

**Town of Yorktown, New York**

Financial Statements and  
Supplementary Information

Year Ended December 31, 2012



# Town of Yorktown, New York

## Table of Contents

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	<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	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Government- Wide Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Highway and Special Districts Funds	20
Proprietary Fund	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Statement of Assets and Liabilities - Fiduciary Fund	25
Notes to Financial Statements	26
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress – Last Three Fiscal Years	51
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Balance Sheet	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	53
Schedule of Revenues and Other Financing Sources Compared to Budget	54
Schedule of Expenditures and Other Financing Uses Compared to Budget	57
Highway Fund	
Balance Sheet	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Special Districts Fund	
Combining Balance Sheet - Sub Funds	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub Funds	64
Water Districts	
Combining Balance Sheet - Sub Funds	66
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub Funds	67

# Town of Yorktown, New York

## Table of Contents (Concluded)

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	<u>Page No.</u>
Sewer Districts	
Combining Balance Sheet - Sub Funds	68
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub Funds	71
Park Districts	
Combining Balance Sheet - Sub Funds	74
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub Funds	76
Capital Projects Fund	
Balance Sheet	78
Statement of Revenues, Expenditures and Changes in Fund Balance	79
Project-Length Schedule	80
Non-Major Governmental Funds	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
Community Development Fund – Housing Assistance Payments Program	
Balance Sheet	86
Statement of Revenues, Expenditures and Changes in Fund Balance	87
Public Library Fund	
Balance Sheet	88
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	89
Special Purpose Fund	
Balance Sheet	90
Statement of Revenues, expenditures and Changes in Fund Balance	91
Debt Service Fund	
Balance Sheet	92
Schedule of Revenues, Expenditures and changes in Fund Balance - Budget and Actual	93
Proprietary Funds	
Internal Service Funds	
Combining Statement of Net Position	94
Combining Statement of Revenues, Expenses and Changes in Net Assets	95
Combining Statement of Cash Flows	96
Report on Federal Programs	
Report on Internal Control Over Financing Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	97
Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	98
Schedule of Expenditures of Federal Awards	101
Notes to Schedule of Expenditures of Federal Awards	102
Summary Schedule of Prior Audit Findings	103
Schedule of Findings and Questioned Costs	104

## Independent Auditors' Report

### The Honorable Supervisor and Town Board of the Town of Yorktown, New York

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

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Town'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 Town'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.

#### Opinions

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

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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## **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 schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations 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 and the schedule of expenditures of federal awards 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 3, 2013

## Town of Yorktown, New York

### Management's Discussion and Analysis ("MD&A") December 31, 2012

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#### Introduction

The following discussion and analysis of the Town of Yorktown, New York's ("Town") financial statement provides an overview of the financial activities of the Town for the year ended December 31, 2012. This should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements that follow this section.

#### Financial Highlights

- On the government-wide financial statements, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$91,058,842. Of this amount the unrestricted portion, which is available to meet ongoing obligations of the Town, totaled \$4,767,427, an increase of \$8,796 from the prior fiscal year. This minimal increase results primarily from the adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions". The Town recorded its liability of \$13,480,000 for this obligation in the government-wide financial statements.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,893,035, an increase of \$711,758 from the prior fiscal year.
- At the end of the current fiscal year, the assigned and unassigned components of fund balance for the General Fund aggregated \$5,546,990, or 23%, of the total General Fund expenditures and other financing uses. These balances increased from the prior year, when the amount stood at \$4,567,577, or 20%, of total General Fund expenditures and other financing uses.
- During the year 2012, the Town only transferred \$100,000 from the General Fund to the Highway Fund.
- During the 2012 year, the Town did not issue any short-term obligations, while retiring \$1,243,000 of this type of debt.
- The Town also did not issue any long-term obligations, and retired \$1,625,000 of this debt.

#### Overview of the Financial Statements

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

#### Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave, landfill closure costs and other post employment benefit obligations).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains the following governmental funds: General Fund, Highway Fund, Special Districts Fund, Capital Projects Fund, Community Development Fund, Public Library Fund, Special Purpose Fund, and Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Highway Fund, Special Districts Fund and Capital Projects Fund, since they are classified as major funds. Individual fund data for the Community Development Fund, Public Library



Fund, Special Purpose Fund and the Debt Service Fund is included under the caption "Non-Major Governmental Funds."

The Town adopts annual appropriated budgets for the General Fund, Highway Fund, Special Districts Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General, Highway and Special Districts funds to demonstrate compliance with the respective budgets.

*Proprietary Funds* are used to show activities that operate similar to private business enterprises. The town maintains two proprietary funds, which are internal service funds, to account for its self insured worker's compensation and general liability claims programs. Internal service funds are used to accumulate and allocate costs internally among the Town's various functions. These benefits have been included within the governmental activities in the government-wide financial statements.

The proprietary funds financial statements can be found elsewhere in this report.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's programs. The Town maintains one Fiduciary fund, an Agency Fund. Resources are held in this fund by the Town purely in a custodial capacity. The activity in the Agency Fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individuals, organizations or governments.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located following the basic financial statements section of this report.

### **Other Information**

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. The Town's net position at fiscal year-end December 31, 2012 was \$91,058,842. Of this amount, \$12,975,826 is restricted for various purposes (general liability claims, debt service, and special revenue funds) The net investment in capital assets account for \$73,315,589 of the total net position. The Town uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of the net position is \$4,767,427.

### Statement of Net Position

	2012	2011
Current Assets	\$ 90,336,375	\$ 87,797,442
Capital Assets, net	100,560,172	101,291,933
Total Assets	190,896,547	189,089,375
Current Liabilities	60,367,615	61,952,496
Long-term Liabilities	39,470,090	36,086,833
Total Liabilities	99,837,705	98,039,329
Net Position		
Net invested in capital assets	73,315,589	66,805,933
Restricted	12,975,826	16,999,497
Unrestricted	4,767,427	7,244,616
Total Net Position	\$ 91,058,842	\$ 91,050,046

The restricted net position of \$12,975,826 represents resources that are subject to external restrictions on how they may be used. The remaining balance is the unrestricted net position of \$4,767,427. At the end of the current fiscal year, the Town is able to report a positive net position for the government as a whole.

## Change in Net Position

	2012	2011
Program Revenues		
Charges for Services	\$ 10,350,978	\$ 10,727,340
Operating Grants and Contributions	2,605,981	2,334,893
Capital Grants and Contributions	298,742	-
General Revenues		
Real Property Taxes	32,161,453	29,054,571
Other Tax items	686,792	1,252,810
Non-Property Taxes	5,634,849	5,378,152
Unrestricted Use of Money and Property	79,881	865,110
Sale of Property and Compensation for Loss	202,103	79,653
Unrestricted State Aid	1,222,372	1,181,155
Miscellaneous	80,014	385,511
	<u>53,323,165</u>	<u>51,259,195</u>
Program Expenses		
General Government Support	6,697,026	6,533,434
Public Safety	13,560,557	14,075,257
Health	495,171	509,686
Transportation	6,869,057	6,190,319
Economic Opportunity and Development	2,275,970	2,630,458
Culture and Recreation	5,612,402	6,381,462
Home and Community Services	17,230,846	9,665,624
Interest	573,340	786,433
	<u>53,314,369</u>	<u>46,772,673</u>
Change in Net Position	8,796	4,486,522
Net Position - Beginning	<u>91,050,046</u>	<u>86,563,524</u>
Net Position - Ending	<u>\$ 91,058,842</u>	<u>\$ 91,050,046</u>

Governmental activities increased the Town's net position by \$8,796. Last year, the increase in governmental activities net position was \$4,486,522.

