860
Other post employment benefit obligations	<u>(1,887,913)</u>

(2,103,112)

Change in Net Position of Governmental Activities \$ 515,216

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

Town of Walkill, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 5,036,775	\$ 5,036,775	\$ 5,036,775	\$ -
Other tax items	815,000	815,000	892,999	77,999
Non-property taxes	3,617,320	3,617,320	4,028,648	411,328
Departmental income	524,500	524,500	640,967	116,467
Intergovernmental charges	408,000	408,000	283,555	(124,445)
Use of money and property	38,220	38,220	46,868	8,648
Sale of property and compensation for loss	22,200	22,200	44,049	21,849
Interfund revenues	-	-	-	-
Licenses and permits	399,500	399,500	697,948	298,448
Fines and forfeitures	879,000	879,000	1,082,676	203,676
State aid	1,145,044	1,145,044	811,494	(333,550)
Federal aid	200,000	200,000	422,808	222,808
Miscellaneous	2,500	2,500	7,720	5,220
Total Revenues	13,088,059	13,088,059	13,996,507	908,448
EXPENDITURES				
Current				
General government support	2,814,547	2,811,858	2,340,144	471,714
Public safety	4,085,111	4,249,193	4,161,640	87,553
Health	8,013	15,507	15,506	1
Transportation	968,904	847,614	792,430	55,184
Economic opportunity and development	12,300	12,300	4,711	7,589
Culture and recreation	1,091,484	1,071,535	743,641	327,894
Home and community services	125,560	136,435	124,095	12,340
Employee benefits	3,631,177	3,592,229	3,450,364	141,865
Debt service				
Principal	350,000	350,000	350,000	-
Interest	305,462	305,462	304,756	706
Total Expenditures	13,392,558	13,392,133	12,287,287	1,104,846
Excess (Deficiency) of Revenues Over Expenditures	(304,499)	(304,074)	1,709,220	2,013,294
OTHER FINANCING SOURCES (USES)				
Sale of real property	-	-	173,379	173,379
Transfers in	300,000	300,000	88,096	(211,904)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	300,000	300,000	261,475	(38,525)
Net Change in Fund Balances	(4,499)	(4,074)	1,970,695	1,974,769
Fund Balances - Beginning of Year, as restated	4,499	4,074	1,077,547	1,073,473
Fund Balances - End of Year	\$ -	\$ -	\$ 3,048,242	\$ 3,048,242

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,957,252	\$ 3,957,252	\$ 3,957,252	\$ -	\$ 2,684,095	\$ 2,684,095	\$ 2,684,095	\$ -
450,000	450,000	445,206	(4,794)	30,541	30,541	30,541	-
-	-	-	-	-	-	-	-
-	-	-	-	3,863,146	3,863,146	4,192,272	329,126
229,000	229,000	311,810	82,810	-	-	-	-
10,000	10,000	10,208	208	30,200	30,200	30,222	22
-	-	97,831	97,831	-	-	-	-
175,000	175,000	245,808	70,808	-	-	-	-
22,250	22,250	-	(22,250)	-	-	-	-
-	-	-	-	-	-	-	-
270,000	270,000	344,624	74,624	-	-	22,103	22,103
-	-	170,686	170,686	-	-	64,767	64,767
1,500	1,500	3,840	2,340	-	-	15,021	15,021
<u>5,115,002</u>	<u>5,115,002</u>	<u>5,587,265</u>	<u>472,263</u>	<u>6,607,982</u>	<u>6,607,982</u>	<u>7,039,021</u>	<u>431,039</u>
27,939	27,939	-	27,939	13,385	13,385	-	13,385
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,638,670	3,659,469	3,472,596	186,873	136,875	136,875	46,538	90,337
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,933,501	4,871,670	3,561,314	1,310,356
1,311,521	1,322,970	1,277,699	45,271	586,292	648,048	570,118	77,930
200,000	182,862	161,833	21,029	625,000	625,000	625,000	-
14,762	14,762	13,478	1,284	207,410	202,410	183,696	18,714
<u>5,192,892</u>	<u>5,208,002</u>	<u>4,925,606</u>	<u>282,396</u>	<u>6,502,463</u>	<u>6,497,388</u>	<u>4,986,666</u>	<u>1,510,722</u>
<u>(77,890)</u>	<u>(93,000)</u>	<u>661,659</u>	<u>754,659</u>	<u>105,519</u>	<u>110,594</u>	<u>2,052,355</u>	<u>1,941,761</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(310,000)	(315,000)	(115,000)	200,000
-	-	-	-	(310,000)	(315,000)	(115,000)	200,000
(77,890)	(93,000)	661,659	754,659	(204,481)	(204,406)	1,937,355	2,141,761
77,890	93,000	1,236,558	1,143,558	204,481	204,406	8,978,473	8,774,067
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,217</u>	<u>\$ 1,898,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,915,828</u>	<u>\$ 10,915,828</u>

Town of Wallkill, New York

Statement of Net Position
Proprietary Fund
December 31, 2012

	<u>Golf Fund</u>
ASSETS	
Current assets	
Cash and equivalents	\$ 129,783
Accounts receivable	14,108
Total Current Assets	<u>143,891</u>
Capital assets	
Not being depreciated	522,634
Being depreciated, net	985,287
Total Capital Assets	<u>1,507,921</u>
Total Assets	<u>1,651,812</u>
LIABILITIES	
Current liabilities	
Accounts payable	16,943
Accrued liabilities	6,179
Due to retirement systems	40,761
Due to other funds	73,008
Advances from other funds	1,677,871
Total Current Liabilities	<u>1,814,762</u>
Noncurrent liabilities	
Due within one year	36,490
Due in more than one year	468,900
Total Noncurrent Liabilities	<u>505,390</u>
Total Liabilities	<u>2,320,152</u>
NET POSITION	
Net investment in capital assets	1,365,149
Unrestricted	(2,033,489)
Total Net Position	<u>\$ (668,340)</u>

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

Town of Walkill, New York

Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund
Year Ended December 31, 2012

	<u>Golf Fund</u>
OPERATING REVENUES	
Charges for services	<u>\$ 1,217,344</u>
OPERATING EXPENSES	
Personal services	446,613
Contractual and other	416,127
Employee benefits	314,746
Depreciation	<u>110,101</u>
Total Operating Expenses	<u>1,287,587</u>
Loss from Operations	<u>(70,243)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	340
Interest expense	<u>(9,601)</u>
Total Non-Operating Expenses	<u>(9,261)</u>
Change in Net Position	(79,504)
Net Position - Beginning of year, as restated	<u>(588,836)</u>
Net Position - End of Year	<u><u>\$ (668,340)</u></u>

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

Town of Walkill, New York

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2012

	<u>Golf Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,223,210
Cash payments for goods and services	(522,883)
Cash payments to employees	(402,805)
Cash payments for employee benefits	<u>(251,936)</u>
Net Cash from Operating Activities	<u>45,586</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from other funds	<u>(87,108)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on installment purchase debt	(37,776)
Interest paid on indebtedness	<u>(9,601)</u>
Net Cash from Capital and Related Financing Activities	<u>(47,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>340</u>
Net Change in Cash	(88,559)
Cash - Beginning of Year	<u>218,342</u>
Cash - End of Year	<u><u>\$ 129,783</u></u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	\$ (70,243)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	110,101
Changes in assets and liabilities	
Accounts receivable	5,866
Accounts payable	6,136
Accrued liabilities	1,875
Due to retirement systems	6,357
Due to other funds	(112,892)
Compensated absences	41,933
Other post employment benefit obligations payable	<u>56,453</u>
Net Cash from Operating Activities	<u><u>\$ 45,586</u></u>

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

Town of Walkill, New York

Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012

	<u>Agency</u>
ASSETS	
Cash	
Demand deposits	<u>\$ 2,132,968</u>
LIABILITIES	
Accounts payable	\$ 17,530
Employee payroll deductions	12,727
Deposits	<u>2,102,711</u>
Total Liabilities	<u>\$ 2,132,968</u>

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

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Town of Wallkill, New York

Notes to Financial Statements
December 31, 2012

Note 1 - Summary of Significant Accounting Policies

The Town of Wallkill, New York ("Town") was established in 1772 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 both the 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, the following component units are included in the Town's reporting entity because of their operational or financial relationship with the Town.

