

Town of Wallkill, New York

Financial Statements And
Supplementary Information

Year Ended December 31, 2013

Town of Wallkill, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide	
Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General, Highway and Special Districts Funds	24
Proprietary Fund	
Statement of Net Position	26
Statement of Revenues, Expenses and Changes in Net Position	27
Statement of Cash Flows	28
Statement of Assets and Liabilities - Fiduciary Fund	29
Notes to Financial Statements	30
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	55
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	56
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	57
Schedule of Revenues and Other Financing Sources Compared to Budget	59
Schedule of Expenditures and Other Financing Uses Compared to Budget	62
Highway Fund	
Comparative Balance Sheet	65
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	66
Special Districts Fund	
Combining Balance Sheet - Sub Funds	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Sub Funds	70
Capital Projects Fund	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	75

Town of Wallkill, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Non-Major Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Community Development Fund	
Comparative Balance Sheet	80
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	81
Special Purpose Fund	
Comparative Balance Sheet	82
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	83
Enterprise Fund	
Golf Course	84
Comparative Statement of Net Position	85
Comparative Statement of Revenues, Expenses and Changes in Net Position	86
Comparative Statement of Cash Flows	

Independent Auditors' Report

**The Town Board
of the Town of Wallkill, New York**

Report on the Financial Statements

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, 2013, 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 Industrial Development Agency (a component unit) for the year ended December 31, 2013, which represents 20.5%, 0% and 46.4% respectively of the assets, net position and revenues of the component units. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for such component unit, is based solely on the report of the other auditor. 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 auditor, 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 units, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2013, 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 and schedule 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, 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 4, 2014

Town of Walkill, New York

Management's Discussion and Analysis (MD&A) December 31, 2013

Introduction

On behalf of Town Supervisor Daniel Depew and the staff of the Walkill 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, 2013. 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 2013

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

- The Town of Walkill has a net position that totals \$20.8 million, excluding the Walkill Housing Authority and Walkill IDA. Of this amount, \$21.7 million represents governmental net position and \$(.88) million is the business-type net position of the Town's golf course. Total net position for both types of activities decreased by \$.357 million, with governmental activities decreasing by \$.149 million and business-type activities declining by \$.208 million.
- The Town's major governmental funds ended 2013 with a total fund balance of \$19.1 million, exclusive of the Capital Projects Fund. However, of this amount \$1.8 million was nonspendable. An additional \$.997 million was restricted, while assigned fund balance was \$14.0 million (primarily because of the special revenue funds), and \$2.3 million was unassigned fund balance in the General Fund.
- The Town's business-type entity, the Town of Walkill Golf Course had a total negative net position of \$.88 million. Unfortunately, the Golf Course has been running a deficit in recent years, with a loss in 2013 of \$.208 million.
- The Town's total outstanding debt was \$21.2 million on bonds and bond anticipation notes as of December 31, 2013.

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 2013 and the level of resources available for future years. Fiduciary funds also are shown; this consists 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-major 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 Wallkill Housing Authority and Town of Wallkill 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 bases 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) is 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 the financial statements are located following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the 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 2013 was \$20.8 million. Of this amount, \$21.7 million was the net position of governmental activities and a negative \$. 877 million was the net position of business-type activities - the Town of Walkkill Golf Course.

Total assets were \$62.0 million at the end of 2013, with capital assets, net of depreciation, accounting for \$40.30 million of this amount. This latter amount includes infrastructure of \$21.2 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 \$21.7 million and consist primarily of \$17.6 million in cash and equivalents and \$4.1 million in receivables.

Total liabilities are \$41.2 million with bonds outstanding at \$9.4 million and capital leases payable of \$.344 million. Other long-term liabilities of the Town include compensated absences of \$1.5 million and other post-employment benefit obligations of \$15.4 million. The Town also reported \$11.9 million in short-term notes.

Net Position
December 31, 2013
(In millions of dollars)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 21.561	\$ 18.362	\$ 0.146	\$ 0.144	\$ 21.707	\$ 18.506
Capital Assets, Net	<u>38.794</u>	<u>39.617</u>	<u>1.503</u>	<u>1.508</u>	<u>40.297</u>	<u>41.125</u>
Total Assets	<u>60.355</u>	<u>57.979</u>	<u>1.649</u>	<u>1.652</u>	<u>62.004</u>	<u>59.631</u>
Current Liabilities	12.532	10.644	1.906	1.815	14.438	12.459
Long Term Liabilities	<u>26.161</u>	<u>25.524</u>	<u>0.620</u>	<u>0.505</u>	<u>26.781</u>	<u>26.029</u>
Total Liabilities	<u>38.693</u>	<u>36.168</u>	<u>2.526</u>	<u>2.320</u>	<u>41.219</u>	<u>38.488</u>
Net Investment in						
Capital Assets	19.052	20.910	1.326	1.365	20.378	22.275
Restricted Assets	12.201	10.242	-	-	12.201	10.242
Unrestricted Assets	<u>(9.591)</u>	<u>(9.341)</u>	<u>(2.203)</u>	<u>(2.033)</u>	<u>(11.794)</u>	<u>(11.374)</u>
Total Net Position	<u>\$ 21.662</u>	<u>\$ 21.811</u>	<u>\$ (0.877)</u>	<u>\$ (0.668)</u>	<u>\$ 20.785</u>	<u>\$ 21.143</u>

When liabilities are subtracted from assets, the resulting net position is \$20.785 million, consisting of \$20.4 million net investment in capital assets, \$12.2 million in restricted assets, and a (\$11.8) 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 \$10.8 million for special revenue funds and \$.406 million for parklands.

Statement of Activities

The statement of activities presents information showing how the Town's net position 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's 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 \$27.9 million. Real property taxes made up \$12.0 million of this amount or 43%. Charges for services were \$7.9 million or 28%, made up of building, recreation and water/sewer charges. Non-property tax items (sales tax) were \$4.1 million, or 15%. Operating grants and contribution were \$1.7 million, or 6%. Unrestricted State Aid totaled \$0.617 million or 2%.

Changes in Net Position
Fiscal Year Ended December 31, 2013
(In millions of dollars)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
REVENUES			
Program Revenues			
Charges for services	\$ 6.835	\$ 1.046	\$ 7.881
Operating grants and contributions	1.627	0.009	1.636
Capital grants and contributions	0.002	-	0.002
General Revenues			-
Real property taxes	12.006	-	12.006
Other tax items	1.420	-	1.420
Non-property taxes	4.146	-	4.146
Money and property	0.009	-	0.009
Sale of property and compensation for loss	0.065	-	0.065
Unrestricted state aid	0.617	-	0.617
Miscellaneous	0.079	-	0.079
Total Revenues	26.806	1.055	27.861
PROGRAM EXPENSES			
General government support	2.762	-	2.762
Public safety	7.839	-	7.839
Health	0.018	-	0.018
Transportation	8.497	-	8.497
Economic opportunity and development	0.013	-	0.013
Culture and recreation	1.123	-	1.123
Home and community services	6.311	-	6.311
Interest	0.392	-	0.392
Golf course	-	1.264	1.264
Total Expenses	26.955	1.264	28.219
Decrease in Net Position	<u>(0.149)</u>	<u>(0.209)</u>	<u>(0.358)</u>
NET POSITION			
Beginning of Year	<u>21.811</u>	<u>(0.668)</u>	<u>21.143</u>
End of Year	<u>\$ 21.662</u>	<u>\$ (0.877)</u>	<u>\$ 20.785</u>

Program expenses totaled \$28.2 million, with governmental programs accounting for \$26.9 million of that amount. The cost of operating the Golf Course was \$1.26 million. Public safety expenses, mainly police expenses, total \$7.839 million or 28% of Town spending. Home and community services were \$6.3 million or 22%. Water and sewer service costs account for the majority of the latter amount. Transportation spending, primarily by the Highway Department was \$8.5 million or 30% of the total.

The resulting change in total net position in 2013 was a \$.358 million decrease. Governmental activities decreased by \$.149 million, while the assets of the Golf Course declined by \$.209 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 ending 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 this classification 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 and 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 revenue for selected governmental funds was \$26.8 million. Expenditures were \$23.6 million or \$3.2 million less than revenues. There were no serial bonds issued in 2013. There was a sale of real property of \$0.025 million, leaving a \$3.7 million increase in fund balances.

Of the total \$19.1 million fund balance for the major funds, \$1.8 million is nonspendable, \$.997 million is restricted, and there are no committed funds. The assigned and unassigned portions of fund balance are \$14.0 million and \$2.3 million, respectively.

Selected Governmental Operating Funds in 2013
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	\$ 11.159	\$ 4.833	\$ 3.512	\$ 2.878	\$ 22.382
Other Revenue	2.748	0.836	0.035	0.028	3.647
Total Revenues	<u>13.907</u>	<u>5.669</u>	<u>3.547</u>	<u>2.906</u>	<u>26.029</u>
EXPENDITURES	<u>12.399</u>	<u>5.260</u>	<u>2.480</u>	<u>2.631</u>	<u>3.259</u>
Revenue Net of Expenditures	1.508	0.409	1.067	0.275	22.770
Sale of Real Property	0.025	-	-	-	0.025
Transfer in	0.200	-	-	-	0.200
Transfer out	<u>(0.038)</u>	<u>-</u>	<u>(0.060)</u>	<u>0.070</u>	<u>0.010</u>
Net changes in Fund Balances	1.695	0.409	1.007	0.205	3.316
Beginning Fund Balance	<u>3.049</u>	<u>1.898</u>	<u>4.063</u>	<u>5.736</u>	<u>14.746</u>
Ending Fund Balances	<u>\$ 4.744</u>	<u>\$ 2.307</u>	<u>\$ 5.070</u>	<u>\$ 5.941</u>	<u>\$ 18.062</u>
FUND BALANCE BY TYPE					
Nonspenable	1.766	-	-	-	1.766
Restricted	0.618	-	0.177	0.203	0.998
Committed					-
Assigned	0.013	2.307	4.893	5.738	12.951
Unassigned	<u>2.347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.347</u>
Total Fund Balance	<u>\$ 4.744</u>	<u>\$ 2.307</u>	<u>\$ 5.070</u>	<u>\$ 5.941</u>	<u>\$ 18.062</u>

General Fund

The Town of Walkkill'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 \$13.9 million in 2013 and expenditures totaled \$12.4 million.

The Town's General Fund ended 2013 with a net change in Fund Balance of \$1.70 million with an ending Fund Balance of \$4.74 million. Revenues were \$956,493 more than the final budget with non-property tax items and licenses/permit accounting for the major part of the overage. Expenditures were \$807,058 below the final budget, with most General Fund departments below original budget.