For the fiscal year ended December 31, 2012, revenues from governmental activities totaled \$53,323,165. Tax revenues of \$38,483,094 represent the largest revenue source (72%). Last year, tax revenues accounted for \$35,685,533, or 70%, of the total revenue of \$51,259,195. The increase of \$2,063,970 in total revenues is the result of the following:

- Charges for services *decreased* by \$376,362 as a result of decreases in economic opportunity and development and culture and recreation charges. Operating grants and contributions *increased* by \$271,088 primarily as a result of increases in general government support, transportation and home and community grants.
- Capital grants and contributions increased from the prior year by \$298,742, primarily as a result of an increase in culture and recreation state and federal aid.
- Real property taxes *increased* by \$3,106,882 as the result of a higher tax levy.

For the fiscal year ended December 31, 2012, expenses from governmental activities totaled \$53,314,369. The largest components of governmental activities expenses are home and community services of \$17,230,846 (32%), public safety of \$13,560,557 (25%), transportation of \$6,869,057 (13%), and general government support of \$6,697,026 (13%). Expenses increased from the prior year by \$6,541,696, or 13%, primarily as a result of increases in home and community expenses.

### 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 Statement No. 54 became effective for financial statements for the Town's fiscal period ending December 31, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than 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.

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town Board.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,893,035, an increase of \$711,758 from the prior year. Of this amount, \$4,676,011 (or 28%) is reported as either *nonspendable* or *restricted*, which indicates that it is not available for new spending because it has already been set aside for 1) employee benefit accrued liability (\$1,254,337); 2) debt service (\$1,335,502); 3) parklands (\$468,807); 4) trusts (\$632,697); 5) prepaid expenditures (\$868,484) and 8) advances (\$98,184). \$14,028,324 constitutes *assigned fund balances*, of which \$1,069,350 has been appropriated for subsequent year's expenditures and represents the amount estimated for use in the 2013 budget, while \$529,810 has been assigned for tax certiorari payments, \$25,000 has been assigned for ballpark, \$129,860 for energy grant leaving an assigned fund balance of \$11,338,968 and \$885,329, representing the residual fund balances of the Highway and Special Districts funds and Community Development and Public Library funds, respectively. The Town's total *unassigned fund balance* for governmental funds is a deficit of \$1,811,300 which consists of an unassigned fund balance of \$4,748,283 in the General Fund offset by a deficit of \$6,559,583 in the Capital Projects Fund.

The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was \$7,056,665. Of this amount, \$33,687 is assigned to be used in the 2013 fiscal year for open purchase orders as of December 31, 2012. As a measure of the General Fund's liquidity, it is useful to compare the committed, assigned and unassigned fund balance to the total fund balance and to the General Fund expenditures and other financing uses. The assigned and unassigned fund balance of \$5,546,990 represents 79% of the total fund balance and represents 23% of the General Fund's expenditures and other financing uses.

When the fiscal 2012 General Fund budget was adopted, it anticipated the use of \$290,000 of fund balance. Actual results of operations resulted in an increase of \$324,796 in the General Fund total fund balance. The increase in the fund balance was a result of savings in employee benefit costs, a slight increase in non-property taxes and building permits. Other revenues including real property taxes remained relatively flat. While revenues remained stagnant, expenditures continued to rise. Increases in pension contributions (15% increase from the prior year) and public safety were major contributors towards the increase in expenditures.

In the Highway Fund, the fund balance decreased by \$244,390 in the current fiscal year. The costs associated with paving and equipment purchases were the largest contributors to this. These costs were slightly offset by savings in by overtime and materials and supplies.

In the Special Districts Fund, the fund balances increased by \$1,100,271 in the current fiscal year. This was the result of a prior period adjustment of \$1,780,000 for the reclassification of bond anticipation note from the combined park districts to the capital projects fund.

In the Debt Service Fund, the fund balance decreased by \$126,607, primarily due to the reduction in real property taxes in the current year.

In the Capital Projects Fund, the fund balance (deficit) increased by \$762,784. In the current fiscal year, there was a prior period adjustment to reclassify the liability for bond anticipation notes for Open Space from the Park Districts.

### **General Fund Budgetary Highlights**

There was a difference between the original and final estimated revenue and other financing sources budget for the General Fund, with the original budget at \$23,530,904 and the final budget at \$23,666,973, an increase of \$136,069. This difference is primarily attributable to the increase in anticipated federal aid of \$231,208, primarily due to a slight increase for special programs. The actual results realized for the year ended December 31, 2012 exceeded the estimated amount in the final

budget by \$977,751. This was mostly attributed to better than anticipated revenues of \$394,849 from sales tax and franchise fees, as well as \$239,711 from building permits. In addition to this, state aid showed a positive variance of \$114,651 from mortgage tax and stream team revenues.

The difference between the expenditures and other financing uses originally budgeted and the final appropriation budget for the General Fund was an increase of \$752,002. The public safety budget increased by \$670,403, primarily to fund greater than budgeted costs incurred in the Police Department. Overall, actual General Fund expenditures and other financing uses were \$24,319,929, which was \$252,977 less than the final budget. The major portion of the cost savings was in the area of employee benefits of \$162,003.

### **Capital Assets**

The Town's capital assets net of accumulated depreciation for its governmental activities as of December 31, 2012 amounted to \$100,560,172. The net investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

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

	2012	2011
Land	\$ 15,184,930	\$ 14,713,059
Land Improvements	4,366,862	4,663,508
Buildings and Improvements	24,008,171	24,655,021
Infrastructure	23,721,531	24,903,025
Machinery and Equipment	3,503,579	3,368,202
Construction-in-Progress	29,775,099	28,989,118
Total	\$ 100,560,172	\$ 101,291,933

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

### **Long Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$24,035,000. The Town's serial bond debt decreased by \$1,625,000. Payments on short-term obligations totaled \$1,243,000. All of this debt is backed by the full faith and credit of the Town.

During the fiscal year, the Town retired \$1,625,000 of principal on outstanding bonds. New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five-year average full valuation of all real property.

Additional information on the Town's long-term and short-term debt can be found in Notes 3, G and H in the notes to financial statements.

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

According to the United States Bureau of Labor Statistics, the unemployment rate for the Town was 6.3% as of December 31, 2012, which compares favorably to the 8.2% rate for New York State. The 3.9% increase in the 2012 Consumer Price Index for the Northeast Urban area was more than the previous period.

New construction and development continued to remain stable in the Town during 2012, due to economic conditions and the stagnant housing market.

As a result of the national economic conditions, the pension portfolio value of the New York State and Local Retirement Systems ("Systems"), of which the Town is a member, had declined dramatically in the early part of this decade. The result was that the Town's employee pension contribution rates had increased substantially from what they had been during the late 1990's. Contributions by the Town are significantly greater than they were just five years ago. Additionally, the costs of employee health insurance premiums have also been escalating at double digit rates at the same time. Both of these factors were considered by management in preparing the Town's 2013 budget.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Yorktown, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Town Comptroller, Town of Yorktown, 363 Underhill Avenue, Yorktown Heights, NY 10598.

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**Town of Yorktown, New York**

Statement of Net Position  
December 31, 2012

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 37,894,950
Restricted investments	1,084,346
Receivables	
Taxes, net	38,051,433
Accounts	1,073,434
State and Federal aid	8,328
Due from other governments	1,237,114
Advances for proposed special districts	98,184
Prepaid expenses	886,484
Investment in joint venture	10,002,102
Capital assets	
Not being depreciated	44,960,029
Being depreciated, net	55,600,143
Total Assets	<u>190,896,547</u>
<b>LIABILITIES</b>	
Accounts payable	3,576,099
Retainaged percentages payable	98,499
Deposits	32,438
Due to school districts	48,786,862
Overpayments	122,495
Bond anticipation notes payable	7,583,000
Accrued interest payable	168,222
Non-current liabilities	
Due within one year	1,720,000
Due in more than one year	37,750,090
Total Liabilities	<u>99,837,705</u>
<b>NET POSITION</b>	
Net Investment in capital assets	73,315,589
Restricted	
General liability claims	61,786
Debt service	1,335,502
Special Revenue funds	
Special districts	10,274,101
Community development	143,874
Trusts	632,697
Parklands	468,807
Library	59,059
Unrestricted	4,767,427
Total Net Position	<u>\$ 91,058,842</u>