The Wallkill Housing Authority ("Housing Authority") was organized in 1966 as a municipal housing authority created and established for the Town under the Public Housing Law of the State of New York for the purpose of providing decent, safe and sanitary housing for persons of low income and other related purposes. Since the Housing Authority does not provide services entirely or almost entirely to the Town, the financial statements of the Housing Authority have been reflected as a discretely presented component unit. Complete financial statements of the component unit can be obtained from the Wallkill Housing Authority, 99 Tower Drive, Middletown, New York 10941.

The Wallkill Industrial Development Agency ("Agency") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the City's inhabitants. Members of the Agency are appointed by the Town Board. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the Town Board and, therefore, the primary government is considered to be able to impose its will on the Agency. Since the Agency does not provide services entirely or almost entirely to the Town, the financial statements of the Agency have been reflected as a discretely presented component unit. Complete financial statements may be obtained from the Wallkill Industrial Development Agency, 99 Tower Drive, Middletown, NY 10941.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town and its component units 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Fund is charges to customers for services. Operating expenses for the Enterprise Fund include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. 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 page following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town's resources are reflected in the fund financial statements in three 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 fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue 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. The major revenues of this fund are real property taxes and state aid.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, lighting and road improvement districts. The major revenues of this fund are real property taxes and departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

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

Special Revenue Funds:

Community Development Fund - The Community Development Fund is used to account for projects and subsidies financed by entitlements from the U.S. Department of Housing and Urban Development.

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

- b. Proprietary Funds - Proprietary funds include enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is

Note 1 - Summary of Significant Accounting Policies (Continued)

necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The operations of the Golf Course are recorded as a major enterprise fund. The Town applies all applicable Financial Accounting Standards Board ("FASB") guidance issued after November 30, 1989 in accounting and reporting for its enterprise operations.

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is also used to account for employee payroll tax withholdings or deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Component Units

Component units are presented on the basis of accounting that most accurately reflects their activities. The Housing Authority and Industrial Development Agency are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. The component unit applies all applicable Financial Accounting Standards Boards guidance issued after November 30, 1989 in accounting and reporting for its operations.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2012.

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

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special district taxes which are due January 1st and payable without penalty until January 31st. The Town retains the total amount of town, highway and special district and taxes from the total collection and returns the balance plus the uncollected items to the County, which assumes collection responsibility.

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances.

Advances To/From Other Funds - Advances to/from other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type 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 by using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	40
Improvements other than buildings	20
Infrastructure	15-50
Machinery and equipment	5

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. 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 and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is 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 position on the Statement of Net Position includes, net investment in capital assets, restricted for liability and casualty, special districts and parklands. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor

Note 1 - Summary of Significant Accounting Policies (Continued)

constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

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 and Special Districts funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 28, 2013.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) The Town Supervisor shall prepare a tentative budget in September and submit it to the Town Clerk by September 30th. The tentative budget includes the estimated revenues and expenditures for the ensuing fiscal year.
- b) The Town clerk must present the tentative budget to the Town Board by October 5th. Between October 5th and October 10th, the Town Board shall prepare a preliminary budget. Immediately after the preliminary budget has been approved, the Town Board shall file the original copy with the Town Clerk where it shall be available for inspection by the public. In addition, the Town Board shall adopt a resolution specifying the time and place of a public hearing, which shall be held on or before election day during an election year and by November 10th in a non-election year.
- c) At the public hearing, taxpayers may comment on the preliminary budget.
- d) Within five days after the hearing, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- e) The Town Board must submit and adopted budget to the County by November 26th.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) Formal budgetary integration is employed during the year as a management control device for General, Highway and Special Districts funds.
- g) Budgets for General, Highway and Special Districts funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development, Special Purpose or Proprietary funds.
- h) 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 an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General, Highway and Special Districts funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Property Tax Limitation

The Town is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 2 - Stewardship, Compliance and Accountability (Continued)

coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

C. Application of Accounting Standards

For the year ended December 31, 2012, the Town implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB Statement No. 63"). This statement provides financial reporting guidance for these elements first introduced in GASB Concept Statement No. 4, "Elements of Financial Statements". Previous financial reporting standards did not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities.

D. Prior Period Adjustments

In the General Fund, it was determined that the Special Purpose was combined as of January 1, 2012. As a result, the opening fund balance of \$142,057 of the Special Purpose Fund was removed from the General Fund and a separate fund was established. This resulted in an increase to the fund balance in the Special Purpose Fund with a corresponding decrease to the fund balance of the General Fund as of January 1, 2012.

In the Golf Fund, it was determined that the liability for other post employment benefit obligations was overstated by \$247,524 as of January 1, 2012 and understated on the government-wide governmental activities financial statements. As a result, the net position of the Golf Fund was increased by \$247,524 as of January 1, 2012, with a corresponding decrease to government-wide governmental activities net position.

In the government-wide statements, it was determined that inventory was overstated by \$103,054, and compensated absences were understated by \$958,979, resulting in a decrease in net position of \$1,062,033 as of January 1, 2012. In addition, it was determined that accrued interest payable, notes payable and capital leases payable were overstated on the government-wide statements by \$159,380, \$22,857 and \$17,693, respectively, resulting in an increase to net position of \$199,930 as of January 1, 2012.

	Government-wide Net Assets	Fund Level			Total
		General	Non-Major Special Purpose	Enterprise Fund Golf Fund	
Reclassification of Special Purpose from General Fund	\$ -	\$ (142,057)	\$ 142,057	\$ -	\$ -
Inventory	(103,054)	-	-	-	-
Accrued interest payable	159,380	-	-	-	-
Notes payable	22,857	-	-	-	-
Capital leases payable	17,693	-	-	-	-
Compensated absences	(958,979)	-	-	-	-
Other Post Employment Benefit Obligations	(247,524)	-	-	247,524	247,524
	<u>\$ (1,109,627)</u>	<u>\$ (142,057)</u>	<u>\$ 142,057</u>	<u>\$ 247,524</u>	<u>\$ 247,524</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Fund Deficits

The unassigned deficit of \$8,229,054 in the Capital Projects Fund arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

The following funds have unassigned deficits at December 31, 2012:

Special Districts Fund		
Lighting District #4	\$	137
Community Development Fund		43,176
Enterprise Fund		
Golf Course		668,340

These deficits will be addressed in the ensuing years.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2012 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 73,008	\$ 242,097
Highway	291,660	-
Special Districts	99,216	48,787
Capital Projects	-	49,563
Non-Major Government Funds	-	50,429
Golf Course	-	73,008
	<u>\$ 463,884</u>	<u>\$ 463,884</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

B. Advances To/From Other Funds

The balances reflected as advances to/from other funds at December 31, 2012 were as follows:

Fund	Due From	Due To
General	\$ 1,677,871	\$ -
Golf Fund	-	1,677,871
	\$ 1,677,871	\$ 1,677,871

The outstanding balances between funds represent loans which are not expected to be repaid within the subsequent operating cycle.