Fund balance increased from beginning level of \$3.05 million to an ending level of \$4.74 million. Fund balancing of \$1.77 million is nonspendable with an advance to the Golf Course accounting for this. The ending unassigned fund balance is \$2.35 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 consist 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 2013. Other revenues are mainly intergovernmental charges and State aid.

The Highway department received \$.06 million in Federal aid for Hurricane Sandy FEMA claims.

The Highway budget had some decreases in 2013 for snow removal of \$.131 million and other cost 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 2013 was at \$2.80/thousand gallons.

Fund balance increased from a beginning level of \$4.1 million to an ending level of \$5.1 million, all of which is assigned. This increase was due to the cost-cutting messages the Town has been following in running this fund and higher sewer rates in 2013.

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 99% of revenue. The usage rate for 2013 was at \$2.30/thousand gallons water used.

The Water Department received \$.012 million in Federal aid for Hurricane Sandy FEMA claims. Fund balance increased from a beginning level of \$5.81 million to an ending level of \$5.93 million of which all is assigned. The increased water rate helped this increase.

Capital Assets and Debt Administration

The Town of Walkkill's capital assets had values, net of accumulated depreciation, of \$40.3 million at the end of 2013.

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

Capital Assets
December 31, 2013
(In millions of dollars, net of accumulated depreciation)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 1.585	\$ 0.523	\$ 2.108
Land Improvements	3.115	-	3.115
Buildings & Improvements	7.816	0.703	8.519
Golf Course Facility		0.166	0.166
Machinery & Equipment	1.795	0.034	1.829
Infrastructure	21.208	-	21.208
Construction-In-Progress	3.275	-	3.275
Total Capital Assets	<u>\$ 38.794</u>	<u>\$ 1.426</u>	<u>\$ 40.220</u>

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 Walkkill's long term debt (general obligation bonds) at the end of 2013 was \$9.40 million, of which all was for governmental activities. The Town has bond anticipation notes (BANs) outstanding of \$11.9 million as of the end of 2013.

Total outstanding debt increased from \$20.70 million in 2012 to \$21.3 million due to a new BAN issued for a recreation building and highway equipment.

The Town's underlying credit rating by Standard & Poor's Financial Services LLC is "AA-".

Outstanding Debt
as of December 31, 2013
General Obligation Bonds, Bond & Tax Anticipation Notes
(In millions of dollars)

	<u>Governmental Funds</u>
General Obligation Bonds	\$ 9.375
Bond Anticipation Notes	<u>11.866</u>
Total Outstanding Debt	<u>\$ 21.241</u>

General Information

The Town of Walkkill, 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. Walkkill 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 retail and service oriented economy.

Next Year's Budgets and tax Rate

The 2014 budget was the third 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 to stay below or right at the cap by undertaking tight budget controls that keeps expenses down and properly record revenues.

For 2015, 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 Walkkill's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Walkkill Supervisor's Office
Town of Walkkill
99 Tower Dr. Build A
Middletown, NY 10941

Town of Walkill, New York

Statement of Net Position
December 31, 2013

Primary Government

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 17,496,356	\$ 134,245	\$ 17,630,601
Accounts receivable	497,529	11,600	509,129
State and Federal aid	675,536	-	675,536
Due from other governments	1,357,481	-	1,357,481
Water and sewer rents	1,534,438	-	1,534,438
Capital assets			
Not being depreciated	4,859,801	522,634	5,382,435
Being depreciated, net	33,934,099	980,946	34,915,045
Total Assets	60,355,240	1,649,425	62,004,665
LIABILITIES			
Accounts payable	931,752	3,895	935,647
Accrued liabilities	251,485	7,454	258,939
Due to other governments	-	-	-
Due to retirement systems	1,169,326	41,899	1,211,225
Bond anticipation notes payable	11,865,500	-	11,865,500
Internal balances	(1,852,429)	1,852,429	-
Accrued interest payable	166,747	-	166,747
Non-current liabilities			
Due within one year	920,096	49,457	969,553
Due in more than one year	25,240,726	571,091	25,811,817
Total Liabilities	38,693,203	2,526,225	41,219,428
NET POSITION			
Net investment in capital assets	19,052,056	1,326,562	20,378,618
Restricted for			
Future capital projects	986,689	-	986,689
Liability and casualty	10,575	-	10,575
Special Districts			
Water	5,408,801	-	5,408,801
Sewer	4,366,446	-	4,366,446
Street lighting	310,031	-	310,031
Road improvements	694,769	-	694,769
Drainage	17,552	-	17,552
Parklands	406,176	-	406,176
Unrestricted	(9,591,058)	(2,203,362)	(11,794,420)
Total Net Position	\$ 21,662,037	\$ (876,800)	\$ 20,785,237

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

Town of Walkill, New York

Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 2,761,858	\$ 79,920	\$ 180,591	\$ -
Public safety	7,838,592	1,201,268	66,782	-
Health	18,388	49,162	-	-
Transportation	8,497,331	34,455	1,315,396	-
Economic opportunity and development	12,905	-	-	-
Culture and recreation	1,122,844	520,129	2,960	-
Home and community services	6,310,767	4,949,908	60,780	-
Interest	392,162	-	-	2,345
Total Governmental Activities	26,954,847	6,834,842	1,626,509	2,345
Business-type activities				
Golf Course	1,263,801	1,045,919	9,280	-
Total	<u>\$ 28,218,648</u>	<u>\$ 7,880,761</u>	<u>\$ 1,635,789</u>	<u>\$ 2,345</u>
Component units				
Town of Walkill Housing Authority	\$ 5,382,643	\$ -	\$ -	\$ -
Town of Walkill Industrial Development Agency	6,205	-	-	-
Total Component Units	<u>\$ 5,388,848</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 of Year				
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 Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Town of Walkkill Housing Authority	Town of Walkkill Industrial Development Authority
\$ (2,501,347)	\$ -	\$ (2,501,347)	\$ -	\$ -
(6,570,542)	-	(6,570,542)	-	-
30,774	-	30,774	-	-
(7,147,480)	-	(7,147,480)	-	-
(12,905)	-	(12,905)	-	-
(599,755)	-	(599,755)	-	-
(1,300,079)	-	(1,300,079)	-	-
(389,817)	-	(389,817)	-	-
(18,491,151)	-	(18,491,151)	-	-
-	(208,602)	(208,602)	-	-
(18,491,151)	(208,602)	(18,699,753)	-	-
-	-	-	(5,382,643)	-
-	-	-	-	(6,205)
-	-	-	(5,382,643)	(6,205)
12,006,305	-	12,006,305	-	-
1,052,952	-	1,052,952	-	-
99,175	-	99,175	-	-
267,839	-	267,839	-	-
4,145,827	-	4,145,827	-	-
8,942	142	9,084	833	721
65,244	-	65,244	-	-
616,894	-	616,894	-	-
54,026	-	54,026	-	-
25,200	-	25,200	-	-
18,342,404	142	18,342,546	833	721
(148,747)	(208,460)	(357,207)	(5,381,810)	(5,484)
21,810,784	(668,340)	21,142,444	6,130,250	(2,334)
<u>\$ 21,662,037</u>	<u>\$ (876,800)</u>	<u>\$ 20,785,237</u>	<u>\$ 748,440</u>	<u>\$ (7,818)</u>

Town of Wallkill, New York

Balance Sheet
 Governmental Funds
 December 31, 2013

	General	Highway	Special Districts
ASSETS			
Cash and equivalents	\$ 1,947,319	\$ 2,855,503	\$ 10,537,736
Receivables			
Accounts	411,036	73,764	12,729
State and Federal aid	675,536	-	-
Due from other governments	1,357,481	-	-
Water and sewer rents	-	-	1,534,438
Due from other funds	86,097	291,660	535,909
Advances to other funds	1,766,332	-	-
	<u>4,296,482</u>	<u>365,424</u>	<u>2,083,076</u>
Total Assets	<u>\$ 6,243,801</u>	<u>\$ 3,220,927</u>	<u>\$ 12,620,812</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 264,285	\$ 196,309	\$ 223,267
Accrued liabilities	165,834	46,833	38,818
Due to retirement systems	827,991	211,938	129,397
Due to other funds	242,097	458,979	147,706
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>1,500,207</u>	<u>914,059</u>	<u>539,188</u>
Fund balances (deficits)			
Nonspendable	1,766,332	-	-
Restricted	617,527	-	379,737
Assigned	13,057	2,306,868	11,701,887
Unassigned	2,346,678	-	-
Total Fund Balances (Deficits)	<u>4,743,594</u>	<u>2,306,868</u>	<u>12,081,624</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 6,243,801</u>	<u>\$ 3,220,927</u>	<u>\$ 12,620,812</u>

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

Capital Projects	Other Governmental	Total Governmental Funds
\$ 1,742,362	\$ 413,436	\$ 17,496,356
-	-	497,529
-	-	675,536
-	-	1,357,481
-	-	1,534,438
458,979	-	1,372,645
-	-	1,766,332
458,979	-	7,203,961
<u>\$ 2,201,341</u>	<u>\$ 413,436</u>	<u>\$ 24,700,317</u>
\$ 247,891	\$ -	\$ 931,752
-	-	251,485
-	-	1,169,326
387,337	50,429	1,286,548
11,865,500	-	11,865,500
12,500,728	50,429	15,504,611
-	-	1,766,332
-	406,176	1,403,440
-	-	14,021,812
(10,299,387)	(43,169)	(7,995,878)
(10,299,387)	363,007	9,195,706
<u>\$ 2,201,341</u>	<u>\$ 413,436</u>	<u>\$ 24,700,317</u>

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Town of Wallkill, New York

Reconciliation of Governmental Funds

Balance Sheet to the Government-Wide Statement of Net Position

December 31, 2013

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

Fund Balances - Total Governmental Funds	<u>\$ 9,195,706</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>38,793,900</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(166,747)
Bonds payable	(9,375,000)
Capital leases payable	(167,457)
Compensated absences	(1,407,622)
Landfill closure costs	(148,976)
Other post employment benefit obligations payable	<u>(15,061,767)</u>
	<u>(26,327,569)</u>
Net Position of Governmental Activities	<u>\$ 21,662,037</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, 2013