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

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Town of Yorktown, New York

Statement of Activities  
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
General government support	\$ 6,697,026	\$ 1,837,756	\$ 61,368	\$ -	\$ (4,797,902)
Public safety	13,560,557	703,694	38,639	-	(12,818,224)
Health	495,171	-	20,129	-	(475,042)
Transportation	6,869,057	-	499,465	30,000	(6,339,592)
Economic opportunity and development	2,275,970	-	1,597,585	-	(678,385)
Culture and recreation	5,612,402	1,581,067	71,009	231,208	(3,729,118)
Home and community services	17,230,846	6,228,461	317,786	37,201	(10,647,398)
Interest	573,340	-	-	333	(573,007)
<b>Total Governmental Activities</b>	<b>\$ 53,314,369</b>	<b>\$ 10,350,978</b>	<b>\$ 2,605,981</b>	<b>\$ 298,742</b>	<b>(40,058,668)</b>
<b>General revenues</b>					
Real property taxes					32,161,453
Other tax items					663,890
Interest and penalties on real property taxes					22,902
Payments in lieu of taxes					4,760,189
Non-property taxes					874,660
Non-property tax distribution from County					79,881
Franchise fees					202,103
Unrestricted use of money and property					1,222,372
Sale of property and compensation for loss					80,014
Unrestricted State aid					
Miscellaneous					
<b>Total General Revenues</b>					<b>40,067,464</b>
<b>Change in Net Position</b>					<b>8,796</b>
<b>Net Position - Beginning</b>					<b>91,050,046</b>
<b>Net Position - Ending</b>					<b>\$ 91,058,842</b>

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

**Town of Yorktown, New York**

Balance Sheet  
 Governmental Funds  
 December 31, 2012

	General	Highway	Special Districts	Capital Projects
<b>ASSETS</b>				
Cash and equivalents	\$ 19,238,853	\$ 783,502	\$ 14,856,235	\$ 131,305
Restricted investments	-	-	-	1,084,346
Taxes receivable, net	38,051,433	-	-	-
Other receivables				
Accounts	192,040	-	833,591	-
State and Federal aid	8,328	-	-	-
Due from other governments	1,236,402	-	-	-
Advances for proposed special districts	98,184	-	-	-
Due from other funds	148,729	-	-	-
	<u>1,683,683</u>	<u>-</u>	<u>833,591</u>	<u>-</u>
Prepaid expenditures	607,612	109,673	109,871	-
Total Assets	<u>\$ 59,581,581</u>	<u>\$ 893,175</u>	<u>\$ 15,799,697</u>	<u>\$ 1,215,651</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 867,222	\$ 480,044	\$ 2,102,272	\$ 1,984
Retainaged percentages payable	24,230	-	15,937	58,332
Deposits	-	-	-	-
Due to school districts	48,786,862	-	-	-
Due to other funds	-	-	-	131,918
Overpayments	122,495	-	-	-
Unearned revenues	2,724,107	-	-	-
Bond anticipation notes payable	-	-	-	7,583,000
Total Liabilities	<u>52,524,916</u>	<u>480,044</u>	<u>2,118,209</u>	<u>7,775,234</u>
Fund balances (deficits)				
Nonspendable	705,796	109,673	109,871	-
Restricted	803,879	183,077	1,347,710	-
Assigned	798,707	120,381	12,223,907	-
Unassigned	4,748,283	-	-	(6,559,583)
Total Fund Balances (Deficits)	<u>7,056,665</u>	<u>413,131</u>	<u>13,681,488</u>	<u>(6,559,583)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 59,581,581</u>	<u>\$ 893,175</u>	<u>\$ 15,799,697</u>	<u>\$ 1,215,651</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 2,415,120	\$ 37,425,015
-	1,084,346
-	38,051,433
-	1,025,631
-	8,328
712	1,237,114
-	98,184
-	148,729
712	2,517,986
59,328	886,484
<u>\$ 2,475,160</u>	<u>\$ 79,965,264</u>

\$ 124,577	\$ 3,576,099
-	98,499
32,438	32,438
-	48,786,862
16,811	148,729
-	122,495
-	2,724,107
-	7,583,000
173,826	63,072,229
59,328	984,668
1,356,677	3,691,343
885,329	14,028,324
-	(1,811,300)
2,301,334	16,893,035
<u>\$ 2,475,160</u>	<u>\$ 79,965,264</u>

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**Town of Yorktown, New York**

Reconciliation of Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Position  
December 31, 2012

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Fund Balances - Total Governmental Funds	\$ 16,893,035
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	100,560,172
Investment in joint venture	<u>10,002,102</u>
	<u>110,562,274</u>
Other long-term assets that are not available to pay for current-period expenditures are deferred in the funds.	
Real property taxes	<u>2,724,107</u>
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>(183,015)</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(168,222)
Bonds payable	(24,035,000)
Compensated absences	(1,254,337)
Other post employment benefit obligations payable	<u>(13,480,000)</u>
	<u>(38,937,559)</u>
Net Position of Governmental Activities	<u><u>\$ 91,058,842</u></u>

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

Town of Yorktown, New York

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

	General	Highway	Special Districts	Capital Projects
<b>REVENUES</b>				
Real property taxes	\$ 11,371,396	\$ 4,225,894	\$ 12,315,317	\$ -
Other tax items	686,792	-	-	-
Non-property taxes	5,634,849	-	-	-
Departmental income	1,994,684	-	5,194,777	-
Intergovernmental charges	-	-	806,366	-
Use of money and property	678,244	6,222	57,077	-
Licenses and permits	626,711	-	-	-
Fines and forfeitures	513,377	-	-	-
Sale of property and compensation for loss	202,103	15,936	46,216	-
State aid	1,347,711	327,394	21,230	46,200
Federal aid	306,332	95,246	63,689	-
Miscellaneous	102,538	38,467	97,522	37,201
<b>Total Revenues</b>	<b>23,464,737</b>	<b>4,709,159</b>	<b>18,602,194</b>	<b>83,401</b>
<b>EXPENDITURES</b>				
Current				
General government support	5,687,480	-	-	-
Public safety	9,448,002	-	-	-
Health	1,250	-	497,846	-
Transportation	351,529	4,457,960	-	-
Economic opportunity and development	874,551	-	-	-
Culture and recreation	2,802,174	-	172,185	-
Home and community services	575,046	-	13,491,994	-
Employee benefits	3,906,847	677,299	1,151,472	-
Debt service				
Principal	300,000	-	1,200,000	-
Interest	73,050	-	678,728	-
Capital outlay	-	-	-	144,185
<b>Total Expenditures</b>	<b>24,019,929</b>	<b>5,135,259</b>	<b>17,192,225</b>	<b>144,185</b>
Excess (Deficiency) of Revenues Over Expenditures	(555,192)	(426,100)	1,409,969	(60,784)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,179,988	184,210	196,425	1,243,000
Transfers out	(300,000)	(2,500)	(2,286,123)	(165,000)
<b>Total Other Financing Sources (Uses)</b>	<b>879,988</b>	<b>181,710</b>	<b>(2,089,698)</b>	<b>1,078,000</b>
<b>Net Change in Fund Balances</b>	<b>324,796</b>	<b>(244,390)</b>	<b>(679,729)</b>	<b>1,017,216</b>
Fund Balances (Deficits)				
Beginning of year, as previously reported	6,731,869	657,521	12,581,217	(5,796,799)
Prior period adjustment	-	-	1,780,000	(1,780,000)
Beginning of year, as restated	6,731,869	657,521	14,361,217	(7,576,799)
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 7,056,665</b>	<b>\$ 413,131</b>	<b>\$ 13,681,488</b>	<b>\$ (6,559,583)</b>

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



Non-Major Governmental	Total Governmental Funds
\$ 2,086,253	\$ 29,998,860
-	686,792
-	5,634,849
364,882	7,554,343
250,691	1,057,057
19,628	761,171
-	626,711
-	513,377
-	264,255
9,824	1,752,359
1,499,012	1,964,279
8,296	284,024
<u>4,238,586</u>	<u>51,098,077</u>
-	5,687,480
-	9,448,002
-	499,096
-	4,809,489
1,543,399	2,417,950
1,875,432	4,849,791
-	14,067,040
344,692	6,080,310
125,000	1,625,000
6,198	757,976
-	144,185
<u>3,894,721</u>	<u>50,386,319</u>
<u>343,865</u>	<u>711,758</u>
-	2,803,623
<u>(50,000)</u>	<u>(2,803,623)</u>
<u>(50,000)</u>	<u>-</u>
<u>293,865</u>	<u>711,758</u>
2,007,469	16,181,277
-	-
<u>2,007,469</u>	<u>16,181,277</u>
<u>\$ 2,301,334</u>	<u>\$ 16,893,035</u>

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## Town of Yorktown, New York

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

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

Net Change in Fund Balances - Total Governmental Funds \$ 711,758

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlays and the change in equity of the joint venture in the current period.