C. Capital Assets

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

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 1,560,505	\$ 24,000	\$ -	\$ 1,584,505
Construction-in-progress	1,593,127	-	-	1,593,127
Total Capital Assets, not being depreciated	\$ 3,153,632	\$ 24,000	\$ -	\$ 3,177,632
Capital Assets, being depreciated				
Buildings and improvements	\$ 13,249,571	\$ -	\$ -	\$ 13,249,571
Improvements other than buildings	4,932,528	-	-	4,932,528
Infrastructure	87,222,470	-	15,000	87,207,470
Machinery and equipment	9,444,589	3,030	28,682	9,418,937
Total Capital Assets, being depreciated	114,849,158	3,030	43,682	114,808,506
Less Accumulated Depreciation for				
Buildings and improvements	4,702,183	399,670	-	5,101,853
Improvements other than buildings	1,328,793	214,102	-	1,542,895
Infrastructure	61,899,366	2,142,122	15,000	64,026,488
Machinery and equipment	7,105,624	620,837	28,682	7,697,779
Total Accumulated Depreciation	75,035,966	3,376,731	43,682	78,369,015
Total Capital Assets, being depreciated, net	\$ 39,813,192	\$ (3,373,701)	\$ -	\$ 36,439,491
Governmental Activities Capital Assets, net	\$ 42,966,824	\$ (3,349,701)	\$ -	\$ 39,617,123

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Business-type Activities				
Capital Assets, not being depreciated				
Land	\$ 522,634	\$ -	\$ -	\$ 522,634
Capital Assets, being depreciated				
Buildings and improvements	\$ 1,583,576	\$ -	\$ -	\$ 1,583,576
Improvements other than buildings	5,456,334	-	-	5,456,334
Machinery and equipment	803,106	-	-	803,106
Total Capital Assets, being depreciated	7,843,016	-	-	7,843,016
Less Accumulated Depreciation for				
Buildings and improvements	799,104	40,666	-	839,770
Improvements other than buildings	5,254,608	29,045	-	5,283,653
Machinery and equipment	693,916	40,390	-	734,306
Total Accumulated Depreciation	6,747,628	110,101	-	6,857,729
Total Capital Assets, being depreciated, net	\$ 1,095,388	\$ (110,101)	\$ -	\$ 985,287
Business-type Activities Capital Assets, net	\$ 1,618,022	\$ (110,101)	\$ -	\$ 1,507,921

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

Governmental Activities	
General Government Support	\$ 67,535
Public Safety	101,302
Transportation	1,688,366
Culture and Recreation	33,767
Home and Community Services	1,485,761
Total Depreciation Expense - Governmental Activities	\$ 3,376,731
Business-type Activities	
Golf Fund	\$ 110,101

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

Accrued liabilities at December 31, 2012 were as follows:

	Fund				Total
	General	Highway	Special Districts	Golf Course	
Payroll and Employee Benefits	\$ 122,992	\$ 69,761	\$ 18,764	\$ 6,179	\$ 217,696

E. Pension Plans

The primary government 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 and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and a regular pension contribution. Contribution rates for the plan year ended March 31, 2013 are as follows:

	Tier/Plan	Rate
ERS	3 A14 41J	18.6%
	4 A15 41J	18.6
	5 A15 41J	15.1
	6 A15 41J2	10.1
PFRS	2 384D	25.1
	5 384D	20.1
	6 384D	14.6

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

	ERS	PFRS
2012	\$ 842,346	\$ 680,812
2011	743,996	587,491
2010	521,884	425,192

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

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

<u>Fund</u>	<u>Amount</u>
General	\$ 360,239
Highway	273,089
Special Districts	156,755
Golf Course	<u>52,263</u>
	<u>\$ 842,346</u>

The Agency does not pay wages and, accordingly, does not participate in a retirement system.

F. Short-Term Non-Capital Borrowings - Tax Anticipation Notes

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

<u>Type</u>	<u>Balance January 1, 2012</u>	<u>Issued</u>	<u>Redemptions</u>	<u>Balance December 31, 2012</u>
Tax Anticipation Note	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Tax Anticipation Note	<u>-</u>	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
	<u>\$ 2,000,000</u>	<u>\$ 1,400,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,400,000</u>

The \$2,000,000 tax anticipation note was issued on December 23, 2011 and redeemed on February 24, 2012 with interest at 2.22%. The \$1,400,000 tax anticipation note was issued on December 18, 2012 and matures on February 28, 2013 with interest at 2.09%. Interest expenditures of \$7,523 were recorded in the fund financial statements in the General Fund. Interest expense of \$7,168 was recorded in the government-wide financial statements.

G. Short-Term Capital Borrowings

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2012</u>	<u>Redemptions</u>	<u>Balance December 31, 2012</u>
Governmental Type Activities						
Capital Projects Fund						
Consolidated Sewer District	01/19/2012	01/18/2013	1.02%	\$ 770,000	\$ 25,000	\$ 745,000
Sewer District	03/08/2012	01/18/2013	1.25	2,925,000	25,000	2,900,000
Computer Equipment/Software	03/08/2012	01/18/2013	1.25	150,000	-	150,000
Water District	09/06/2012	01/18/2013	0.80	<u>5,170,000</u>	<u>65,000</u>	<u>5,105,000</u>
				<u>\$ 9,015,000</u>	<u>\$ 115,000</u>	<u>\$ 8,900,000</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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 of \$3,153 and \$122,845 were recorded in the fund financial statements in the General Fund and Special Districts Fund, respectively.

Interest expense of \$132,260 was recorded in the government-wide financial statements for governmental activities.

H. Long-Term Indebtedness

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2012:

	Balance January 1, 2012, as reported	Prior Period Adjustment	Balance January 1, 2012, as restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2012	Due Within One Year
Governmental Activities							
Bonds Payable							
Capital Construction	\$ 11,090,000	\$ -	\$ 11,090,000	\$ -	\$ 885,000	\$ 10,205,000	\$ 930,000
Other	285,000	-	285,000	-	90,000	195,000	95,000
	<u>11,375,000</u>	<u>-</u>	<u>11,375,000</u>	<u>-</u>	<u>975,000</u>	<u>10,400,000</u>	<u>1,025,000</u>
Capital Leases Payable	452,203	(17,693)	434,510	-	161,833	272,677	105,220
	<u>11,827,203</u>	<u>(17,693)</u>	<u>11,809,510</u>	<u>-</u>	<u>1,136,833</u>	<u>10,672,677</u>	<u>1,130,220</u>
Other Noncurrent Liabilities							
Compensated Absences	438,725	958,979	1,397,704	361,954	140,000	1,619,658	162,000
Notes Payable	22,857	(22,857)	-	-	-	-	-
Landfill Closure	156,000	-	156,000	-	5,860	150,140	15,000
Other Post Employment Benefit Obligations Payable	10,946,575	247,524	11,194,099	2,536,979	649,066	13,082,012	-
Total Other Noncurrent Liabilities	<u>11,564,157</u>	<u>1,183,646</u>	<u>12,747,803</u>	<u>2,898,933</u>	<u>794,926</u>	<u>14,851,810</u>	<u>177,000</u>
Governmental Activities Long-Term Liabilities	<u>\$ 23,391,360</u>	<u>\$ 1,165,953</u>	<u>\$ 24,557,313</u>	<u>\$ 2,898,933</u>	<u>\$ 1,931,759</u>	<u>\$ 25,524,487</u>	<u>\$ 1,307,220</u>
Business-Type Activities							
Capital Leases Payable	\$ 180,547	\$ -	\$ 180,547	\$ -	\$ 37,775	\$ 142,772	\$ 29,490
Other Noncurrent Liabilities							
Compensated Absences	28,672	-	28,672	44,833	2,900	70,605	7,000
Other Post Employment Benefit Obligations Payable	483,084	(247,524)	235,560	56,453	-	292,013	-
Total Other Noncurrent Liabilities	<u>511,756</u>	<u>(247,524)</u>	<u>264,232</u>	<u>101,286</u>	<u>2,900</u>	<u>362,618</u>	<u>7,000</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 692,303</u>	<u>\$ (247,524)</u>	<u>\$ 444,779</u>	<u>\$ 101,286</u>	<u>\$ 40,675</u>	<u>\$ 505,390</u>	<u>\$ 36,490</u>

Each governmental fund's liability for bonds, compensated absences and other post employment benefit obligations payable is liquidated by the General, Highway and Special Districts funds. The

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Town's indebtedness for landfill closure costs is satisfied by the General Fund. The Town's indebtedness for capital leases payable is satisfied by the Highway Fund.

Bonds Payable

Bonds payable at December 31, 2012 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2012
Landfill	1996	1,500,000	June, 2014	1.407 - 1.817 %	\$ 195,000
Water Improvements	2000	3,512,925	January, 2020	1.39 - 3.815	1,560,000
Sewer Reconstruction	2001	1,857,000	November, 2021	1.062 - 3.420	955,000
Highway Improvements	2003	720,000	October, 2013	4.125	85,000
Sewer Reconstruction	2008	1,290,000	February, 2013	3.000	300,000
Public Improvements	2010	7,665,000	January, 2031	3.50-4.250	7,305,000
					<u>\$ 10,400,000</u>

Interest expenditures of \$294,080 and \$60,851 were recorded in the fund financial statements in the General Fund and Special Districts Fund, respectively. Interest expense of \$348,129 was recorded in the government-wide financial statements for governmental activities.

Capital Leases Payable

The Town, in prior years, entered into capital leases for various highway vehicles and golf equipment. The annual payments include interest at various amounts and mature at various times, ranging from February 2014 through June 2018. The balance due at December 31, 2012 is \$415,449.

Interest expenditures/expense of \$13,478 was recorded in the fund financial statements in the Highway Fund and in the government-wide financial statements for governmental activities. Interest expense of \$9,601 was recorded in the fund financial statements in the Enterprise Fund - Golf Course and the government-wide financial statements for business-type activities.

Payments to Maturity

The annual requirements to amortize all bonded and capital lease debt outstanding as of December 31, 2012, including interest payments of \$3,553,887 are as follows:

Year Ended December 31,	Bonds		Capital Leases Payable				Totals	
	Governmental Activities		Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 1,025,000	\$ 357,730	\$ 105,220	\$ 9,605	\$ 29,490	\$ 7,593	\$ 1,159,710	\$ 374,928
2014	655,000	334,683	109,096	5,729	31,024	6,059	795,120	346,471
2015	575,000	318,798	58,361	1,704	20,598	4,445	653,959	324,947
2016	600,000	302,125	-	-	19,474	3,357	619,474	305,482
2017	610,000	283,951	-	-	20,534	2,297	630,534	286,248
2018-2022	2,800,000	1,097,657	-	-	21,652	1,179	2,821,652	1,098,836
2023-2027	2,110,000	643,116	-	-	-	-	2,110,000	643,116
2028-2031	2,025,000	173,859	-	-	-	-	2,025,000	173,859
	<u>\$ 10,400,000</u>	<u>\$ 3,511,919</u>	<u>\$ 272,677</u>	<u>\$ 17,038</u>	<u>\$ 142,772</u>	<u>\$ 24,930</u>	<u>\$ 10,815,449</u>	<u>\$ 3,553,887</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and capital lease 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.

Compensated Absences

Under the terms of existing collective bargaining agreements, employees are entitled to accumulate sick and vacation leave based upon the terms of their respective collective bargaining agreements. Payment upon separation of service varies with each agreement. The value of all compensated absences has been reflected in the government-wide financial statements.

Landfill Closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill site was capped in 1997 and subsequently has been subject to monitoring in accordance with NYS regulations. The amount of \$150,140 reported as a landfill closure cost liability in the government-wide financial statements for governmental activities, at December 31, 2012, represents the estimated total future post-closure costs. Actual costs may be higher due to inflation, changes in technology or changes in regulation.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. 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/expense as claims are paid within the governmental funds. The Town has recognized revenues and expenditures of \$28,471 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 the 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

Town of Walkill, New York

Notes to Financial Statements (Continued)
 December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the Town's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

Year Ended December 31,	Pre-65 Medical	Post-65 Medical
2013	9.00 %	9.00 %
2014	9.00	9.00
2015	8.50	8.50
2016	8.00	8.00
2017	7.50	7.50
2018	7.00	7.00
2019	6.50	6.50
2020	6.00	6.00
2021	5.50	5.50
2022	5.00	5.00

The amortization basis is the level dollar method with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions included in 4.0% investment rate of return. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method. A separate postemployment benefit plan report is not available.

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

	Governmental Funds	Enterprise Funds	Total
Active Employees	119	5	124
Retired Employees	52	-	52
	<u>171</u>	<u>5</u>	<u>176</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

	Governmental Funds	Enterprise Fund	Total
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2012	\$ 30,872,913	\$ 649,665	\$ 31,522,578
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 30,872,913</u>	<u>\$ 649,665</u>	<u>\$ 31,522,578</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 7,169,088</u>	<u>\$ 293,070</u>	<u>\$ 7,462,158</u>
UAAL as a Percentage of Covered Payroll	<u>430.64%</u>	<u>221.68%</u>	<u>422.43%</u>
Annual Required Contribution	\$ 2,292,832	\$ 51,627	\$ 2,344,459
Interest on Net OPEB Obligation	447,988	9,198	457,186
Adjustments to Annual Required Contribution	<u>(203,841)</u>	<u>(4,372)</u>	<u>(208,213)</u>
Annual OPEB Cost	2,536,979	56,453	2,593,432
Contributions Made	<u>(649,066)</u>	-	<u>(649,066)</u>
Increase in Net OPEB Obligation	<u>1,887,913</u>	<u>56,453</u>	<u>1,944,366</u>
Net OPEB Obligation - Beginning of Year, as reported	10,946,575	483,084	11,429,659
Prior Period Adjustment	<u>247,524</u>	<u>(247,524)</u>	-
Net OPEB Obligation - Beginning of Year, as restated	<u>11,194,099</u>	<u>235,560</u>	<u>11,429,659</u>
Net OPEB Obligation - End of Year	<u>\$ 13,082,012</u>	<u>\$ 292,013</u>	<u>\$ 13,374,025</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and the two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 2,593,432	25.03 %	\$ 13,374,025
2011	3,260,880	17.35	11,429,659
2010	N/A	N/A	8,734,500

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Note 3 - Detailed Notes on All Funds (Continued)

I. 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 below have been reflected as transfers.

Transfers Out	Transfers In		Total
	General Fund	Capital Fund	
Special Districts	\$ -	\$ 115,000	\$ 115,000
Non-Major Governmental Funds	88,096	-	88,096
	<u>\$ 88,096</u>	<u>\$ 115,000</u>	<u>\$ 203,096</u>

Transfers are used to move amounts earmarked in the operating funds to 1) fulfill debt obligations in the Capital Projects Fund and 2) fulfill commitments for the General Fund.