	General	Highway	Special Districts
REVENUES			
Real property taxes	\$ 5,137,826	\$ 4,036,670	\$ 2,831,809
Other tax items	941,513	452,030	26,423
Non-property taxes	4,145,827	-	-
Departmental income	753,275	-	4,302,199
Intergovernmental charges	180,591	343,920	-
Use of money and property	55,808	10,369	28,341
Sale of property and compensation for loss	56,697	54,937	8,547
Interfund revenues	-	331,660	-
Licenses and permits	503,818	-	-
Fines and forfeitures	928,184	-	-
State aid	919,276	345,274	-
Federal aid	230,000	60,386	24,160
Miscellaneous	54,026	33,945	5,439
Total Revenues	13,906,841	5,669,191	7,226,918
EXPENDITURES			
Current			
General government support	2,071,144	4,358	-
Public safety	4,237,041	-	-
Health	18,388	-	-
Transportation	812,713	3,842,564	180,024
Economic opportunity and development	12,905	-	-
Culture and recreation	890,721	-	-
Home and community services	201,676	-	4,356,034
Employee benefits	3,498,155	1,298,793	634,106
Debt service			
Principal	365,000	105,220	660,000
Interest	291,448	9,605	100,958
Capital outlay	-	-	-
Total Expenditures	12,399,191	5,260,540	5,931,122
Excess (Deficiency) of Revenues Over Expenditures	1,507,650	408,651	1,295,796
OTHER FINANCING SOURCES (USES)			
Sale of real property	25,200	-	-
Transfers in	200,002	-	-
Transfers out	(37,500)	-	(130,000)
Total Other Financing Sources (Uses)	187,702	-	(130,000)
Net Change in Fund Balances	1,695,352	408,651	1,165,796
FUND BALANCE (DEFICITS)			
Beginning of Year	3,048,242	1,898,217	10,915,828
End of Year	<u>\$ 4,743,594</u>	<u>\$ 2,306,868</u>	<u>\$ 12,081,624</u>

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

Capital Projects	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ 12,006,305
-	-	1,419,966
-	-	4,145,827
-	300,500	5,355,974
-	-	524,511
2,345	998	97,861
-	-	120,181
-	-	331,660
-	-	503,818
-	-	928,184
-	-	1,264,550
-	5,767	320,313
-	-	93,410
<u>2,345</u>	<u>307,265</u>	<u>27,112,560</u>
-	-	2,075,502
-	-	4,237,041
-	-	18,388
-	-	4,835,301
-	-	12,905
-	-	890,721
-	5,767	4,563,477
-	-	5,431,054
-	-	1,130,220
-	-	402,011
<u>2,240,178</u>	<u>-</u>	<u>2,240,178</u>
<u>2,240,178</u>	<u>5,767</u>	<u>25,836,798</u>
<u>(2,237,833)</u>	<u>301,498</u>	<u>1,275,762</u>
-	-	25,200
167,500	-	367,502
-	(200,002)	(367,502)
<u>167,500</u>	<u>(200,002)</u>	<u>25,200</u>
(2,070,333)	101,496	1,300,962
<u>(8,229,054)</u>	<u>261,511</u>	<u>7,894,744</u>
<u>\$ (10,299,387)</u>	<u>\$ 363,007</u>	<u>\$ 9,195,706</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, 2013

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,300,962

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	2,487,615
Depreciation expense	<u>(3,310,838)</u>
	<u>(823,223)</u>

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

Principal paid on bonds	1,025,000
Principal paid on capital leases	<u>105,220</u>
	<u>1,130,220</u>

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

Accrued interest	9,849
Compensated absences	212,036
Landfill closure costs	1,164
Other post employment benefit obligations	<u>(1,979,755)</u>
	<u>(1,756,706)</u>

Change in Net Position of Governmental Activities \$ (148,747)

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 - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 5,137,510	\$ 5,137,510	\$ 5,137,826	\$ 316
Other tax items	832,338	832,338	941,513	109,175
Non-property taxes	3,617,704	3,617,704	4,145,827	528,123
Departmental income	679,626	679,626	753,275	73,649
Intergovernmental charges	114,850	114,850	180,591	65,741
Use of money and property	35,220	35,220	55,808	20,588
Sale of property and compensation for loss	42,800	42,800	56,697	13,897
Interfund revenues	30,000	30,000	-	(30,000)
Licenses and permits	365,300	365,300	503,818	138,518
Fines and forfeitures	1,092,000	1,092,000	928,184	(163,816)
State aid	773,000	773,000	919,276	146,276
Federal aid	230,000	230,000	230,000	-
Miscellaneous	-	-	54,026	54,026
Total Revenues	12,950,348	12,950,348	13,906,841	956,493
EXPENDITURES				
Current				
General government support	2,611,782	2,386,524	2,071,144	315,380
Public safety	4,074,811	4,287,162	4,237,041	50,121
Health	13,500	18,388	18,388	-
Transportation	693,385	815,577	812,713	2,864
Economic opportunity and development	10,000	12,914	12,905	9
Culture and recreation	980,219	946,029	890,721	55,308
Home and community services	277,063	213,166	201,676	11,490
Employee benefits	3,665,987	3,665,987	3,498,155	167,832
Debt service				
Principal	565,000	565,000	365,000	200,000
Interest	295,502	295,502	291,448	4,054
Total Expenditures	13,187,249	13,206,249	12,399,191	807,058
Excess (Deficiency) of Revenues Over Expenditures	(236,901)	(255,901)	1,507,650	1,763,551
OTHER FINANCING SOURCES (USES)				
Sale of real property	-	19,000	25,200	6,200
Bond anticipation notes issued	-	-	-	-
Transfers in	250,000	250,000	200,002	(49,998)
Transfers out	(37,500)	(37,500)	(37,500)	-
Total Other Financing Sources (Uses)	212,500	231,500	187,702	(43,798)
Net Change in Fund Balances	(24,401)	(24,401)	1,695,352	1,719,753
FUND BALANCES				
Beginning of Year	24,401	24,401	3,048,242	3,023,841
End of Year	\$ -	\$ -	\$ 4,743,594	\$ 4,743,594

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)
\$ 4,036,397	\$ 4,036,397	\$ 4,036,670	\$ 273	\$ 2,831,808	\$ 2,831,808	\$ 2,831,809	\$ 1
440,000	440,000	452,030	12,030	26,424	26,424	26,423	(1)
-	-	-	-	-	-	-	-
-	-	-	-	4,348,231	4,348,231	4,302,199	(46,032)
277,500	277,500	343,920	66,420	-	-	-	-
10,000	10,000	10,369	369	25,000	25,000	28,341	3,341
-	-	54,937	54,937	-	-	8,547	8,547
200,000	200,000	331,660	131,660	-	-	-	-
44,000	44,000	-	(44,000)	-	-	-	-
-	-	-	-	-	-	-	-
270,000	345,274	345,274	-	-	-	-	-
-	60,386	60,386	-	-	-	24,160	24,160
1,500	1,500	33,945	32,445	2,000	2,000	5,439	3,439
<u>5,279,397</u>	<u>5,415,057</u>	<u>5,669,191</u>	<u>254,134</u>	<u>7,233,463</u>	<u>7,233,463</u>	<u>7,226,918</u>	<u>(6,545)</u>
78,917	7,631	4,358	3,273	14,094	14,094	-	14,094
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,727,881	4,920,862	3,842,564	1,078,298	171,821	203,059	180,024	23,035
-	-	-	-	-	-	-	-
-	-	-	-	5,158,372	5,158,372	4,356,034	802,338
1,450,807	1,319,947	1,298,793	21,154	717,545	717,545	634,106	83,439
33,000	138,220	105,220	33,000	660,000	660,000	660,000	-
17,000	26,605	9,605	17,000	126,015	126,015	100,958	25,057
<u>5,307,605</u>	<u>6,413,265</u>	<u>5,260,540</u>	<u>1,152,725</u>	<u>6,847,847</u>	<u>6,879,085</u>	<u>5,931,122</u>	<u>947,963</u>
<u>(28,208)</u>	<u>(998,208)</u>	<u>408,651</u>	<u>1,406,859</u>	<u>385,616</u>	<u>354,378</u>	<u>1,295,796</u>	<u>941,418</u>
-	-	-	-	-	-	-	-
-	920,000	-	(920,000)	-	-	-	-
-	-	-	-	-	-	-	-
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509,737)</u>	<u>(509,737)</u>	<u>(130,000)</u>	<u>379,737</u>
<u>(50,000)</u>	<u>920,000</u>	<u>-</u>	<u>(920,000)</u>	<u>(509,737)</u>	<u>(509,737)</u>	<u>(130,000)</u>	<u>379,737</u>
<u>(78,208)</u>	<u>(78,208)</u>	<u>408,651</u>	<u>486,859</u>	<u>(124,121)</u>	<u>(155,359)</u>	<u>1,165,796</u>	<u>1,321,155</u>
<u>78,208</u>	<u>78,208</u>	<u>1,898,217</u>	<u>1,820,009</u>	<u>124,121</u>	<u>155,359</u>	<u>10,915,828</u>	<u>10,760,469</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,306,868</u>	<u>\$ 2,306,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,081,624</u>	<u>\$ 12,081,624</u>

Town of Wallkill, New York

Statement of Net Position

Proprietary Fund

December 31, 2013

	<u>Golf Fund</u>
ASSETS	
Current assets	
Cash and equivalents	\$ 134,245
Accounts receivable	11,600
Total Current Assets	<u>145,845</u>
Capital assets	
Not being depreciated	522,634
Being depreciated, net	980,946
Total Capital Assets	<u>1,503,580</u>
Total Assets	<u>1,649,425</u>
LIABILITIES	
Current liabilities	
Accounts payable	3,895
Accrued liabilities	7,454
Due to retirement systems	41,899
Due to other funds	86,097
Advances from other funds	1,766,332
Total Current Liabilities	<u>1,905,677</u>
Noncurrent liabilities	
Due within one year	49,457
Due in more than one year	571,091
Total Noncurrent Liabilities	<u>620,548</u>
Total Liabilities	<u>2,526,225</u>
NET POSITION	
Net investment in capital assets	1,326,562
Unrestricted	<u>(2,203,362)</u>
Total Net Position	<u>\$ (876,800)</u>

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

Town of Wallkill, New York

Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund
Year Ended December 31, 2013

	<u>Golf Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,045,919
Federal aid	<u>9,280</u>
Total Revenues	<u>1,055,199</u>
OPERATING EXPENSES	
Personal services	457,692
Contractual and other	359,394
Employee benefits	357,009
Depreciation	<u>82,113</u>
Total Operating Expenses	<u>1,256,208</u>
Loss from Operations	<u>(201,009)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	142
Interest expense	<u>(7,593)</u>
Total Non-Operating Expenses	<u>(7,451)</u>
Change in Net Position	(208,460)
NET POSITION	
Beginning of year	<u>(668,340)</u>
End of year	<u>\$ (876,800)</u>