Capital outlay expenditures	2,021,368
Depreciation expense	(2,753,129)
Equity interest in joint venture	<u>(757,133)</u>
	<u>(1,488,894)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	<u>2,162,593</u>
---------------------	------------------

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

Principal paid on bonds	<u>1,625,000</u>
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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	184,636
Compensated absences	96,718
Other post employment benefit obligations	<u>(3,100,000)</u>
	<u>(2,818,646)</u>

The net revenue of the activities of internal service funds are reported within governmental activities.

	<u>(183,015)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 8,796</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Yorktown, New York

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

	General			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 11,437,182	\$ 11,339,543	\$ 11,371,396	\$ 31,853
Other tax items	865,000	865,000	686,792	(178,208)
Non-property taxes	5,240,000	5,240,000	5,634,849	394,849
Departmental income	2,006,675	2,006,675	1,994,684	(11,991)
Intergovernmental income	-	-	-	-
Use of money and property	647,000	647,000	678,244	31,244
Licenses and permits	387,000	387,000	626,711	239,711
Fines and forfeitures	400,000	400,000	513,377	113,377
Sale of property and compensation for loss	11,500	11,500	202,103	190,603
State aid	1,233,060	1,233,060	1,347,711	114,651
Federal aid	60,000	291,208	306,332	15,124
Miscellaneous	66,000	66,000	102,538	36,538
<b>Total Revenues</b>	<b>22,353,417</b>	<b>22,486,986</b>	<b>23,464,737</b>	<b>977,751</b>
<b>EXPENDITURES</b>				
Current				
General government support	6,103,706	5,759,135	5,687,480	71,655
Public safety	8,785,189	9,475,593	9,448,002	27,591
Health	1,250	1,250	1,250	-
Transportation	350,975	353,380	351,529	1,851
Economic opportunity and development	563,607	881,665	874,551	7,114
Culture and recreation	2,808,587	2,865,818	2,802,174	63,644
Home and community services	505,983	588,630	575,046	13,584
Employee benefits	4,111,957	3,957,790	3,906,847	50,943
Debt service				
Principal	300,000	300,000	300,000	-
Interest	89,650	89,645	73,050	16,595
<b>Total Expenditures</b>	<b>23,620,904</b>	<b>24,272,906</b>	<b>24,019,929</b>	<b>252,977</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,267,487)	(1,785,920)	(555,192)	1,230,728
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,177,487	1,179,987	1,179,988	1
Transfers out	(200,000)	(300,000)	(300,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>977,487</b>	<b>879,987</b>	<b>879,988</b>	<b>1</b>
<b>Net Change in Fund Balances</b>	<b>(290,000)</b>	<b>(905,933)</b>	<b>324,796</b>	<b>1,230,729</b>
Fund Balances				
Beginning of year, as previously reported	290,000	905,933	6,731,869	5,825,936
Prior period adjustment	-	-	-	-
Beginning of year, as restated	290,000	905,933	6,731,869	5,825,936
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,056,665</b>	<b>\$ 7,056,665</b>

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

Highway				Special Districts			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,225,894	\$ 4,225,894	\$ 4,225,894	\$ -	\$ 12,325,377	\$ 12,325,377	\$ 12,315,317	\$ (10,060)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,302,500	6,302,500	5,194,777	(1,107,723)
-	-	-	-	806,366	806,366	806,366	-
10,000	10,000	6,222	(3,778)	76,450	76,450	57,077	(19,373)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,000	12,000	15,936	3,936	36,000	36,000	46,216	10,216
240,000	299,982	327,394	27,412	-	-	21,230	21,230
-	113,000	95,246	(17,754)	-	-	63,689	63,689
41,500	126,572	38,467	(88,105)	20,000	20,000	97,522	77,522
<u>4,529,394</u>	<u>4,787,448</u>	<u>4,709,159</u>	<u>(78,289)</u>	<u>19,566,693</u>	<u>19,566,693</u>	<u>18,602,194</u>	<u>(964,499)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	515,932	515,932	497,846	18,086
4,121,804	4,591,275	4,457,960	133,315	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	247,330	276,900	172,185	104,715
-	-	-	-	13,996,772	14,268,168	13,491,994	776,174
716,800	721,152	677,299	43,853	1,100,887	1,282,828	1,151,472	131,356
-	-	-	-	1,035,000	1,035,000	1,200,000	(165,000)
-	-	-	-	780,202	802,831	678,728	124,103
<u>4,838,604</u>	<u>5,312,427</u>	<u>5,135,259</u>	<u>177,168</u>	<u>17,676,123</u>	<u>18,181,659</u>	<u>17,192,225</u>	<u>989,434</u>
<u>(309,210)</u>	<u>(524,979)</u>	<u>(426,100)</u>	<u>98,879</u>	<u>1,890,570</u>	<u>1,385,034</u>	<u>1,409,969</u>	<u>24,935</u>
84,210	184,210	184,210	-	51,425	51,425	196,425	145,000
-	(2,500)	(2,500)	-	(2,328,535)	(2,348,535)	(2,286,123)	62,412
84,210	181,710	181,710	-	(2,277,110)	(2,297,110)	(2,089,698)	207,412
<u>(225,000)</u>	<u>(343,269)</u>	<u>(244,390)</u>	<u>98,879</u>	<u>(386,540)</u>	<u>(912,076)</u>	<u>(679,729)</u>	<u>232,347</u>
225,000	343,269	657,521	314,252	386,540	912,076	12,581,217	11,669,141
-	-	-	-	-	-	1,780,000	1,780,000
<u>225,000</u>	<u>343,269</u>	<u>657,521</u>	<u>314,252</u>	<u>386,540</u>	<u>912,076</u>	<u>14,361,217</u>	<u>13,449,141</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,131</u>	<u>\$ 413,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,681,488</u>	<u>\$ 13,681,488</u>

**Town of Yorktown, New York**

Statement of Net Position  
Proprietary Fund - Internal Service Funds  
December 31, 2012

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	<u>Governmental Activities - Internal Service Funds</u>
<b>ASSETS</b>	
Current assets	
Cash and equivalents	\$ 469,935
Accounts receivable	47,803
	<hr/>
Total Assets	517,738
	<hr/>
<b>LIABILITIES</b>	
Current liabilities - Current portion of claims payable	70,068
Non-current liabilities - Claims payable, less current portion	630,685
	<hr/>
Total Liabilities	700,753
	<hr/>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ (183,015)</u></u>

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

**Town of Yorktown, New York**

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

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	<u>Governmental Activities - Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 209,859
Miscellaneous	<u>61,368</u>
Total Operating Revenues	271,227
<b>OPERATING EXPENSES</b>	
Workers' compensation benefits	<u>455,369</u>
Loss from Operations	(184,142)
<b>NON-OPERATING REVENUES</b>	
Interest income	<u>1,127</u>
Change in Net Position	(183,015)
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ (183,015)</u></u>