J. Net Position

The components of net position are detailed below:

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

Restricted for Risk Liability and Casualty - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6n of General Municipal Law.

Restricted for Special Districts - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Restricted for Parklands - the component of net position that has been established pursuant to Section 277 of Town 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 only be used for recreation purposes.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable						
Advances	\$ 1,677,871	-	-	-	-	\$ 1,677,871
Restricted						
Liability and casualty	10,549	-	-	-	-	10,549
Parklands	-	-	-	-	304,687	304,687
Total Restricted	10,549	-	-	-	304,687	315,236
Assigned						
Purchases on order						
General government support	8,853	-	-	-	-	8,853
Public safety	5,940	-	-	-	-	5,940
Transportation	1,050	78,208	-	-	-	79,258
Culture and recreation	3,205	-	-	-	-	3,205
Home and community services	5,353	-	124,121	-	-	129,474
	24,401	78,208	124,121	-	-	226,730
Subsequent year's expenditures	-	-	200,000	-	-	200,000
Major Funds	-	1,820,009	-	-	-	1,820,009
Special Districts	-	-	10,591,707	-	-	10,591,707
Total Assigned	24,401	1,898,217	10,915,828	-	-	12,838,446
Unassigned	1,335,421	-	-	(8,229,054)	(43,176)	(6,936,809)
Total Fund Balances	\$ 3,048,242	\$ 1,898,217	\$ 10,915,828	\$ (8,229,054)	\$ 261,511	\$ 7,894,744

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Advances have been established to indicate the long-term nature of funds advanced to the Enterprise fund. The amount is classified as nonspendable to indicate that these funds do not represent "available" spendable resources.

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at December 31, 2012, the Town Board has assigned the above amounts to be appropriated from the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balances in the Capital Projects Fund represent the deficit balances in the projects. Unassigned fund balance in the Community Development Fund represents the excess of cumulative expenditures over current funding.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. There are several tort claims pending against the Town. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decision will be funded in the year payment is made.

B. Risk Management

The Town purchases various conventional insurance to reduce its exposure to loss. The public officials and general liability policies provide coverage of up to \$1.0 million. In addition, the Town maintains an umbrella policy with a limit of \$4.0 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional medical and workers' compensation coverage.

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. 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.

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Town of Walkill, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2012	\$ -	\$ 31,522,578	\$ 31,522,578	- %	\$ 7,462,158	422 %
January 1, 2011	-	32,123,375	32,123,375	-	N/A	-
January 1, 2010	-	27,214,900	27,214,900	-	N/A	-

N/A = Not Available

Town of Walkill, New York

General Fund
Balance Sheet
December 31, 2012

ASSETS

Cash		
Demand deposits	\$	1,450,376
Petty cash		<u>1,950</u>
		<u>1,452,326</u>
Receivables		
Accounts		364,718
State and Federal aid		936,043
Due from other governments		1,419,712
Due from other funds		73,008
Advances to other funds		<u>1,677,871</u>
		<u>4,471,352</u>
Total Assets	\$	<u><u>5,923,678</u></u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$	320,543
Accrued liabilities		122,992
Due to retirement systems		789,804
Due to other funds		242,097
Tax anticipation notes payable		<u>1,400,000</u>
Total Liabilities		<u>2,875,436</u>
Fund balance		
Nonspendable		1,677,871
Restricted		10,549
Assigned		24,401
Unassigned		<u>1,335,421</u>
Total Fund Balance		<u>3,048,242</u>
Total Liabilities and Fund Balance	\$	<u><u>5,923,678</u></u>

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Town of Walkill, New York

General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 5,036,775	\$ 5,036,775	\$ 5,036,775	\$ -
Other tax items	815,000	815,000	892,999	77,999
Non-property taxes	3,617,320	3,617,320	4,028,648	411,328
Departmental income	524,500	524,500	640,967	116,467
Intergovernmental charges	408,000	408,000	283,555	(124,445)
Use of money and property	38,220	38,220	46,868	8,648
Sale of property and compensation for loss	22,200	22,200	44,049	21,849
Licenses and permits	399,500	399,500	697,948	298,448
Fines and forfeitures	879,000	879,000	1,082,676	203,676
State aid	1,145,044	1,145,044	811,494	(333,550)
Federal aid	200,000	200,000	422,808	222,808
Miscellaneous	2,500	2,500	7,720	5,220
Total Revenues	<u>13,088,059</u>	<u>13,088,059</u>	<u>13,996,507</u>	<u>908,448</u>
EXPENDITURES				
Current				
General government support	2,814,547	2,811,858	2,340,144	471,714
Public safety	4,085,111	4,249,193	4,161,640	87,553
Health	8,013	15,507	15,506	1
Transportation	968,904	847,614	792,430	55,184
Economic opportunity and development	12,300	12,300	4,711	7,589
Culture and recreation	1,091,484	1,071,535	743,641	327,894
Home and community services	125,560	136,435	124,095	12,340
Employee benefits	3,631,177	3,592,229	3,450,364	141,865
Debt service				
Principal	350,000	350,000	350,000	-
Interest	305,462	305,462	304,756	706
Total Expenditures	<u>13,392,558</u>	<u>13,392,133</u>	<u>12,287,287</u>	<u>1,104,846</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(304,499)</u>	<u>(304,074)</u>	<u>1,709,220</u>	<u>2,013,294</u>
OTHER FINANCING SOURCES				
Sale of real property	-	-	173,379	173,379
Transfers in	300,000	300,000	88,096	(211,904)
Total Other Financing Sources	<u>300,000</u>	<u>300,000</u>	<u>261,475</u>	<u>(38,525)</u>
Net Change in Fund Balance	<u>(4,499)</u>	<u>(4,074)</u>	<u>1,970,695</u>	<u>1,974,769</u>
Fund Balance - Beginning of Year, as restated	<u>4,499</u>	<u>4,074</u>	<u>1,077,547</u>	<u>1,073,473</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,048,242</u>	<u>\$ 3,048,242</u>