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

Town of Wallkill, New York

Statement of Cash Flows
 Proprietary Fund
 Year Ended December 31, 2013

	<u>Golf Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,048,427
Cash received from grants	9,280
Cash payments for goods and services	(359,353)
Cash payments to employees	(463,304)
Cash payments for employee benefits	<u>(268,072)</u>
Net Cash from Operating Activities	<u>(33,022)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from other funds	<u>88,461</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(77,772)
Proceeds from installment purchase debt	77,772
Principal paid on installment purchase debt	(43,526)
Interest paid on indebtedness	<u>(7,593)</u>
Net Cash from Capital and Related Financing Activities	<u>(51,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>142</u>
Net Change in Cash and Equivalents	4,462
CASH AND EQUIVALENTS	
Beginning of Year	<u>129,783</u>
End of Year	<u>\$ 134,245</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	\$ (201,009)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	82,113
Changes in assets and liabilities	
Accounts receivable	2,508
Accounts payable	(13,048)
Accrued liabilities	1,275
Due to retirement systems	1,138
Due to other funds	13,089
Compensated absences	(6,887)
Other post employment benefit obligations payable	<u>87,799</u>
Net Cash from Operating Activities	<u>\$ (33,022)</u>

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

Town of Wallkill, New York

Statement of Assets and Liabilities

Fiduciary Funds

December 31, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 2,121,693</u>
LIABILITIES	
Employee payroll deductions	\$ 19,571
Deposits	<u>2,102,122</u>
Total Liabilities	<u>\$ 2,121,693</u>

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

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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 explain 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 revenue of this fund is real property taxes.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, lighting, road improvement and drainage 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 necessary for management accountability. Enterprise funds are used to account for

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2013.

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, 2013, 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, 2013, 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 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 expended as incurred.

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 its projects, 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 future capital 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 deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 is 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 is 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, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. 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.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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 4, 2014.

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 Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

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, 2013, the Town implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Fund Deficits

The unassigned deficit of \$10,299,387 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 deficits at December 31, 2013:

Community Development Fund	\$	43,169
Enterprise Fund		
Golf Course		876,800

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, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 86,097	\$ 242,097
Highway	291,660	458,979
Special Districts	535,909	147,706
Capital Projects	458,979	387,337
Non-Major Government Funds	-	50,429
Golf Course	-	86,097
	<u>\$ 1,372,645</u>	<u>\$ 1,372,645</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 Walkkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

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, 2013 were as follows:

Fund	Due From	Due To
General	\$ 1,766,332	\$ -
Golf Fund	-	1,766,332
	<u>\$ 1,766,332</u>	<u>\$ 1,766,332</u>

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, 2013	Additions	Balance December 31, 2013
Governmental Activities			
Capital Assets, not being depreciated			
Land	\$ 1,584,505	\$ -	\$ 1,584,505
Construction-in-progress	1,593,127	1,682,169	3,275,296
Total Capital Assets, not being depreciated	<u>\$ 3,177,632</u>	<u>\$ 1,682,169</u>	<u>\$ 4,859,801</u>
Capital Assets, being depreciated			
Buildings and improvements	\$ 13,249,571	\$ -	\$ 13,249,571
Improvements other than buildings	4,932,528	-	4,932,528
Infrastructure	87,207,470	-	87,207,470
Machinery and equipment	9,418,937	805,446	10,224,383
Total Capital Assets, being depreciated	<u>114,808,506</u>	<u>805,446</u>	<u>115,613,952</u>
Less Accumulated Depreciation for			
Buildings and improvements	5,101,853	331,516	5,433,369
Improvements other than buildings	1,542,895	275,144	1,818,039
Infrastructure	64,026,488	1,972,731	65,999,219
Machinery and equipment	7,697,779	731,447	8,429,226
Total Accumulated Depreciation	<u>78,369,015</u>	<u>3,310,838</u>	<u>81,679,853</u>
Total Capital Assets, being depreciated, net	<u>\$ 36,439,491</u>	<u>\$ (2,505,392)</u>	<u>\$ 33,934,099</u>
Governmental Activities Capital Assets, net	<u>\$ 39,617,123</u>	<u>\$ (823,223)</u>	<u>\$ 38,793,900</u>

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2013	Additions	Balance December 31, 2013
	<u> </u>	<u> </u>	<u> </u>
Business-type Activities			
Capital Assets, not being depreciated			
Land	\$ 522,634	\$ -	\$ 522,634
	<u> </u>	<u> </u>	<u> </u>
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	77,772	880,878
	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, being depreciated	7,843,016	77,772	7,920,788
	<u> </u>	<u> </u>	<u> </u>
Less Accumulated Depreciation for			
Buildings and improvements	839,770	40,668	880,438
Improvements other than buildings	5,283,653	6,917	5,290,570
Machinery and equipment	734,306	34,528	768,834
	<u> </u>	<u> </u>	<u> </u>
Total Accumulated Depreciation	6,857,729	82,113	6,939,842
	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, being depreciated, net	\$ 985,287	\$ (4,341)	\$ 980,946
	<u> </u>	<u> </u>	<u> </u>
Business-type Activities			
Capital Assets, net	\$ 1,507,921	\$ (4,341)	\$ 1,503,580
	<u> </u>	<u> </u>	<u> </u>

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

Governmental Activities	
General Government Support	\$ 66,217
Public Safety	99,325
Transportation	1,655,419
Culture and Recreation	33,108
Home and Community Services	<u>1,456,769</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,310,838</u>
Business-type Activities - Golf Fund	<u>\$ 82,113</u>

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

Accrued liabilities at December 31, 2013 were as follows:

	Fund				Total
	General	Highway	Special Districts	Golf Course	
Payroll and Employee Benefits	\$ 165,834	\$ 46,833	\$ 38,818	\$ 7,454	\$ 258,939

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, 2014 are as follows:

	Tier/Plan	Rate
ERS	3 A14 41J	21.0%
	4 A15 41J	21.0
	5 A15 41J	16.9
	6 A1541J1	11.4
	6 A15 41J2	11.5
PFRS	2 384D	28.4
	5 384D	22.7
	6 384D	16.0

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 875,168	\$ 723,602
2012	842,346	680,812
2011	743,996	587,491

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	\$ 367,658
Highway	280,666
Special Districts	171,358
Golf Course	<u>55,486</u>
	<u>\$ 875,168</u>

The Agency and Housing Authority do not pay wages and, accordingly, do 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, 2013</u>	<u>Redemptions</u>	<u>Balance December 31, 2013</u>
Tax Anticipation Note	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>

The \$1,400,000 tax anticipation note was issued on December 18, 2012 and matured on February 28, 2013 with interest at 2.09%.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

G. Short-Term Capital Borrowings

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2013	New Issues	Redemptions	Balance December 31, 2013
Governmental Type Activities							
Capital Projects Fund							
Consolidated Sewer District	01/19/2012	01/17/2014	0.63%	\$ 745,000	\$ -	\$ 25,000	\$ 720,000
Sewer District	03/08/2012	01/17/2014	0.63	2,900,000	-	35,000	2,865,000
Computer Equipment/Software	03/08/2012	01/17/2014	0.63	150,000	-	37,500	112,500
Water District	09/06/2012	01/17/2014	0.63	5,105,000	-	70,000	5,035,000
Circleville Park Class A Building	08/06/2013	08/06/2014	1.50	-	1,032,000	-	1,032,000
Circleville Park Class B Building	08/06/2013	08/06/2014	1.50	-	408,000	-	408,000
Salt Barn	08/06/2013	08/06/2014	1.50	-	773,000	-	773,000
Highway Vehicles	08/06/2013	01/17/2014	0.90	-	920,000	-	920,000
				<u>\$ 8,900,000</u>	<u>\$ 3,133,000</u>	<u>\$ 167,500</u>	<u>\$ 11,865,500</u>

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

Interest expenditures of \$7,205 and \$53,867 were recorded in the fund financial statements in the General Fund and Special Districts Fund, respectively.

Interest expense of \$64,107 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, 2013:

	Balance January 1, 2013, as reported	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Governmental Activities					
Bonds Payable					
Capital Construction	\$ 10,205,000	\$ -	\$ 930,000	\$ 9,275,000	\$ 555,000
Other	195,000	-	95,000	100,000	100,000
	<u>10,400,000</u>	<u>-</u>	<u>1,025,000</u>	<u>9,375,000</u>	<u>655,000</u>

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2013, as reported	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Capital Leases Payable	\$ 272,677	\$ -	\$ 105,220	\$ 167,457	\$ 109,096
	<u>10,672,677</u>	<u>-</u>	<u>1,130,220</u>	<u>9,542,457</u>	<u>764,096</u>
Other Noncurrent Liabilities					
Compensated Absences	1,619,658	-	212,036	1,407,622	141,000
Landfill Closure	150,140	-	1,164	148,976	15,000
Other Post Employment Benefit Obligations Payable	13,082,012	2,697,627	717,872	15,061,767	-
Total Other Noncurrent Liabilities	<u>14,851,810</u>	<u>2,697,627</u>	<u>931,072</u>	<u>16,618,365</u>	<u>156,000</u>
Governmental Activities Long-Term Liabilities	<u>\$ 25,524,487</u>	<u>\$ 2,697,627</u>	<u>\$ 2,061,292</u>	<u>\$ 26,160,822</u>	<u>\$ 920,096</u>
Business-Type Activities					
Capital Leases Payable	\$ 142,772	\$ 77,772	\$ 43,526	\$ 177,018	\$ 42,957
Other Noncurrent Liabilities					
Compensated Absences	70,605	113	7,000	63,718	6,500
Other Post Employment Benefit Obligations Payable	292,013	87,799	-	379,812	-
Total Other Noncurrent Liabilities	<u>362,618</u>	<u>87,912</u>	<u>7,000</u>	<u>443,530</u>	<u>6,500</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 505,390</u>	<u>\$ 165,684</u>	<u>\$ 50,526</u>	<u>\$ 620,548</u>	<u>\$ 49,457</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'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, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Landfill	1996	1,500,000	June, 2014	1.817 %	\$ 100,000
Water Improvements	2000	3,512,925	January, 2020	1.801 - 3.815	1,380,000
Sewer Reconstruction	2001	1,857,000	November, 2021	1.388 - 3.420	860,000
Public Improvements	2010	7,665,000	January, 2031	3.50-4.250	7,035,000
					<u>\$ 9,375,000</u>

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$284,243 and \$47,091 were recorded in the fund financial statements in the General Fund and Special Districts Fund, respectively. Interest expense of \$318,450 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, 2013 is \$344,475.