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

**Town of Yorktown, New York**

Statement of Cash Flows  
Proprietary Fund - Internal Service Funds  
Year Ended December 31, 2012

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	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 209,859
Cash received from insurance carriers, claimants and others	13,565
Cash payments to insurance carriers, claimants and others	<u>(425,585)</u>
Net Cash from Operating Activities	<u>(202,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>1,127</u>
Net Decrease in Cash	(201,034)
Cash - Beginning of Year	<u>670,969</u>
Cash - End of Year	<u><u>\$ 469,935</u></u>
<b>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>	
Loss from operations	\$ (184,142)
Adjustments to reconcile loss from operations to net cash from operating activities	
Changes in assets and liabilities	
Accounts receivable	(47,803)
Claims payable	<u>29,784</u>
Net Cash from Operating Activities	<u><u>\$ (202,161)</u></u>

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



**Town of Yorktown, New York**

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2012

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	<u>Agency</u>
<b>ASSETS</b>	
Cash	
Demand deposits	<u>\$ 1,964,617</u>
<b>LIABILITIES</b>	
Employee payroll deductions	\$ 32,320
Deposits	<u>1,932,297</u>
 Total Liabilities	 <u>\$ 1,964,617</u>

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

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## Town of Yorktown, New York

Notes to Financial Statements  
December 31, 2012

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

The Town of Yorktown, New York ("Town") was established in 1788 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as the chief executive officer and the Town Comptroller serves as the chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

#### **A. Financial Reporting Entity**

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

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

#### **B. Government-Wide Financial Statements**

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

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

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

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

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 Internal Service Funds are charges to customers for services. Operating expenses for the Internal Service Funds include 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 aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in 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 operating fund of the Town in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. The major special revenue funds of the Town are as follows:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenues of this fund are real property taxes and State aid.

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

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, refuse, park and advanced life-support districts. The major revenues of this fund are real property taxes, departmental income, intergovernmental charges and use of money and property.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, 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 - Housing Assistance Payments Program - The Community Development Fund is used to account for grants and entitlements received by the Town from the U.S. Department of Housing and Urban Development. The major revenues of this fund are Federal aid.

Public Library Fund - The Public Library Fund is used to account for the activities of the Town's Public Library. The major revenues of this fund are real property taxes and intergovernmental charges.

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.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - Proprietary funds consist of internal service funds. Internal service funds account for those operations that provide services to other departments or agencies of the government, or to other governments on a cost reimbursement basis. The Town has established its Workers' Compensation Benefits and General Liability Claims funds as internal service funds.
- 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 deposits and other liabilities that are payable to individuals or other jurisdictions.

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

**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 are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as do the Internal Service Funds. 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 and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**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,

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

repurchase agreements and obligations of New York State or its political subdivisions, accordingly, the Town's policy provides for no credit risk on investments.

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

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

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

**Restricted Investments** - Restricted investments in the Capital Projects Fund consist of bond proceeds held by a State agency. The bond proceeds are to be used for Town sewer reconstruction projects.

**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 April 1st and payable without penalty to April 30th. School districts taxes for the period July 1st to June 30th are levied on July 1st and are due on September 1st with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town guarantees the full payment of the County and school districts warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting in-rem foreclosure proceedings.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school districts taxes, the Charter provides that the Town satisfy the warrant of each school district by April 5th. Thus, the Town's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

**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.

**Advances for Proposed Special Districts** - Advances for proposed special districts represent funds expended prior to the establishment of a special district. The advances will be repaid when the district's operations commence. The advances are equally offset by a nonspendable fund balance, in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not "available spendable resources" even though they are a component of current assets.

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

**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.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent amounts which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Investment in Joint Venture** - The investment in joint venture represents the Town's 49% equity interest in the Northern Westchester Joint Water Works.

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).



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

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

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land improvements	20
Buildings and improvements	20-50
Infrastructure	20-40
Machinery and equipment	5-20

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

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenues consist of amounts received in advance or amounts from grants received before the eligibility requirements have been met.

Unearned revenues, in the fund financial statements, are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues of \$2,724,107 for real property taxes in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

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

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

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 Fund expenditures.

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

**Net Position** - Net position represents 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 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 general liability claims, debt service, special districts, community development, trusts, parklands and library. The balance is classified as unrestricted.

**Fund Balances** - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

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

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

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

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

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

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

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

**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 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 September 3, 2013.

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

**A. Budgetary Data**

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.
- e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts, Public Library and Debt Service funds.
- i) Budgets for General, Highway, Special Districts, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development, Special Purpose and Proprietary funds.
- j) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Town Board.
- k) Appropriations in the General, Highway, Special Districts, Public Library and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances, if any, are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

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

**C. Application of Accounting Standards**

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

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

**D. Fund Deficits**

A deficit balance of \$244,801 exists in the Internal Service Fund – Workers Compensation Benefits Fund as of December 31, 2012 that the Town plans to address in the ensuing year.

**E. Capital Projects Fund Deficit**

The unassigned deficit of \$6,559,583 in the Capital Projects Fund arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed or converted to permanent financing. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or are converted to permanent financing.

**Note 3 - Detailed Notes on All Funds**

**A. Restricted Investments**

The restricted investments of \$1,084,346 in the Capital Projects Fund consist of investments, the use of which is restricted to sewer reconstruction projects. These investments are held by a State agency and are not subject to risk categorization.

**B. Taxes Receivable**

Taxes receivable at December 31, 2012 consisted of the following:

Town and County taxes - Current	\$ 737,649
School districts taxes - Current	35,099,122
Taxes receivable - Overdue	<u>3,038,513</u>
	38,875,284
Allowance for uncollectible taxes	<u>(823,851)</u>
	<u>\$ 38,051,433</u>

School district taxes are offset by liabilities to the school districts which will be paid no later than April 5, 2013. Taxes receivable are also partially offset by unearned tax revenues of \$2,724,107, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

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

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

Fund	Due From	Due To
General	\$ 148,729	\$ -
Capital Projects	-	131,918
Non-Major Governmental	-	16,811
	\$ 148,729	\$ 148,729

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.

**D. Investment in Joint Venture**

The Town, together with the Town of Cortlandt, the Town of Somers and the Montrose Improvement District, participate in the Northern Westchester Joint Water Works. The purpose of the joint venture is to construct, maintain and operate a water works transmission system for its members. The Town has an equity interest in the joint venture of 49%.

The following is an audited summary of financial information included in the financial statements of the joint venture.

Total Assets	\$ 22,685,595
Total Liabilities	2,273,142
Total Equity	20,412,453
Total Operating Revenues	8,299,181
Total Non-Operating Revenues	19,727
Total Expenses	9,863,975

**E. Capital Assets**

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

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital Assets, not being depreciated				
Land	\$ 14,713,059	\$ 471,871	\$ -	\$ 15,184,930
Construction-in-progress	28,989,118	785,981	-	29,775,099
Total Capital Assets, not being depreciated	\$ 43,702,177	\$ 1,257,852	\$ -	\$ 44,960,029

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital Assets, being depreciated				
Land improvements	\$ 8,227,519	\$ -	\$ -	\$ 8,227,519
Buildings and improvements	32,686,120	-	54,600	32,631,520
Infrastructure	66,424,848	-	-	66,424,848
Machinery and equipment	15,207,564	763,516	414,321	15,556,759
<b>Total Capital Assets, being depreciated</b>	<b>122,546,051</b>	<b>763,516</b>	<b>468,921</b>	<b>122,840,646</b>
Less Accumulated Depreciation for				
Land improvements	3,564,011	296,646	-	3,860,657
Buildings and improvements	8,031,099	646,850	54,600	8,623,349
Infrastructure	41,521,823	1,181,494	-	42,703,317
Machinery and equipment	11,839,362	628,139	414,321	12,053,180
<b>Total Accumulated Depreciation</b>	<b>64,956,295</b>	<b>2,753,129</b>	<b>468,921</b>	<b>67,240,503</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$ 57,589,756</b>	<b>\$ (1,989,613)</b>	<b>\$ -</b>	<b>\$ 55,600,143</b>
<b>Capital Assets, net</b>	<b>\$ 101,291,933</b>	<b>\$ (731,761)</b>	<b>\$ -</b>	<b>\$ 100,560,172</b>

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

Governmental Activities:	
General Government Support	\$ 134,869
Public Safety	191,109
Transportation	951,696
Economic Opportunity and Development	15,619
Culture and Recreation	456,866
Home and Community Services	1,002,970
<b>Total Depreciation Expense</b>	<b>\$ 2,753,129</b>

**F. Pension Plans**

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also



Town of Yorktown, New York

Notes to Financial Statements (Continued)

December 31, 2012

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

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 member's 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 plans' year ended March 31, 2013 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.4%
	2 75I	23.2
	3 A14	18.6
	4 A15	18.6
	5 A15	15.1
	6 A15	10.1
PFRS	1 384D	30.2
	2 384D	25.1
	5 384D*	20.1
	6 384D*	14.6

\*Indicates employees are required to make contributions for this PFRS plan/tier.