Town of Wallkill, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 5,036,775	\$ 5,036,775	\$ 5,036,775	\$ -
OTHER TAX ITEMS				
Payments in lieu of taxes	500,000	500,000	560,461	60,461
Interest and penalties on real property taxes	40,000	40,000	52,465	12,465
Franchise fees	275,000	275,000	280,073	5,073
	815,000	815,000	892,999	77,999
	3,617,320	3,617,320	4,028,648	411,328
NON-PROPERTY TAXES				
Non-property tax distribution from County				
	6,000	6,000	3,817	(2,183)
	5,000	5,000	891	(4,109)
	20,000	20,000	40,520	20,520
	60,000	60,000	47,875	(12,125)
	75,000	75,000	194,300	119,300
	40,000	40,000	35,617	(4,383)
	265,500	265,500	222,901	(42,599)
	7,500	7,500	4,225	(3,275)
	27,000	27,000	45,183	18,183
	8,000	8,000	6,000	(2,000)
	10,500	10,500	39,638	29,138
	524,500	524,500	640,967	116,467
	408,000	408,000	283,555	(124,445)
DEPARTMENTAL INCOME				
Town Clerk fees				
Police fees				
Vital statistics fees				
Safety inspection fees				
Parking tickets				
Bus operations				
Parks and recreation fees				
Zoning fees				
Planning Board fees				
Refuse and garbage charges				
Miscellaneous				
INTERGOVERNMENTAL CHARGES				
Chargebacks from Agencies				

USE OF MONEY AND PROPERTY

Earnings on investments	15,000	15,000	8,196	(6,804)
Rental of real property	23,000	23,000	38,458	15,458
Commissions	220	220	214	(6)
	<u>38,220</u>	<u>38,220</u>	<u>46,868</u>	<u>8,648</u>

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of equipment	-	-	12,889	12,889
Minor sales	2,200	2,200	1,771	(429)
Insurance recoveries	20,000	20,000	29,389	9,389
	<u>22,200</u>	<u>22,200</u>	<u>44,049</u>	<u>21,849</u>

LICENSES AND PERMITS

Bingo licenses	3,000	3,000	2,744	(256)
Dog licenses	6,500	6,500	3,922	(2,578)
Building permits	388,000	388,000	690,149	302,149
Other licenses and permits	2,000	2,000	1,133	(867)
	<u>399,500</u>	<u>399,500</u>	<u>697,948</u>	<u>298,448</u>

FINES AND FORFEITURES

Fines and forfeited bail	879,000	879,000	1,082,676	203,676
	<u>879,000</u>	<u>879,000</u>	<u>1,082,676</u>	<u>203,676</u>

STATE AID

Per capita	90,000	90,000	89,881	(119)
Mortgage tax	600,000	600,000	468,295	(131,705)
Park and ride aid	55,344	55,344	61,390	6,046
Rail trail grant	254,700	254,700	-	(254,700)
Transportation aid	-	-	70,485	70,485
Galleria tunnel	125,000	125,000	121,443	(3,557)
Transportation aid	20,000	20,000	-	(20,000)
Other	1,145,044	1,145,044	811,494	(333,550)
	<u>1,145,044</u>	<u>1,145,044</u>	<u>811,494</u>	<u>(333,550)</u>

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Town of Wallkill, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL AID				
Bus aid	\$ 200,000	\$ 200,000	\$ 422,808	\$ 222,808
MISCELLANEOUS				
Unclassified	2,500	2,500	7,720	5,220
TOTAL REVENUES	<u>13,088,059</u>	<u>13,088,059</u>	<u>13,996,507</u>	<u>908,448</u>
OTHER FINANCING SOURCES				
Sale of real property	-	-	173,379	173,379
Transfers in - Special Purpose Fund	300,000	300,000	88,096	(211,904)
Total Other Financing Sources	<u>300,000</u>	<u>300,000</u>	<u>261,475</u>	<u>(38,525)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 13,388,059</u>	<u>\$ 13,388,059</u>	<u>\$ 14,257,982</u>	<u>\$ 869,923</u>

Town of Walkill, New York

General Fund

Schedule of Expenditures Compared to Budget
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT SUPPORT				
Town Board	\$ 34,202	\$ 35,051	\$ 35,049	\$ 2
Town Justice	417,038	417,038	390,325	26,713
Supervisor	213,450	213,570	208,098	5,472
Auditor	50,000	50,000	48,532	1,468
Tax collection	29,433	29,433	28,501	932
Budget	6,735	6,735	6,597	138
Assessor	260,126	260,126	224,660	35,466
Town Clerk	106,425	106,425	86,633	19,792
Attorney	318,500	260,277	225,193	35,084
Engineer	16,000	16,000	9,554	6,446
Elections	76,833	76,833	72,874	3,959
Public works administration	151,794	151,794	142,864	8,930
Buildings	222,820	346,830	280,337	66,493
Central communications	35,000	35,000	29,748	5,252
Central storeroom	150	150	115	35
Central printing	107,738	107,876	82,423	25,453
Data processing	114,500	122,957	122,926	31
Unallocated insurance	381,000	331,600	290,321	41,279
Municipal association dues	1,650	2,010	2,010	-
Judgments and claims	30,000	1,000	915	85
Land purchase (right of way)	24,000	24,000	24,000	-
Taxes and assessments on property	13,000	13,000	11,866	1,134
Metropolitan commuter transportation mobility tax	21,000	21,000	16,603	4,397
Contingency	183,153	183,153	-	183,153
	<u>2,814,547</u>	<u>2,811,858</u>	<u>2,340,144</u>	<u>471,714</u>

PUBLIC SAFETY

Police	3,539,433	3,696,581	3,676,946	19,635
Traffic control	55,000	55,000	42,116	12,884
Parking enforcement	40,994	40,994	38,021	2,973
Dog control	48,308	48,308	10,118	38,190
Safety inspection	401,376	408,310	394,439	13,871
	<u>4,085,111</u>	<u>4,249,193</u>	<u>4,161,640</u>	<u>87,553</u>
HEALTH				
Registrar	8,013	15,507	15,506	1

TRANSPORTATION

Highway garage	201,946	215,070	209,691	5,379
Street lighting	120,000	159,330	159,330	-
Park and ride lot	55,344	61,600	61,599	1
Tunnel road	250,000	70,000	63,456	6,544
Bus operations	341,614	341,614	298,354	43,260
	<u>968,904</u>	<u>847,614</u>	<u>792,430</u>	<u>55,184</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Publicity	3,300	3,300	3,300	-
Veteran's service	1,000	1,000	358	642
Programs for the aging	8,000	8,000	1,053	6,947
	<u>12,300</u>	<u>12,300</u>	<u>4,711</u>	<u>7,589</u>

CULTURE AND RECREATION

Recreation administration	231,000	231,000	182,637	48,363
Parks	837,002	837,002	557,472	279,530
Fireworks	20,000	-	-	-
Historian	3,482	3,533	3,532	1
	<u>1,091,484</u>	<u>1,071,535</u>	<u>743,641</u>	<u>327,894</u>

(Continued)