Interest expenditures/expense of \$9,605 was recorded in the fund financial statements in the Highway Fund and in the government-wide financial statements for governmental activities. Interest expense of \$7,593 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, 2013, including interest payments of \$3,185,404 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		
2014	\$ 655,000	\$ 334,683	\$ 109,096	\$ 5,729	\$ 42,957	\$ 8,162	\$ 807,053	\$ 348,574
2015	575,000	318,798	58,361	1,704	32,925	6,154	666,286	326,656
2016	600,000	302,125	-	-	32,208	4,660	632,208	306,785
2017	610,000	283,951	-	-	33,688	3,179	643,688	287,130
2018	630,000	264,322	-	-	35,240	1,627	665,240	265,949
2019-2023	2,560,000	995,260	-	-	-	-	2,560,000	995,260
2024-2028	2,195,000	555,600	-	-	-	-	2,195,000	555,600
2029-2031	1,550,000	99,450	-	-	-	-	1,550,000	99,450
	<u>\$ 9,375,000</u>	<u>\$ 3,154,189</u>	<u>\$ 167,457</u>	<u>\$ 7,433</u>	<u>\$ 177,018</u>	<u>\$ 23,782</u>	<u>\$ 9,719,475</u>	<u>\$ 3,185,404</u>

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 \$148,976 reported as a landfill closure cost liability in the government-wide financial statements for governmental activities, at December 31, 2013, represents the estimated total future post-closure costs. Actual costs may be higher due to inflation, changes in technology or changes in regulation.

Note 3 - Detailed Notes on All Funds (Continued)

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'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 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
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

Town of Walkkill, New York

Notes to Financial Statements (Continued)
December 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level dollar method with an open amortization approach with 24 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, 2013 was as follows:

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

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2013	\$ 32,644,430	\$ 728,679	\$ 33,373,109
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 32,644,430</u>	<u>\$ 728,679</u>	<u>\$ 33,373,109</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 7,114,746</u>	<u>\$ 306,108</u>	<u>\$ 7,420,854</u>
UAAL as a Percentage of Covered Payroll	<u>458.83%</u>	<u>238.05%</u>	<u>449.72%</u>
Annual Required Contribution	\$ 2,378,269	\$ 80,409	\$ 2,458,678
Interest on Net OPEB Obligation	523,280	11,681	534,961
Adjustments to Annual Required Contribution	<u>(203,922)</u>	<u>(4,291)</u>	<u>(208,213)</u>
Annual OPEB Cost	2,697,627	87,799	2,785,426
Contributions Made	<u>(717,872)</u>	<u>-</u>	<u>(717,872)</u>
Increase in Net OPEB Obligation	1,979,755	87,799	2,067,554
Net OPEB Obligation - Beginning of Year	<u>13,082,012</u>	<u>292,013</u>	<u>13,374,025</u>
Net OPEB Obligation - End of Year	<u>\$ 15,061,767</u>	<u>\$ 379,812</u>	<u>\$ 15,441,579</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 2,785,426	25.77 %	\$ 15,441,579
2012	2,593,432	25.03	13,374,025
2011	3,260,880	17.35	11,429,659

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.

I. Significant Commitments - Encumbrances

As discussed in Note 2,A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2013, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 13,057
Highway Fund	80,557
Special Districts Fund	<u>76,295</u>
Total	<u>\$ 169,909</u>

J. 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 Projects Fund	
General Fund	\$ -	\$ 37,500	\$ 37,500
Special Districts	-	130,000	130,000
Non-Major Governmental Funds	<u>200,002</u>	<u>-</u>	<u>200,002</u>
	<u>\$ 200,002</u>	<u>\$ 167,500</u>	<u>\$ 367,502</u>

Note 3 - Detailed Notes on All Funds (Continued)

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.

K. 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 Future Capital Projects - the component of net position that has been established to set aside funds to be used to finance all or part of the construction or acquisition of a specific type of improvement in accordance with Section 6c of General Municipal Law.

Restricted for 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, 2013

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

	2013						2012					
	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable												
Advances	\$ 1,766,332	-	\$ -	-	-	\$ 1,766,332	\$ 1,677,871	-	-	-	-	\$ 1,677,871
Restricted												
Future capital projects	606,952	-	379,737	-	-	986,689	-	-	-	-	-	-
Liability and casualty	10,575	-	-	-	-	10,575	10,549	-	-	-	-	10,549
Parklands	-	-	-	-	406,176	406,176	-	-	-	-	304,687	304,687
Total Restricted	617,527	-	379,737	-	406,176	1,403,440	10,549	-	-	-	304,687	315,236
Assigned												
Purchases on order												
General government support	2,133	-	-	-	-	2,133	8,853	-	-	-	-	8,853
Public safety	4,308	-	-	-	-	4,308	5,940	-	-	-	-	5,940
Transportation	1,779	80,557	3,005	-	-	85,341	1,050	78,208	-	-	-	79,258
Culture and recreation	4,582	-	-	-	-	4,582	3,205	-	-	-	-	3,205
Home and community services	255	-	73,290	-	-	73,545	5,353	-	124,121	-	-	129,474
Major Funds	13,057	80,557	76,295	-	-	169,909	24,401	78,208	124,121	-	-	226,730
Special Districts	-	2,226,311	-	-	-	2,226,311	-	1,820,009	-	-	-	1,820,009
Total Assigned	13,057	2,306,868	11,701,887	-	-	14,021,812	24,401	1,898,217	10,915,828	-	-	12,838,446
Unassigned												
Total Fund Balances	\$ 4,743,594	\$ 2,306,868	\$ 12,081,624	\$ (10,299,387)	\$ 363,007	\$ 9,195,706	\$ 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.

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 Capital Projects and 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.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

Note 5 - Subsequent Event

The Town, in January 2014, issued bond anticipation notes in the amount of \$6,471,000. The notes are due on January 16, 2015, with interest at 1.25%. The proceeds were used to renew portions of the \$11,865,500 in bond anticipation notes outstanding at December 31, 2013.

The Town, in January 2014, issued bond anticipation notes in the amount of 2,830,000. The notes are due on August 6, 2014, with interest at 1.25%. The proceeds were used to renew portions of the \$11,865,500 in bond anticipation notes outstanding at December 31, 2013.

Town of Wallkill, 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, 2013	\$ -	\$ 33,373,109	\$ 33,373,109	- %	\$ 7,420,854	450 %
January 1, 2012	-	31,522,578	31,522,578	-	7,462,158	422
January 1, 2011	-	32,123,375	32,123,375	-	N/A	-

N/A = Not Available

Town of Wallkill, New York

General Fund
 Comparative Balance Sheet
 December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 1,947,319	\$ 1,452,326
Receivables		
Accounts	411,036	364,718
State and Federal aid	675,536	936,043
Due from other governments	1,357,481	1,419,712
Due from other funds	86,097	73,008
Advances to other funds	1,766,332	1,677,871
	<u>4,296,482</u>	<u>4,471,352</u>
Total Assets	<u>\$ 6,243,801</u>	<u>\$ 5,923,678</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 264,285	\$ 320,543
Accrued liabilities	165,834	122,992
Due to retirement systems	827,991	789,804
Due to other funds	242,097	242,097
Tax anticipation notes payable	-	1,400,000
Total Liabilities	<u>1,500,207</u>	<u>2,875,436</u>
Fund balance		
Nonspendable	1,766,332	1,677,871
Restricted	617,527	10,549
Assigned	13,057	24,401
Unassigned	2,346,678	1,335,421
Total Fund Balance	<u>4,743,594</u>	<u>3,048,242</u>
Total Liabilities and Fund Balance	<u>\$ 6,243,801</u>	<u>\$ 5,923,678</u>

Town of Walkill, New York

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

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 5,137,510	\$ 5,137,510	\$ 5,137,826	\$ 316
Other tax items	832,338	832,338	941,513	109,175
Non-property taxes	3,617,704	3,617,704	4,145,827	528,123
Departmental income	679,626	679,626	753,275	73,649
Intergovernmental charges	114,850	114,850	180,591	65,741
Use of money and property	35,220	35,220	55,808	20,588
Sale of property and compensation for loss	42,800	42,800	56,697	13,897
Interfund revenues	30,000	30,000	-	(30,000)
Licenses and permits	365,300	365,300	503,818	138,518
Fines and forfeitures	1,092,000	1,092,000	928,184	(163,816)
State aid	773,000	773,000	919,276	146,276
Federal aid	230,000	230,000	230,000	-
Miscellaneous	-	-	54,026	54,026
Total Revenues	12,950,348	12,950,348	13,906,841	956,493
EXPENDITURES				
Current				
General government support	2,611,782	2,386,524	2,071,144	315,380
Public safety	4,074,811	4,287,162	4,237,041	50,121
Health	13,500	18,388	18,388	-
Transportation	693,385	815,577	812,713	2,864
Economic opportunity and development	10,000	12,914	12,905	9
Culture and recreation	980,219	946,029	890,721	55,308
Home and community services	277,063	213,166	201,676	11,490
Employee benefits	3,665,987	3,665,987	3,498,155	167,832
Debt service				
Principal	565,000	565,000	365,000	200,000
Interest	295,502	295,502	291,448	4,054
Total Expenditures	13,187,249	13,206,249	12,399,191	807,058
Excess (Deficiency) of Revenues Over Expenditures	(236,901)	(255,901)	1,507,650	1,763,551
OTHER FINANCING SOURCES				
Sale of real property	-	19,000	25,200	6,200
Transfers in	250,000	250,000	200,002	(49,998)
Transfers out	(37,500)	(37,500)	(37,500)	-
Total Other Financing Sources	212,500	231,500	187,702	(43,798)
Net Change in Fund Balance	(24,401)	(24,401)	1,695,352	1,719,753
FUND BALANCE				
Beginning of Year	24,401	24,401	3,048,242	3,023,841
End of Year	\$ -	\$ -	\$ 4,743,594	\$ 4,743,594