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 1,933,072	\$ 1,457,712
2011	1,775,248	1,180,077
2010	1,312,413	1,019,930

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	\$ 874,544
Highway	418,645
Special Districts	430,850
Non-major Governmental	<u>209,033</u>
	<u>\$ 1,933,072</u>

Town of Yorktown, New York

Notes to Financial Statements (Continued)  
December 31, 2012

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

**G. Short-Term Capital Borrowings**

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

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance January 1, 2012</u>	<u>Redemptions</u>	<u>Balance December 31, 2012</u>
Hunterbrook route 202 extension	12/05/08	12/18/13	1.08 %	\$ 1,148,000	\$ 135,000	\$ 1,013,000
Yorktown sewer plant improvements	12/10/03	-	-	35,000	35,000	-
Gomer street sewer	12/05/08	12/18/13	1.08	534,000	25,000	509,000
Library HVAC	12/20/10	12/18/13	1.08	350,000	50,000	300,000
Commerce streetscape phase II	12/30/09	12/18/13	1.08	480,000	100,000	380,000
Yorktown sewer consent order compliance	12/15/03	12/18/13	1.08	1,860,000	235,000	1,625,000
Suncrest sewer	12/05/08	12/18/13	1.08	680,000	29,000	651,000
Kitchawan water district	12/15/05	12/18/13	1.08	260,000	55,000	205,000
Shrub oak lake dredge	12/10/04	12/18/13	1.08	92,000	40,000	52,000
Overlook sewer	12/05/08	12/18/13	1.08	1,227,000	59,000	1,168,000
Baptist/Mohegan/Sherman/Old Crom Bridge	12/30/09	12/18/13	1.08	380,000	100,000	280,000
Open Space	12/20/10	12/18/13	1.08	1,780,000	380,000	1,400,000
				<u>\$ 8,826,000</u>	<u>\$ 1,243,000</u>	<u>\$ 7,583,000</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 \$107,379 were recorded in the fund financial statements in the funds identified below. Interest expense of \$110,296 was recorded in the government-wide financial statements for governmental activities.

<u>Fund</u>	<u>Amount</u>
General	\$ 10,463
Special Districts	92,658
Non-major governmental	<u>4,258</u>
	<u>\$ 107,379</u>

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

**H. Long-Term Liabilities**

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

	Balance January 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2012	Due Within One Year
Bonds Payable					
Capital Construction	\$ 21,820,000	\$ -	\$ 1,135,000	\$ 20,685,000	\$ 1,020,000
Other	3,840,000	-	490,000	3,350,000	505,000
	25,660,000	-	1,625,000	24,035,000	1,525,000
Other Non-Current Liabilities:					
Claims Payable	670,969	455,369	425,585	700,753	70,000
Compensated Absences	1,351,055	38,388	135,106	1,254,337	125,000
Other Post Employment Benefit Obligations Payable	10,380,000	3,750,000	650,000	13,480,000	-
Total Other Non-Current Liabilities	12,402,024	4,243,757	1,210,691	15,435,090	195,000
Total Long-Term Liabilities	<u>\$ 38,062,024</u>	<u>\$ 4,243,757</u>	<u>\$ 2,835,691</u>	<u>\$ 39,470,090</u>	<u>\$ 1,720,000</u>

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

**Bonds Payable**

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

Purpose	Year of Issue	Original Issue Amount	Maturity Date	Interest Rate	Amount Outstanding at December 31, 2012
Sewer District Improvements	1996	\$ 260,000	June, 2016	1.407 - 2.637 %	\$ 60,000
Environmental Improvements	1998	1,500,000	June, 2018	1.555 - 3.105	570,000
Environmental Improvements Shrub Oak Memorial Park Pool Improvements	1998	7,400,113	June, 2018	1.391 - 3.283	2,780,000
Sewer District Improvements	2000	4,000,000	October, 2015	5.100 - 5.250	900,000
Sewer District Improvements	2002	670,800	October, 2031	3.602 - 5.082	410,000
Sewer District Improvements	2003	5,644,195	July, 2030	3.946 - 6.306	3,970,000
Sewer District Improvements	2004	5,960,770	May, 2033	2.025 - 4.625	4,615,000
Sewer District Improvements	2007	11,995,329	March, 2037	4.000 - 4.656	10,730,000
					<u>\$ 24,035,000</u>

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

Interest expenditures of \$650,597 were recorded in the fund financial statements in the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 62,587
Special Districts	586,070
Non-major governmental	<u>1,940</u>
	<u>\$ 650,597</u>

Interest expense of \$463,044 was recorded in the government-wide financial statements for governmental activities.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2012 including interest payments of \$12,135,538 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,525,000	\$ 1,062,979	\$ 2,587,979
2014	1,560,000	1,012,257	2,572,257
2015	1,610,000	951,117	2,561,117
2016	1,345,000	888,320	2,233,320
2017	1,375,000	837,312	2,212,312
2018-2022	4,845,000	3,475,574	8,320,574
2023-2027	4,515,000	2,359,866	6,874,866
2028-2032	4,320,000	1,221,710	5,541,710
2033-2037	<u>2,940,000</u>	<u>326,403</u>	<u>3,266,403</u>
	<u>\$ 24,035,000</u>	<u>\$ 12,135,538</u>	<u>\$ 36,170,538</u>

**Claims Payable**

The Internal Service Funds and the government-wide financial statements reflect workers' compensation liabilities and general liability claim liabilities. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual

Town of Yorktown, New York

Notes to Financial Statements (Continued)  
December 31, 2012

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

historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities for the year ended December 31, 2012 is as follows:

	<u>Workers' Compensation Benefits</u>	<u>General Liability Claims</u>
Balance - Beginning of Year	\$ 506,538	\$ 164,431
Provision for Claims and Claims Adjustment Expenses	455,369	-
Claims and Claims Adjustment Expenses Paid	<u>(364,225)</u>	<u>(61,360)</u>
Balance - End of Year	<u>\$ 597,682</u>	<u>\$ 103,071</u>
Due Within One Year	<u>\$ 60,000</u>	<u>\$ 10,000</u>

**Compensated Absences**

The collective bargaining agreements with the Superior Police Officers and all other Police Officers provide that an officer with twenty years of service shall be compensated for 75% of accumulated sick leave at current salary rates. Employees with ten years of service and who have attained the age of 55 are entitled to 50% of their accumulated sick leave. All employees are compensated for unused vacation leave upon retirement. The value of the compensated absences has been reflected in the government-wide financial statements.

**Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post-employment health care benefits is shared between the Town and the retired employee. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of retiree health care benefits is recognized as an expenditure as claims are paid within the governmental funds. The Town has recognized revenues and expenditures of \$38,746 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Town's annual other post employment benefits ("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"

Town of Yorktown, New York

Notes to Financial Statements (Continued)  
December 31, 2012

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

approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability" and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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

<u>Year Ended December 31,</u>	<u>Assumed Increase</u>
2012	9.50 %
2013	9.00
2014	8.50
2015	8.00
2016	7.50
2017	7.00
2018	6.50
2019	6.00
2020	5.50
2021+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach. The actuarial assumptions include a 4.5% 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 unit credit method.