Town of Wallkill, New York

General Fund

Schedule of Expenditures Compared to Budget
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HOME AND COMMUNITY SERVICES				
Zoning	\$ 17,500	\$ 17,500	\$ 14,410	\$ 3,090
Planning	92,160	92,160	89,386	2,774
Master plan	10,000	10,000	9,121	879
Human rights commission	1,350	1,443	1,107	336
Refuse and garbage	2,500	9,472	4,211	5,261
Landfill	2,050	5,860	5,860	-
	<u>125,560</u>	<u>136,435</u>	<u>124,095</u>	<u>12,340</u>
EMPLOYEE BENEFITS				
State retirement	680,000	1,041,052	1,041,051	1
Social security	448,813	448,813	419,578	29,235
Workers' compensation benefits	337,417	282,417	248,496	33,921
Unemployment benefits	83,200	83,200	40,995	42,205
Disability	10,000	10,000	6,112	3,888
Health insurance	2,071,747	1,726,747	1,694,132	32,615
	<u>3,631,177</u>	<u>3,592,229</u>	<u>3,450,364</u>	<u>141,865</u>
DEBT SERVICE				
Principal				
Serial bonds	350,000	350,000	350,000	-
Interest				
Serial bonds	295,000	294,785	294,080	705
Tax anticipation notes	7,523	7,523	7,523	-
Bond anticipation notes	2,939	3,154	3,153	1
	<u>305,462</u>	<u>305,462</u>	<u>304,756</u>	<u>706</u>
	<u>655,462</u>	<u>655,462</u>	<u>654,756</u>	<u>706</u>
TOTAL EXPENDITURES	<u>\$ 13,392,558</u>	<u>\$ 13,392,133</u>	<u>\$ 12,287,287</u>	<u>\$ 1,104,846</u>

Town of Walkill, New York

Highway Fund
Balance Sheet
December 31, 2012

ASSETS

Cash and equivalents	\$ 1,985,308
Receivables	
Accounts	66,284
Due from other funds	<u>291,660</u>
	<u>357,944</u>
Total Assets	<u><u>\$ 2,343,252</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 169,089
Accrued liabilities	69,761
Due to retirement systems	<u>206,185</u>
Total Liabilities	445,035
Fund balance	
Assigned	<u>1,898,217</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,343,252</u></u>

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Town of Walkkill, New York

Highway Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 3,957,252	\$ 3,957,252	\$ 3,957,252	\$ -
Other tax items	450,000	450,000	445,206	(4,794)
Intergovernmental charges	229,000	229,000	311,810	82,810
Use of money and property	10,000	10,000	10,208	208
Sale of property and compensation for loss	22,250	22,250	97,831	75,581
Interfund revenues	175,000	175,000	245,808	70,808
State aid	270,000	270,000	344,624	74,624
Federal aid	-	-	170,686	170,686
Miscellaneous	1,500	1,500	3,840	2,340
Total Revenues	<u>5,115,002</u>	<u>5,115,002</u>	<u>5,587,265</u>	<u>472,263</u>
EXPENDITURES				
Current				
General government support	27,939	27,939	-	27,939
Transportation	3,638,670	3,659,469	3,472,596	186,873
Employee benefits	1,311,521	1,322,970	1,277,699	45,271
Debt service				
Principal	200,000	182,862	161,833	21,029
Interest	14,762	14,762	13,478	1,284
Total Expenditures	<u>5,192,892</u>	<u>5,208,002</u>	<u>4,925,606</u>	<u>282,396</u>
Excess (Deficiency) of Revenues Over Expenditures	(77,890)	(93,000)	661,659	754,659
Fund Balance - Beginning of Year	<u>77,890</u>	<u>93,000</u>	<u>1,236,558</u>	<u>1,143,558</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,217</u>	<u>\$ 1,898,217</u>

Town of Walkill, New York

Special Districts Fund
 Combining Balance Sheet - Sub Funds
 December 31, 2012

	Combined Water Districts	Combined Sewer Districts	Combined Lighting Districts	Road Improvement Area
ASSETS				
Cash and equivalents	\$ 5,140,426	\$ 3,372,846	\$ 313,013	\$ 664,179
Receivables				
Accounts	2,911	14,639	-	-
Water and sewer rents	756,507	840,495	-	-
Due from other funds	48,644	-	143	50,429
	<u>808,062</u>	<u>855,134</u>	<u>143</u>	<u>50,429</u>
Total Assets	<u>\$ 5,948,488</u>	<u>\$ 4,227,980</u>	<u>\$ 313,156</u>	<u>\$ 714,608</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 60,941	\$ 34,028	\$ -	\$ -
Accrued liabilities	7,757	11,007	-	-
Due to retirement systems	57,220	68,664	-	-
Due to other funds	15,337	33,307	143	-
Total Liabilities	141,255	147,006	143	-
Fund Balances				
Assigned	<u>5,807,233</u>	<u>4,080,974</u>	<u>313,013</u>	<u>714,608</u>
Total Liabilities and Fund Balances	<u>\$ 5,948,488</u>	<u>\$ 4,227,980</u>	<u>\$ 313,156</u>	<u>\$ 714,608</u>

Total

\$ 9,490,464

17,550
1,597,002
99,216

1,713,768

\$ 11,204,232

\$ 94,969
18,764
125,884
48,787

288,404

10,915,828

\$ 11,204,232

Town of Wallkill, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and Changes
 in Fund Balances - Sub Funds
 Year Ended December 31, 2012

	Water Districts		Sewer Districts	
	Consolidated	Arfman Tract	Consolidated	Arfman Tract
REVENUES				
Real property taxes	\$ 1,115,806	\$ -	\$ 1,375,248	\$ -
Other tax items	-	-	-	-
Departmental income	1,722,417	261,688	2,015,050	193,117
Use of money and property	16,399	57	10,576	11
State aid	22,103	-	-	-
Federal aid	64,767	-	-	-
Miscellaneous	2,692	-	12,322	7
Total Revenues	2,944,184	261,745	3,413,196	193,135
EXPENDITURES				
Current				
Transportation	-	-	-	-
Home and community services	1,679,425	191,586	1,476,613	213,690
Employee benefits	268,189	-	301,929	-
Debt service				
Principal	180,000	-	365,000	-
Interest	97,435	-	79,555	-
Total Expenditures	2,225,049	191,586	2,223,097	213,690
Excess (Deficiency) of Revenues Over Expenditures	719,135	70,159	1,190,099	(20,555)
OTHER FINANCING USES				
Transfers out	(65,000)	-	(50,000)	-
Net Change in Fund Balances	654,135	70,159	1,140,099	(20,555)
Fund Balances (Deficits) - Beginning of Year	5,081,988	951	2,922,798	38,632
Fund Balances (Deficits) - End of Year	\$ 5,736,123	\$ 71,110	\$ 4,062,897	\$ 18,077

Lighting Districts				Road Improvement Area	Total
District #1	District #2	District #3	District #4		
\$ 7,459	\$ 30,000	\$ 2,610	\$ 1,265	\$ 151,707	\$ 2,684,095
30,541	-	-	-	-	30,541
-	-	-	-	-	4,192,272
549	514	4	3	2,109	30,222
-	-	-	-	-	22,103
-	-	-	-	-	64,767
-	-	-	-	-	15,021
<u>38,549</u>	<u>30,514</u>	<u>2,614</u>	<u>1,268</u>	<u>153,816</u>	<u>7,039,021</u>
14,973	20,454	1,546	1,145	8,420	46,538
-	-	-	-	-	3,561,314
-	-	-	-	-	570,118
-	-	-	-	80,000	625,000
-	-	-	-	6,706	183,696
<u>14,973</u>	<u>20,454</u>	<u>1,546</u>	<u>1,145</u>	<u>95,126</u>	<u>4,986,666</u>
23,576	10,060	1,068	123	58,690	2,052,355
-	-	-	-	-	(115,000)
<u>23,576</u>	<u>10,060</u>	<u>1,068</u>	<u>123</u>	<u>58,690</u>	<u>1,937,355</u>
<u>140,145</u>	<u>138,631</u>	<u>(330)</u>	<u>(260)</u>	<u>655,918</u>	<u>8,978,473</u>
<u>\$ 163,721</u>	<u>\$ 148,691</u>	<u>\$ 738</u>	<u>\$ (137)</u>	<u>\$ 714,608</u>	<u>\$ 10,915,828</u>