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 5,036,775	\$ 5,036,775	\$ 5,036,775	\$ -
815,000	815,000	892,999	77,999
3,617,320	3,617,320	4,028,648	411,328
524,500	524,500	640,967	116,467
408,000	408,000	283,555	(124,445)
38,220	38,220	46,868	8,648
22,200	22,200	44,049	21,849
-	-	-	-
399,500	399,500	697,948	298,448
879,000	879,000	1,082,676	203,676
1,145,044	1,145,044	811,494	(333,550)
200,000	200,000	422,808	222,808
2,500	2,500	7,720	5,220
<u>13,088,059</u>	<u>13,088,059</u>	<u>13,996,507</u>	<u>908,448</u>
2,814,547	2,811,858	2,340,144	471,714
4,085,111	4,249,193	4,161,640	87,553
8,013	15,507	15,506	1
968,904	847,614	792,430	55,184
12,300	12,300	4,711	7,589
1,091,484	1,071,535	743,641	327,894
125,560	136,435	124,095	12,340
3,631,177	3,592,229	3,450,364	141,865
350,000	350,000	350,000	-
305,462	305,462	304,756	706
<u>13,392,558</u>	<u>13,392,133</u>	<u>12,287,287</u>	<u>1,104,846</u>
<u>(304,499)</u>	<u>(304,074)</u>	<u>1,709,220</u>	<u>2,013,294</u>
-	-	173,379	173,379
300,000	300,000	88,096	(211,904)
-	-	-	-
<u>300,000</u>	<u>300,000</u>	<u>261,475</u>	<u>(38,525)</u>
(4,499)	(4,074)	1,970,695	1,974,769
<u>4,499</u>	<u>4,074</u>	<u>1,077,547</u>	<u>1,073,473</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,048,242</u>	<u>\$ 3,048,242</u>

Town of Walkill, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REAL PROPERTY TAXES	\$ 5,137,510	\$ 5,137,510	\$ 5,137,826	\$ 316	\$ 5,036,775
OTHER TAX ITEMS					
Payments in lieu of taxes	507,338	507,338	574,499	67,161	560,461
Interest and penalties on real property taxes	50,000	50,000	99,175	49,175	52,465
Franchise fees	275,000	275,000	267,839	(7,161)	280,073
	832,338	832,338	941,513	109,175	892,999
NON-PROPERTY TAXES					
Non-property tax distribution from County	3,617,704	3,617,704	4,145,827	528,123	4,028,648
DEPARTMENTAL INCOME					
Town Clerk fees	4,600	4,600	5,011	411	3,817
Assessor label fees	1,600	1,600	3,020	1,420	-
Police fees	5,000	5,000	7,289	2,289	891
Vital statistics fees	37,500	37,500	49,162	11,662	40,520
Safety inspection fees	82,000	82,000	114,265	32,265	47,875
Parking tickets	125,000	125,000	151,530	26,530	194,300
Bus operations	38,000	38,000	34,455	(3,545)	35,617
Parks and recreation fees	267,200	267,200	211,023	(56,177)	222,901
Zoning fees	4,000	4,000	16,399	12,399	4,225
Planning Board fees	32,000	32,000	62,595	30,595	45,183
Refuse and garbage charges	7,000	7,000	3,000	(4,000)	6,000
Water and sewer management charge	68,226	68,226	68,226	-	-
Miscellaneous	7,500	7,500	27,300	19,800	39,638
	679,626	679,626	753,275	73,649	640,967
INTERGOVERNMENTAL CHARGES					
Chargebacks from Agencies	114,850	114,850	180,591	65,741	283,555

USE OF MONEY AND PROPERTY

Earnings on investments	6,000	8,942	2,942	8,196
Rental of real property	29,000	46,765	17,765	38,458
Commissions	220	101	(119)	214
	<u>35,220</u>	<u>55,808</u>	<u>20,588</u>	<u>46,868</u>

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of equipment	4,000	6,449	2,449	12,889
Minor sales	800	475	(325)	1,771
Insurance recoveries	38,000	49,773	11,773	29,389
	<u>42,800</u>	<u>56,697</u>	<u>13,897</u>	<u>44,049</u>

INTERFUND REVENUES

	30,000	-	(30,000)	-
	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>

LICENSES AND PERMITS

Bingo licenses	3,000	2,554	(446)	2,744
Dog licenses	3,100	4,306	1,206	3,922
Building permits	358,000	494,469	136,469	690,149
Other licenses and permits	1,200	2,489	1,289	1,133
	<u>365,300</u>	<u>503,818</u>	<u>138,518</u>	<u>697,948</u>

FINES AND FORFEITURES

Fines and forfeited bail	1,092,000	928,184	(163,816)	1,082,676
	<u>1,092,000</u>	<u>928,184</u>	<u>(163,816)</u>	<u>1,082,676</u>

STATE AID

Per capita	90,000	89,881	(119)	89,881
Mortgage tax	500,000	527,013	27,013	468,295
Park and ride aid	58,000	60,184	2,184	61,390
Transportation aid	-	45,546	45,546	70,485
Galleria tunnel	-	66,782	66,782	-
Police safety grant	-	129,870	4,870	121,443
Transportation aid	125,000	125,000		
	<u>773,000</u>	<u>919,276</u>	<u>146,276</u>	<u>811,494</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, 2013
(With Comparative Actuals for 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
FEDERAL AID					
Bus aid	\$ 230,000	\$ 230,000	\$ 230,000	\$ -	\$ 422,808
MISCELLANEOUS					
Refund of prior year's expenditures	-	-	35,332	35,332	-
Unclassified	-	-	18,694	18,694	7,720
TOTAL REVENUES	12,950,348	12,950,348	13,906,841	956,493	13,996,507
OTHER FINANCING SOURCES					
Sale of real property	-	19,000	25,200	6,200	173,379
Transfers in					
Special Purpose Fund	250,000	250,000	200,002	(49,998)	88,096
TOTAL OTHER FINANCING SOURCES	250,000	269,000	225,202	(43,798)	261,475
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 13,200,348	\$ 13,219,348	\$ 14,132,043	\$ 912,695	\$ 14,257,982

Town of Wallkill, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended December 31, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 33,802	\$ 34,861	\$ 34,857	\$ 4	\$ 35,049
Town Justice Supervisor	395,735	395,735	377,048	18,687	390,325
Auditor	189,865	191,711	190,872	839	208,098
Tax collection Budget	38,750	44,173	44,173	-	48,532
Assessor	24,330	24,431	24,429	2	28,501
Town Clerk	4,041	4,041	4,038	3	6,597
Attorney	194,175	195,169	195,161	8	224,660
Engineer	71,822	73,905	73,904	1	86,633
Elections	223,100	187,552	167,096	20,456	225,193
Public works administration Buildings	15,500	15,500	8,587	6,913	9,554
Central communications	55,000	38,639	38,414	225	72,874
Central storeroom	140,583	92,870	92,627	243	142,864
Central printing	319,553	308,232	267,186	41,046	280,337
Data processing	35,000	35,000	31,493	3,507	29,748
Unallocated insurance	100	100	-	100	115
Municipal association dues	115,573	78,591	62,674	15,917	82,423
Judgments and claims	159,323	159,323	149,933	9,390	122,926
Land purchase	325,000	269,509	268,243	1,266	290,321
Taxes and assessments on property	2,010	3,760	3,760	-	2,010
Metropolitan commuter transportation mobility tax	57,020	19,122	7,744	11,378	915
Contingency	-	-	-	-	24,000
	9,500	12,300	12,289	11	11,866
	17,000	17,000	16,616	384	16,603
	185,000	185,000	-	185,000	-
	2,611,782	2,386,524	2,071,144	315,380	2,340,144

PUBLIC SAFETY

Police	3,557,444	3,728,967	3,706,714	22,253	3,676,946
Traffic control	49,500	49,500	33,443	16,057	42,116
Parking enforcement	43,240	49,869	49,865	4	38,021
Dog control	25,800	52,851	51,623	1,228	10,118
Safety inspection	398,827	405,975	395,396	10,579	394,439
	<u>4,074,811</u>	<u>4,287,162</u>	<u>4,237,041</u>	<u>50,121</u>	<u>4,161,640</u>

HEALTH

Registrar	13,500	18,388	18,388	-	15,506
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TRANSPORTATION

Highway garage	211,056	238,213	236,544	1,669	209,691
Street lighting	125,000	183,182	182,053	1,129	159,330
Park and ride lot	57,231	65,353	65,350	3	61,599
Tunnel road	-	13,344	13,344	-	63,456
Bus operations	300,098	315,485	315,422	63	298,354
	<u>693,385</u>	<u>815,577</u>	<u>812,713</u>	<u>2,864</u>	<u>792,430</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Publicity	3,300	3,300	3,300	-	3,300
Veteran's service	700	700	691	9	358
Programs for the aging	6,000	8,914	8,914	-	1,053
	<u>10,000</u>	<u>12,914</u>	<u>12,905</u>	<u>9</u>	<u>4,711</u>

CULTURE AND RECREATION

Recreation administration	489,055	454,734	439,167	15,567	182,637
Parks	466,882	466,882	447,601	19,281	557,472
Fireworks	20,000	20,000	-	20,000	-
Historian	4,282	4,413	3,953	460	3,532
	<u>980,219</u>	<u>946,029</u>	<u>890,721</u>	<u>55,308</u>	<u>743,641</u>

HOME AND COMMUNITY SERVICES

Zoning	20,328	15,686	15,686	-	14,410
Planning	91,485	96,838	89,950	6,888	89,386
Master plan	7,000	7,000	6,313	687	9,121
Human rights commission	1,000	1,000	473	527	1,107
Refuse and garbage	127,700	70,965	70,964	1	4,211
Landfill	4,550	4,550	1,164	3,386	5,860
Urban renewal	25,000	17,127	17,126	1	-
	<u>277,063</u>	<u>213,166</u>	<u>201,676</u>	<u>11,490</u>	<u>124,095</u>

(Continued)

Town of Wallkill, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2013

(With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 1,071,039	\$ 1,101,692	\$ 1,091,260	\$ 10,432	\$ 1,041,051
Social security	389,500	430,244	430,243	1	419,578
Workers' compensation benefits	322,000	252,695	252,694	1	248,496
Unemployment benefits	20,000	12,073	1,379	10,694	40,995
Disability	10,000	10,000	738	9,262	6,112
Health insurance	1,853,448	1,859,283	1,721,841	137,442	1,694,132
	<u>3,665,987</u>	<u>3,665,987</u>	<u>3,498,155</u>	<u>167,832</u>	<u>3,450,364</u>
DEBT SERVICE					
Principal					
Serial bonds	565,000	565,000	365,000	200,000	350,000
Interest					
Serial bonds	285,486	285,486	284,243	1,243	294,080
Tax anticipation notes	-	-	-	-	7,523
Bond anticipation notes	10,016	10,016	7,205	2,811	3,153
	<u>295,502</u>	<u>295,502</u>	<u>291,448</u>	<u>4,054</u>	<u>304,756</u>
	<u>860,502</u>	<u>860,502</u>	<u>656,448</u>	<u>204,054</u>	<u>654,756</u>
TOTAL EXPENDITURES	13,187,249	13,206,249	12,399,191	807,058	12,287,287
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	37,500	37,500	37,500	-	-
	<u>\$ 13,224,749</u>	<u>\$ 13,243,749</u>	<u>\$ 12,436,691</u>	<u>\$ 807,058</u>	<u>\$ 12,287,287</u>