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

Active Employees	216
Retired Employees	<u>82</u>
Total	<u><u>298</u></u>

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2012	\$ 37,340,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 37,340,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active Plan Members)	<u>\$ 19,720,000</u>
UAAL as a Percentage of Covered Payroll	<u>189.35%</u>
Annual Required Contribution	\$ 3,890,000
Interest on Net OPEB Obligation	470,000
Adjustment to Annual Required Contribution	<u>(610,000)</u>
Annual OPEB Cost	3,750,000
Contributions Made	<u>(650,000)</u>
Increase in Net OPEB Obligation	3,100,000
Net OPEB Obligation - Beginning of Year	<u>10,380,000</u>
Net OPEB Obligation -End of Year	<u>\$ 13,480,000</u>

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

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 3,560,000	14.0 %	\$ 7,220,000
2011	3,740,000	15.5	10,380,000
2012	3,750,000	17.3	13,480,000

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. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

**Town of Yorktown, New York**

Notes to Financial Statements (Continued)  
December 31, 2012

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

Transfers Out	Transfers In				Total
	General	Highway	Special Districts	Capital Projects	
General	\$ -	\$ 100,000	\$ -	\$ 200,000	\$ 300,000
Highway	2,500	-	-	-	2,500
Special Districts	1,177,488	84,210	31,425	993,000	2,286,123
Capital	-	-	165,000	-	165,000
Non-major Governmental	-	-	-	50,000	50,000
	<u>\$ 1,179,988</u>	<u>\$ 184,210</u>	<u>\$ 196,425</u>	<u>\$ 1,243,000</u>	<u>\$ 2,803,623</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and 2) move amounts earmarked in the operating funds to fulfill commitments for General, Highway and Special District funds expenditures.

**J. Net Position**

The components of net position are detailed below:

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

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

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

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

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



Town of Yorktown, New York

Notes to Financial Statements (Continued)  
December 31, 2012

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

**K. Fund Balances**

	2012					
	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Nonspendable</b>						
Advances	\$ 98,184	\$ -	\$ -	\$ -	\$ -	\$ 98,184
Prepaid expenditures	607,612	109,673	109,871	-	59,328	886,484
<b>Total Nonspendable</b>	<b>705,796</b>	<b>109,673</b>	<b>109,871</b>	<b>-</b>	<b>59,328</b>	<b>984,668</b>
<b>Restricted</b>						
Employee benefit accrued liability	803,879	183,077	71,618	-	195,763	1,254,337
Debt service	-	-	1,276,092	-	59,410	1,335,502
Parklands	-	-	-	-	468,807	468,807
Trusts	-	-	-	-	632,697	632,697
<b>Total Restricted</b>	<b>803,879</b>	<b>183,077</b>	<b>1,347,710</b>	<b>-</b>	<b>1,356,677</b>	<b>3,691,343</b>
<b>Assigned</b>						
<b>Purchases on order</b>						
General government support	10,161	-	-	-	-	10,161
Public safety	9,776	-	-	-	-	9,776
Health	-	-	11,700	-	-	11,700
Culture and recreation	13,750	-	-	-	-	13,750
Home and community services	-	-	4,620	-	-	4,620
	33,687	-	16,320	-	-	50,007
<b>Subsequent year's expenditures</b>						
Tax certiorari	80,350	-	989,000	-	-	1,069,350
Ballpark	529,810	-	-	-	-	529,810
Energy grant	25,000	-	-	-	-	25,000
Major funds	129,860	-	-	-	-	129,860
Non-major funds	-	120,381	11,218,587	-	-	11,338,968
Community development	-	-	-	-	139,632	139,632
Public Library	-	-	-	-	745,697	745,697
<b>Total Assigned</b>	<b>798,707</b>	<b>120,381</b>	<b>12,223,907</b>	<b>-</b>	<b>885,329</b>	<b>14,028,324</b>
<b>Unassigned</b>	<b>4,748,283</b>	<b>-</b>	<b>-</b>	<b>(6,559,583)</b>	<b>-</b>	<b>(1,811,300)</b>
<b>Total Fund Balances</b>	<b>\$ 7,056,665</b>	<b>\$ 413,131</b>	<b>\$ 13,681,488</b>	<b>\$ (6,559,583)</b>	<b>\$ 2,301,334</b>	<b>\$ 16,893,035</b>

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.

**Reserved**

Prepaid Expenditures has been established to account for retirement and health insurance payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Advances have been established to indicate the long-term nature of funds advanced to the Special Districts Fund. These funds do not represent "available" spendable resources even though they are component of current assets.

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

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

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

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

Tax Certiorari - This has been established to set aside funds to meet anticipated judgments and claims arising out of tax certiorari proceedings.

Ballpark – This has been established to set aside funds to renovate a Town owned Ballpark.

Energy grant- This has been established to set aside funds for Energy improvements to Town property.

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 balance in the projects.

**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 also numerous tort claims pending against the Town. Town management has indicated there are individual tort claims for amounts in excess of insurance coverage. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town. The Town's claims administrator has reviewed the status of pending general liability and workers' compensation actions and has determined that the amounts reflected as liabilities in the Internal Service Funds are sufficient to satisfy any payments arising therefrom.

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 decisions will be funded in the year the payment is made.

**B. Risk Management**

The Town has General Liability coverage with limits of \$1,000,000 each occurrence with a \$6,000,000 general aggregate with a deductible of \$50,000 each occurrence. Additional coverage has been purchased for liability claims with a limit of \$10,000,000 each occurrence with a

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

\$10,000,000 aggregate. In addition the Town purchased insurance for Workers Compensation benefits with a maximum limit of \$10,000,000 with a self retention limit per occurrence for police officers of \$525,000 and for all other Town employees of \$500,000. The governmental funds are charged premiums by the Internal Service Funds. Accrued liabilities in the Internal Service Funds include provisions for claims reported and claims incurred but not reported.

**C. Contingencies**

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

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**Town of Yorktown, New York**

Required Supplementary Information  
 Schedule of Funding Progress - Other Postemployment 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, 2010	\$ -	\$ 32,360,000	\$ 32,360,000	- %	\$ 19,250,000	168.10 %
January 1, 2011	-	35,070,000	35,070,000	-	18,940,000	185.16
January 1, 2012	-	37,340,000	37,340,000	-	19,720,000	189.35

**Town of Yorktown, New York**

General Fund  
Balance Sheet  
December 31, 2012

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**ASSETS**

Cash

Demand deposits	\$ 19,237,678
Petty cash	1,175
	<hr/>
	19,238,853
	<hr/>

Taxes receivable

Town and County taxes	737,649
School districts taxes	35,099,122
Taxes receivable - Overdue	3,038,513
	<hr/>

38,875,284  

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(823,851)

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38,051,433

Other receivables

Accounts	192,040
State and Federal aid	8,328
Due from other governments	1,236,402
Advances for proposed special districts	98,184
Due from other funds	148,729
	<hr/>

1,683,683

Prepaid expenditures

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607,612

Total Assets \$ 59,581,581

**LIABILITIES AND FUND BALANCE**

Liabilities

Accounts payable	\$ 867,222
Retainaged percentages payable	24,230
Due to school districts	48,786,862
Overpayments	122,495
Unearned revenues	2,724,107
	<hr/>

Total Liabilities 

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52,524,916

Fund balance

Nonspendable	705,796
Restricted	803,879
Assigned	798,707
Unassigned	4,748,283
	<hr/>