Town of Walkill, New York

Capital Projects Fund

Balance Sheet

December 31, 2012

ASSETS

Cash and equivalents \$ 720,509

LIABILITIES AND FUND DEFICIT

Liabilities

Due to other funds \$ 49,563

Bond anticipation notes payable 8,900,000

Total Liabilities 8,949,563

Fund deficit

Unassigned (8,229,054)

Total Liabilities and Fund Deficit \$ 720,509

Town of Walkill, New York

Capital Projects Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance
Year Ended December 31, 2012

REVENUES

Use of money and property \$ 964

EXPENDITURES

Capital outlay 15,631

Deficiency of Revenues Over Expenditures (14,667)

OTHER FINANCING SOURCES

Transfers in 115,000

Net Change in Fund Balance 100,333

Fund Deficit - Beginning of Year (8,329,387)

Fund Deficit - End of Year \$ (8,229,054)

Town of Wallkill, New York

Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2012

	Community Development	Special Purpose	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 7,253	\$ 304,687	\$ 311,940
	<u>7,253</u>	<u>304,687</u>	<u>311,940</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Due to other funds	\$ 50,429	\$ -	\$ 50,429
	<u>50,429</u>	<u>-</u>	<u>50,429</u>
Fund balances			
Restricted	-	304,687	304,687
Unassigned	(43,176)	-	(43,176)
	<u>(43,176)</u>	<u>-</u>	<u>(43,176)</u>
Total Fund Balances (Deficits)	<u>(43,176)</u>	<u>304,687</u>	<u>261,511</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 7,253</u>	<u>\$ 304,687</u>	<u>\$ 311,940</u>

Town of Walkill, New York

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balances
 Year Ended December 31, 2012

	<u>Community Development</u>	<u>Special Purpose</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Departmental income	\$	\$ 250,000	\$ 250,000
Use of money and property	-	726	726
Federal aid	8,464	-	8,464
Miscellaneous	10	-	10
	<u>8,474</u>	<u>250,726</u>	<u>259,200</u>
EXPENDITURES			
Current			
Home and community services	<u>9,950</u>	<u>-</u>	<u>9,950</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,476)	250,726	249,250
OTHER FINANCINGS USES			
Transfers out	<u>-</u>	<u>(88,096)</u>	<u>(88,096)</u>
Net Change in Fund Balances	(1,476)	162,630	161,154
Fund Balances (Deficits) - Beginning of Year, as restated	<u>(41,700)</u>	<u>142,057</u>	<u>100,357</u>
Fund Balances (Deficits) - End of Year	<u>\$ (43,176)</u>	<u>\$ 304,687</u>	<u>\$ 261,511</u>

Town of Walkill, New York

Community Development Fund

Balance Sheet

December 31, 2012

ASSETS

Cash and equivalents \$ 7,253

LIABILITIES AND FUND DEFICIT

Liabilities

Due to other funds \$ 50,429

Fund deficit

Unassigned (43,176)

Total Liabilities and Fund Deficit \$ 7,253

Town of Walkill, New York

Community Development Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended December 31, 2012

	<u>Actual</u>
REVENUES	
Federal aid	\$ 8,464
Miscellaneous	<u>10</u>
	8,474
EXPENDITURES	
Current	
Home and community services	<u>9,950</u>
Deficiency of Revenues Over Expenditures	(1,476)
Fund Deficit - Beginning of Year	<u>(41,700)</u>
Fund Deficit - End of Year	<u><u>\$ (43,176)</u></u>

Town of Wallkill, New York

Special Purpose Fund
Balance Sheet
December 31, 2012

ASSETS

Cash and equivalents \$ 304,687

FUND BALANCE

Restricted \$ 304,687

Town of Walkill, New York

Special Purpose Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance
Year Ended December 31, 2012

REVENUES

Departmental income	\$ 250,000
Use of money and property	<u>726</u>
Total Revenues	250,726

EXPENDITURES

Excess of Revenues Over Expenditures	<u>-</u> 250,726
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OTHER FINANCING USES

Transfers out	<u>(88,096)</u>
Net Change in Fund Balance	162,630
Fund Balance - Beginning of Year, as restated	<u>142,057</u>
Fund Balance - End of Year	<u><u>\$ 304,687</u></u>

Town of Walkkill, New York

Enterprise Fund - Golf Fund
Statement of Net Position
December 31, 2012

ASSETS

Current assets

Cash and equivalents	\$ 129,783
Accounts receivable	14,108
Total Current Assets	<u>143,891</u>

Capital assets

Not being depreciated	522,634
Being depreciated, net	985,287
Total Capital Assets	<u>1,507,921</u>

Total Assets	<u>1,651,812</u>
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LIABILITIES

Current liabilities

Accounts payable	16,943
Accrued liabilities	6,179
Due to retirement systems	40,761
Due to other funds	73,008
Advances from other funds	1,677,871
Total Current Liabilities	<u>1,814,762</u>

Noncurrent liabilities

Due within one year	36,490
Due in more than one year	468,900
Total Noncurrent Liabilities	<u>505,390</u>

Total Liabilities	<u>2,320,152</u>
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NET POSITION

Net investment in capital assets	1,365,149
Unrestricted	<u>(2,033,489)</u>
Total Net Position	<u>\$ (668,340)</u>

Town of Wallkill, New York

Enterprise Fund - Golf Fund
Statement of Revenues, Expenses and Changes in
Net Position
Year Ended December 31, 2012

OPERATING REVENUES

Charges for services \$ 1,217,344

OPERATING EXPENSES

Personal services 446,613
Contractual and other 416,127
Employee benefits 314,746
Depreciation 110,101

Total Operating Expenses 1,287,587

Loss from Operations (70,243)

NON-OPERATING REVENUES (EXPENSES)

Interest income 340
Interest expense (9,601)

Total Non-Operating Expenses (9,261)

Change in Net Position (79,504)

Net Position - Beginning of Year, as restated (588,836)

Net Position - End of Year \$ (668,340)

Town of Wallkill, New York

Enterprise Fund - Golf Fund
Statement of Cash Flows
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,223,210
Cash payments for goods and services	(522,883)
Cash payments to employees	(402,805)
Cash payments for employee benefits	<u>(251,936)</u>
Net Cash from Operating Activities	<u>45,586</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Advances from other funds	<u>(87,108)</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on installment purchase debt	(37,776)
Interest paid on indebtedness	<u>(9,601)</u>
Net Cash from Capital and Related Financing Activities	<u>(47,377)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>340</u>
Net Change in Cash	(88,559)
Cash - Beginning of Year	<u>218,342</u>
Cash - End of Year	<u><u>\$ 129,783</u></u>

RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES

Loss from operations	\$ (70,243)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	110,101
Changes in assets and liabilities	
Accounts receivable	5,866
Accounts payable	6,136
Accrued liabilities	1,875
Due to retirement system	6,357
Due to other funds	(112,892)
Compensated absences	41,933
Other post employment benefit obligations payable	<u>56,453</u>
Net Cash from Operating Activities	<u><u>\$ 45,586</u></u>