Town of Wallkill, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 2,855,503	\$ 1,985,308
Receivables		
Accounts	73,764	66,284
Due from other funds	<u>291,660</u>	<u>291,660</u>
	<u>365,424</u>	<u>357,944</u>
Total Assets	<u>\$ 3,220,927</u>	<u>\$ 2,343,252</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 196,309	\$ 169,089
Accrued liabilities	46,833	69,761
Due to retirement systems	211,938	206,185
Due to other funds	<u>458,979</u>	<u>-</u>
Total Liabilities	914,059	445,035
Fund balance		
Assigned	<u>2,306,868</u>	<u>1,898,217</u>
Total Liabilities and Fund Balance	<u>\$ 3,220,927</u>	<u>\$ 2,343,252</u>

Town of Walkill, New York

Highway Fund

Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended December 31,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 4,036,397	\$ 4,036,397	\$ 4,036,670	\$ 273
Other tax items	440,000	440,000	452,030	12,030
Intergovernmental charges	277,500	277,500	343,920	66,420
Use of money and property	10,000	10,000	10,369	369
Sale of property and compensation for loss	44,000	44,000	54,937	10,937
Interfund revenues	200,000	200,000	331,660	131,660
State aid	270,000	345,274	345,274	-
Federal aid	-	60,386	60,386	-
Miscellaneous	1,500	1,500	33,945	32,445
Total Revenues	5,279,397	5,415,057	5,669,191	254,134
EXPENDITURES				
Current				
General government support	78,917	7,631	4,358	3,273
Transportation	3,727,881	4,920,862	3,842,564	1,078,298
Employee benefits	1,450,807	1,319,947	1,298,793	21,154
Debt service				
Principal	33,000	138,220	105,220	33,000
Interest	17,000	26,605	9,605	17,000
Total Expenditures	5,307,605	6,413,265	5,260,540	1,152,725
Excess (Deficiency) of Revenues Over Expenditures	(28,208)	(998,208)	408,651	1,406,859
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	920,000	-	(920,000)
Transfers out	(50,000)	-	-	-
Total Other Financing Sources (Uses)	(50,000)	920,000	-	(920,000)
Net Change in Fund Balance	(78,208)	(78,208)	408,651	486,859
FUND BALANCE				
Beginning of Year	78,208	78,208	1,898,217	1,820,009
End of Year	\$ -	\$ -	\$ 2,306,868	\$ 2,306,868

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,957,252	\$ 3,957,252	\$ 3,957,252	\$ -
450,000	450,000	445,206	(4,794)
229,000	229,000	311,810	82,810
10,000	10,000	10,208	208
22,250	22,250	97,831	75,581
175,000	175,000	245,808	70,808
270,000	270,000	344,624	74,624
-	-	170,686	170,686
1,500	1,500	3,840	2,340
5,115,002	5,115,002	5,587,265	472,263
27,939	27,939	-	27,939
3,638,670	3,659,469	3,472,596	186,873
1,311,521	1,322,970	1,277,699	45,271
200,000	182,862	161,833	21,029
14,762	14,762	13,478	1,284
5,192,892	5,208,002	4,925,606	282,396
(77,890)	(93,000)	661,659	754,659
-	-	-	-
-	-	-	-
-	-	-	-
(77,890)	(93,000)	661,659	754,659
77,890	93,000	1,236,558	1,143,558
\$ -	\$ -	\$ 1,898,217	\$ 1,898,217

Town of Wallkill, New York

Special Districts Fund
 Combining Balance Sheet - Sub Funds
 December 31, 2013
 (With Comparative Totals for 2012)

	Combined Water Districts	Combined Sewer Districts	Combined Lighting Districts
ASSETS			
Cash and equivalents	\$ 5,021,275	\$ 4,506,928	\$ 325,930
Receivables			
Accounts	-	12,729	-
Water and sewer rents	736,797	797,641	-
Due from other funds	485,480	-	-
	<u>1,222,277</u>	<u>810,370</u>	<u>-</u>
Total Assets	<u>\$ 6,243,552</u>	<u>\$ 5,317,298</u>	<u>\$ 325,930</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 100,645	\$ 85,012	\$ 15,899
Accrued liabilities	14,906	23,912	-
Due to retirement systems	58,817	70,580	-
Due to other funds	86,513	61,193	-
Total Liabilities	<u>260,881</u>	<u>240,697</u>	<u>15,899</u>
Fund balances			
Restricted	202,628	177,109	-
Assigned	5,780,043	4,899,492	310,031
Total Fund Balances	<u>5,982,671</u>	<u>5,076,601</u>	<u>310,031</u>
Total Liabilities and Fund Balances	<u>\$ 6,243,552</u>	<u>\$ 5,317,298</u>	<u>\$ 325,930</u>

Road Improvement Area	Combined Drainage Districts	Totals	
		2013	2012
\$ 644,340	\$ 39,263	\$ 10,537,736	\$ 9,490,464
-	-	12,729	17,550
-	-	1,534,438	1,597,002
50,429	-	535,909	99,216
50,429	-	2,083,076	1,713,768
<u>\$ 694,769</u>	<u>\$ 39,263</u>	<u>\$ 12,620,812</u>	<u>\$ 11,204,232</u>
\$ -	\$ 21,711	\$ 223,267	\$ 94,969
-	-	38,818	18,764
-	-	129,397	125,884
-	-	147,706	48,787
-	21,711	539,188	288,404
-	-	379,737	-
694,769	17,552	11,701,887	10,915,828
694,769	17,552	12,081,624	10,915,828
<u>\$ 694,769</u>	<u>\$ 39,263</u>	<u>\$ 12,620,812</u>	<u>\$ 11,204,232</u>

Town of Walkill, New York

Special Districts Fund

Combining Schedule of Revenues, Expenditures and Changes

in Fund Balances - Sub Funds

Year Ended December 31, 2013

(With Comparative Totals for 2012)

	Water Districts		Sewer Districts	
	Consolidated	Arfman Tract	Consolidated	Arfman Tract
REVENUES				
Real property taxes	\$ 1,161,482	\$ -	\$ 1,436,422	\$ -
Other tax items	-	-	-	-
Departmental income	1,716,280	311,800	2,076,092	198,027
Use of money and property	14,028	84	11,265	30
Sale of property and compensation for loss	-	-	8,547	-
State aid	-	-	-	-
Federal aid	12,080	-	12,080	-
Miscellaneous	2,280	-	3,159	-
Total Revenues	2,906,150	311,884	3,547,565	198,057
EXPENDITURES				
Current				
Transportation	-	-	-	-
Home and community services	2,101,270	341,212	1,703,556	209,996
Employee benefits	307,290	-	326,816	-
Debt service				
Principal	180,000	-	395,000	-
Interest	42,824	-	54,627	-
Total Expenditures	2,631,384	341,212	2,479,999	209,996
Excess (Deficiency) of Revenues Over Expenditures	274,766	(29,328)	1,067,566	(11,939)
OTHER FINANCING USES				
Transfers out	(70,000)	-	(60,000)	-
Net Change in Fund Balances	204,766	(29,328)	1,007,566	(11,939)
FUND BALANCES (DEFICITS)				
Beginning of Year	5,736,123	71,110	4,062,897	18,077
End of Year	\$ 5,940,889	\$ 41,782	\$ 5,070,463	\$ 6,138

Lighting Districts				Road Improvement Area	Drainage Districts		
District #1	District #2	District #3	District #4		District A	District B	District #1
\$ 6,577	\$ 30,000	\$ 2,610	\$ 2,000	\$ 153,507	\$ 2,500	\$ 2,500	\$ 2,500
26,423	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
465	411	6	5	1,969	4	4	4
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>33,465</u>	<u>30,411</u>	<u>2,616</u>	<u>2,005</u>	<u>155,476</u>	<u>2,504</u>	<u>2,504</u>	<u>2,504</u>
32,016	36,422	2,284	757	86,808	-	26	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	85,000	-	-	-
-	-	-	-	3,507	-	-	-
<u>32,016</u>	<u>36,422</u>	<u>2,284</u>	<u>757</u>	<u>175,315</u>	<u>-</u>	<u>26</u>	<u>-</u>
1,449	(6,011)	332	1,248	(19,839)	2,504	2,478	2,504
-	-	-	-	-	-	-	-
1,449	(6,011)	332	1,248	(19,839)	2,504	2,478	2,504
163,721	148,691	738	(137)	714,608	-	-	-
<u>\$ 165,170</u>	<u>\$ 142,680</u>	<u>\$ 1,070</u>	<u>\$ 1,111</u>	<u>\$ 694,769</u>	<u>\$ 2,504</u>	<u>\$ 2,478</u>	<u>\$ 2,504</u>

(Continued)

Town of Wallkill, New York

Special Districts Fund

Combining Schedule of Revenues, Expenditures and Changes

in Fund Balances - Sub Funds (Continued)

Year Ended December 31, 2013

(With Comparative Totals for 2012)

	Drainage Districts				
	District #4	District #5	District #6	District #7	District #8
REVENUES					
Real property taxes	\$ 2,500	\$ 2,500	\$ 21,711	\$ 2,500	\$ 2,500
Other tax items	-	-	-	-	-
Departmental income	-	-	-	-	-
Use of money and property	4	4	50	4	4
Sale of property and compensation for loss	-	-	-	-	-
State aid	-	-	-	-	-
Federal aid	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>2,504</u>	<u>2,504</u>	<u>21,761</u>	<u>2,504</u>	<u>2,504</u>
EXPENDITURES					
Current					
Transportation	-	-	21,711	-	-
Home and community services	-	-	-	-	-
Employee benefits	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>21,711</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	2,504	2,504	50	2,504	2,504
OTHER FINANCING USES					
Transfers out	-	-	-	-	-
Net Change in Fund Balances	2,504	2,504	50	2,504	2,504
FUND BALANCES (DEFICITS)					
Beginning of Year	-	-	-	-	-
End of Year	<u>\$ 2,504</u>	<u>\$ 2,504</u>	<u>\$ 50</u>	<u>\$ 2,504</u>	<u>\$ 2,504</u>

Totals	
2013	2012
\$ 2,831,809	\$ 2,684,095
26,423	30,541
4,302,199	4,192,272
28,341	30,222
8,547	-
-	22,103
24,160	64,767
5,439	15,021
<u>7,226,918</u>	<u>7,039,021</u>
180,024	46,538
4,356,034	3,561,314
634,106	570,118
660,000	625,000
100,958	183,696
<u>5,931,122</u>	<u>4,986,666</u>
1,295,796	2,052,355
<u>(130,000)</u>	<u>(115,000)</u>
1,165,796	1,937,355
<u>10,915,828</u>	<u>8,978,473</u>
<u>\$ 12,081,624</u>	<u>\$ 10,915,828</u>

Town of Wallkill, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 1,742,362	\$ 720,509
Due from other funds	458,979	-
	<u>2,201,341</u>	<u>720,509</u>
Total Assets	<u>\$ 2,201,341</u>	<u>\$ 720,509</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 247,891	\$ -
Due to other funds	387,337	49,563
Bond anticipation notes payable	11,865,500	8,900,000
	<u>12,500,728</u>	<u>8,949,563</u>
Total Liabilities	12,500,728	8,949,563
Fund deficit		
Unassigned	<u>(10,299,387)</u>	<u>(8,229,054)</u>
	<u>\$ 2,201,341</u>	<u>\$ 720,509</u>
Total Liabilities and Fund Deficit	<u>\$ 2,201,341</u>	<u>\$ 720,509</u>

Town of Wallkill, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 2,345	\$ 964
EXPENDITURES		
Capital outlay	<u>2,240,178</u>	<u>15,631</u>
Deficiency of Revenues Over Expenditures	(2,237,833)	(14,667)
OTHER FINANCING SOURCES		
Transfers in	<u>167,500</u>	<u>115,000</u>
Net Change in Fund Balance	(2,070,333)	100,333
FUND DEFICIT		
Beginning of Year	<u>(8,229,054)</u>	<u>(8,329,387)</u>
End of Year	<u><u>\$ (10,299,387)</u></u>	<u><u>\$ (8,229,054)</u></u>

Town of Wallkill, New York

Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2013
(With Comparative Totals for 2012)

	<u>Community Development</u>	<u>Special Purpose</u>
ASSETS		
Cash and equivalents	<u>\$ 7,260</u>	<u>\$ 406,176</u>
LIABILITIES AND FUND BALANCES (DEFICITS)		
Liabilities		
Due to other funds	<u>\$ 50,429</u>	<u>\$ -</u>
Fund balances (deficits)		
Restricted	-	406,176
Unassigned	<u>(43,169)</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>(43,169)</u>	<u>406,176</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 7,260</u>	<u>\$ 406,176</u>

Total Non-Major
Governmental Funds

<u>2013</u>	<u>2012</u>
<u>\$ 413,436</u>	<u>\$ 311,940</u>
<u>\$ 50,429</u>	<u>\$ 50,429</u>
406,176	304,687
<u>(43,169)</u>	<u>(43,176)</u>
<u>363,007</u>	<u>261,511</u>
<u>\$ 413,436</u>	<u>\$ 311,940</u>

Town of Wallkill, New York

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balances
 Year Ended December 31, 2013
 (With Comparative Totals for 2012)

	<u>Community Development</u>	<u>Special Purpose</u>
REVENUES		
Departmental income	\$ -	\$ 300,500
Use of money and property	7	991
Federal aid	5,767	-
Miscellaneous	-	-
	<hr/>	<hr/>
Total Revenues	5,774	301,491
EXPENDITURES		
Current		
Home and community services	5,767	-
	<hr/>	<hr/>
Excess of Revenues Over Expenditures	7	301,491
OTHER FINANCINGS USES		
Transfers out	-	(200,002)
	<hr/>	<hr/>
Net Change in Fund Balances	7	101,489
FUND BALANCES (DEFICITS)		
Beginning of Year	(43,176)	304,687
	<hr/>	<hr/>
End of Year	<u>\$ (43,169)</u>	<u>\$ 406,176</u>

Total Non-Major
Governmental Funds

2013		2012	
\$	300,500	\$	250,000
	998		726
	5,767		8,464
	-		10
<hr/>		<hr/>	
	307,265		259,200
	5,767		9,950
<hr/>		<hr/>	
	301,498		249,250
	(200,002)		(88,096)
<hr/>		<hr/>	
	101,496		161,154
	261,511		100,357
<hr/>		<hr/>	
\$	363,007	\$	261,511
<hr/>		<hr/>	

Town of Wallkill, New York

Community Development Fund
Comparative Balance Sheet
December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 7,260	\$ 7,253
	<u>7,260</u>	<u>7,253</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	\$ 50,429	\$ 50,429
Fund deficit		
Unassigned	<u>(43,169)</u>	<u>(43,176)</u>
	<u>50,429</u>	<u>50,429</u>
Total Liabilities and Fund Deficit	<u>\$ 7,260</u>	<u>\$ 7,253</u>

Town of Wallkill, New York

Community Development Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 7	\$ -
Federal aid	5,767	8,464
Miscellaneous	<u>-</u>	<u>10</u>
Total Revenues	5,774	8,474
EXPENDITURES		
Current		
Home and community services	<u>5,767</u>	<u>9,950</u>
Excess (Deficiency) of Revenues Over Expenditures	7	(1,476)
FUND DEFICIT		
Beginning of Year	<u>(43,176)</u>	<u>(41,700)</u>
End of Year	<u><u>\$ (43,169)</u></u>	<u><u>\$ (43,176)</u></u>

Town of Wallkill, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 406,176	\$ 304,687
FUND BALANCE		
Restricted	\$ 406,176	\$ 304,687

Town of Wallkill, New York

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended December 31,

	<u>2013</u>	<u>2012</u>
REVENUES		
Departmental income	\$ 300,500	\$ 250,000
Use of money and property	<u>991</u>	<u>726</u>
Total Revenues	301,491	250,726
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	301,491	250,726
OTHER FINANCING USES		
Transfers out	<u>(200,002)</u>	<u>(88,096)</u>
Net Change in Fund Balance	101,489	162,630
FUND BALANCE		
Beginning of Year	<u>304,687</u>	<u>142,057</u>
End of Year	<u><u>\$ 406,176</u></u>	<u><u>\$ 304,687</u></u>

Town of Walkkill, New YorkEnterprise Fund - Golf Fund
Comparative Statement of Net Position
December 31,

ASSETS	<u>2013</u>	<u>2012</u>
Current assets		
Cash and equivalents	\$ 134,245	\$ 129,783
Accounts receivable	11,600	14,108
Total Current Assets	<u>145,845</u>	<u>143,891</u>
Capital assets		
Not being depreciated	522,634	522,634
Being depreciated, net	980,946	985,287
Total Capital Assets	<u>1,503,580</u>	<u>1,507,921</u>
Total Assets	<u>1,649,425</u>	<u>1,651,812</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,895	16,943
Accrued liabilities	7,454	6,179
Due to retirement systems	41,899	40,761
Due to other funds	86,097	73,008
Advances from other funds	1,766,332	1,677,871
Total Current Liabilities	<u>1,905,677</u>	<u>1,814,762</u>
Noncurrent liabilities		
Due within one year	49,457	36,490
Due in more than one year	571,091	468,900
Total Noncurrent Liabilities	<u>620,548</u>	<u>505,390</u>
Total Liabilities	<u>2,526,225</u>	<u>2,320,152</u>
NET POSITION		
Net investment in capital assets	1,326,562	1,365,149
Unrestricted	(2,203,362)	(2,033,489)
Total Net Position	<u>\$ (876,800)</u>	<u>\$ (668,340)</u>

Town of Wallkill, New York

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

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Charges for services	\$ 1,045,919	\$ 1,217,344
Federal aid	9,280	-
Total Revenues	<u>1,055,199</u>	<u>1,217,344</u>
OPERATING EXPENSES		
Personal services	457,692	446,613
Contractual and other	359,394	416,127
Employee benefits	357,009	314,746
Depreciation	82,113	110,101
Total Operating Expenses	<u>1,256,208</u>	<u>1,287,587</u>
Loss from Operations	<u>(201,009)</u>	<u>(70,243)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	142	340
Interest expense	(7,593)	(9,601)
Total Non-Operating Expenses	<u>(7,451)</u>	<u>(9,261)</u>
Change in Net Position	(208,460)	(79,504)
NET POSITION		
Beginning of Year	<u>(668,340)</u>	<u>(588,836)</u>
End of Year	<u>\$ (876,800)</u>	<u>\$ (668,340)</u>

Town of Wallkill, New York

Enterprise Fund - Golf Fund
 Comparative Statement of Cash Flows
 Years Ended December 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,048,427	\$ 1,223,210
Cash received from grants	9,280	-
Cash payments for goods and services	(359,353)	(522,883)
Cash payments to employees	(463,304)	(402,805)
Cash payments for employee benefits	(268,072)	(251,936)
Net Cash from Operating Activities	<u>(33,022)</u>	<u>45,586</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Advances from other funds	<u>88,461</u>	<u>(87,108)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(77,772)	-
Proceeds from installment purchase debt	77,772	-
Principal paid on installment purchase debt	(43,526)	(37,776)
Interest paid on indebtedness	(7,593)	(9,601)
Net Cash from Capital and Related Financing Activities	<u>(51,119)</u>	<u>(47,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>142</u>	<u>340</u>
Net Change in Cash and Equivalents	4,462	(88,559)
CASH AND EQUIVALENTS		
Beginning of Year	<u>129,783</u>	<u>218,342</u>
End of Year	<u>\$ 134,245</u>	<u>\$ 129,783</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (201,009)	\$ (70,243)
Adjustments to reconcile loss from operations to net cash from operating activities		
Depreciation	82,113	110,101
Changes in assets and liabilities		
Accounts receivable	2,508	5,866
Accounts payable	(13,048)	6,136
Accrued liabilities	1,275	1,875
Due to retirement systems	1,138	6,357
Due to other funds	13,089	(112,892)
Compensated absences	(6,887)	41,933
Other post employment benefit obligations payable	87,799	56,453
Net Cash from Operating Activities	<u>\$ (33,022)</u>	<u>\$ 45,586</u>