Total Fund Balance 

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7,056,665

Total Liabilities and Fund Balance \$ 59,581,581

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**Town of Yorktown, New York**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 11,437,182	\$ 11,339,543	\$ 11,371,396	\$ 31,853
Other tax items	865,000	865,000	686,792	(178,208)
Non-property taxes	5,240,000	5,240,000	5,634,849	394,849
Departmental income	2,006,675	2,006,675	1,994,684	(11,991)
Use of money and property	647,000	647,000	678,244	31,244
Licenses and permits	387,000	387,000	626,711	239,711
Fines and forfeitures	400,000	400,000	513,377	113,377
Sale of property and compensation for loss	11,500	11,500	202,103	190,603
State aid	1,233,060	1,233,060	1,347,711	114,651
Federal aid	60,000	291,208	306,332	15,124
Miscellaneous	66,000	66,000	102,538	36,538
<b>Total Revenues</b>	<b>22,353,417</b>	<b>22,486,986</b>	<b>23,464,737</b>	<b>977,751</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government support	6,103,706	5,759,135	5,687,480	71,655
Public safety	8,785,189	9,475,593	9,448,002	27,591
Health	1,250	1,250	1,250	-
Transportation	350,975	353,380	351,529	1,851
Economic opportunity and development	563,607	881,665	874,551	7,114
Culture and recreation	2,808,587	2,865,818	2,802,174	63,644
Home and community services	505,983	588,630	575,046	13,584
Employee benefits	4,111,957	3,957,790	3,906,847	50,943
<b>Debt service</b>				
Principal	300,000	300,000	300,000	-
Interest	89,650	89,645	73,050	16,595
<b>Total Expenditures</b>	<b>23,620,904</b>	<b>24,272,906</b>	<b>24,019,929</b>	<b>252,977</b>
Deficiency of Revenues Over Expenditures	(1,267,487)	(1,785,920)	(555,192)	1,230,728
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,177,487	1,179,987	1,179,988	1
Transfers out	(200,000)	(300,000)	(300,000)	-
<b>Total Other Financing Sources</b>	<b>977,487</b>	<b>879,987</b>	<b>879,988</b>	<b>1</b>
<b>Net Change in Fund Balance</b>	<b>(290,000)</b>	<b>(905,933)</b>	<b>324,796</b>	<b>1,230,729</b>
Fund Balance - Beginning of Year	290,000	905,933	6,731,869	5,825,936
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,056,665</b>	<b>\$ 7,056,665</b>

Town of Yorktown, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 11,437,182	\$ 11,339,543	\$ 11,371,396	\$ 31,853
<b>OTHER TAX ITEMS</b>				
Interest and penalties on real property taxes	850,000	850,000	663,890	(186,110)
Payments in lieu of taxes	15,000	15,000	22,902	7,902
	865,000	865,000	686,792	(178,208)
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	4,500,000	4,500,000	4,760,189	260,189
Franchise fees	740,000	740,000	874,660	134,660
	5,240,000	5,240,000	5,634,849	394,849
<b>DEPARTMENTAL INCOME</b>				
Tax collector fees	10,000	10,000	8,350	(1,650)
Town Clerk fees	40,000	40,000	33,438	(6,562)
Police fees	10,000	10,000	34,607	24,607
Police alarm fees	70,000	70,000	67,155	(2,845)
Parks and recreation fees	1,028,300	1,028,300	963,895	(64,405)
Planning Board fees	25,000	25,000	33,509	8,509
Zoning fees	20,000	20,000	15,237	(4,763)
Wetland permits	-	-	2,467	2,467
Inspection fees	50,000	50,000	85,623	35,623
Title search fees	38,000	38,000	50,975	12,975
General administration fees	6,500	6,500	21,837	15,337
ABACA	5,000	5,000	4,250	(750)
Assessors fees	2,000	2,000	962	(1,038)
Tax map	1,000	1,000	186	(814)
SEQRA fees	25,000	25,000	-	(25,000)
School resources officers	390,375	390,375	386,473	(3,902)
Services to other governments	167,000	167,000	157,658	(9,342)
Driving While Intoxicated Program	3,500	3,500	2,932	(568)
Section 8 Housing Assistance Fund reimbursement	115,000	115,000	125,130	10,130
	2,006,675	2,006,675	1,994,684	(11,991)



**USE OF MONEY AND PROPERTY**

Earnings on investments	100,000	100,000	78,754	(21,246)
Rental of real property	300,000	300,000	367,596	67,596
Special facility charges (YCCC)	247,000	247,000	231,894	(15,106)
	<u>647,000</u>	<u>647,000</u>	<u>678,244</u>	<u>31,244</u>

**LICENSES AND PERMITS**

Certificates of occupancy	10,000	10,000	17,970	7,970
Bingo licenses	1,500	1,500	1,465	(35)
Dog license fund apportionment	13,000	13,000	13,572	572
Building permits	356,000	356,000	583,694	227,694
Plumbing fees	6,000	6,000	9,135	3,135
Non-conforming building permits	500	500	875	375
	<u>387,000</u>	<u>387,000</u>	<u>626,711</u>	<u>239,711</u>
	<u>400,000</u>	<u>400,000</u>	<u>513,377</u>	<u>113,377</u>

**FINES AND FORFEITURES**

Fines and forfeited bail				
	<u>400,000</u>	<u>400,000</u>	<u>513,377</u>	<u>113,377</u>

**SALE OF PROPERTY AND COMPENSATION FOR LOSS**

Minor sales	1,500	1,500	2,128	628
Sale of equipment	-	-	183,745	183,745
Insurance recoveries	10,000	10,000	16,230	6,230
	<u>11,500</u>	<u>11,500</u>	<u>202,103</u>	<u>190,603</u>

**STATE AID**

Per capita	180,000	180,000	176,777	(3,223)
Mortgage tax	1,000,000	1,000,000	1,045,595	45,595
Youth officer	10,100	10,100	8,328	(1,772)
Programs for the aging	30,000	30,000	43,995	13,995
Seatbelt grant	12,960	12,960	10,938	(2,022)
Stream team	-	-	55,153	55,153
Emergency management assistance	-	-	6,925	6,925
	<u>1,233,060</u>	<u>1,233,060</u>	<u>1,347,711</u>	<u>114,651</u>

**FEDERAL AID**

Senior center renovation	-	231,208	231,208	-
Emergency management assistance	-	-	20,776	20,776
Nutrition program	60,000	60,000	54,348	(5,652)
	<u>60,000</u>	<u>291,208</u>	<u>306,332</u>	<u>15,124</u>

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**Town of Yorktown, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)  
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>MISCELLANEOUS</b>				
Refund of prior year's expenditures	\$ 15,000	\$ 15,000	\$ 19,675	\$ 4,675
Medicare Part D reimbursements	40,000	40,000	38,746	(1,254)
County aid	8,000	8,000	22,524	14,524
Unclassified	3,000	3,000	21,593	18,593
	66,000	66,000	102,538	36,538
<b>TOTAL REVENUES</b>	<b>22,353,417</b>	<b>22,486,986</b>	<b>23,464,737</b>	<b>977,751</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	2,500	2,500	-
Highway fund				
Special Districts Fund	391,978	391,978	391,978	-
Consolidated Water District	513,097	513,097	513,097	-
Sewer districts	243,782	243,782	243,782	-
Refuse District	28,630	28,630	28,631	1
Park districts				
	1,177,487	1,179,987	1,179,988	1
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,177,487</b>	<b>1,179,987</b>	<b>1,179,988</b>	<b>1</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 23,530,904</b>	<b>\$ 23,666,973</b>	<b>\$ 24,644,725</b>	<b>\$ 977,752</b>

**Town of Yorktown, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget  
Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT SUPPORT</b>				
Town Board	\$ 109,865	\$ 132,246	\$ 131,852	\$ 394
Town Justice Supervisor	509,540	536,819	531,297	5,522
Finance Auditor	489,279	476,125	474,498	1,627
Receiver of Taxes	552,175	629,740	619,865	9,875
Purchasing	35,000	35,000	34,349	651
Board of Assessors	162,799	177,471	167,079	10,392
Town Clerk	134,000	160,067	159,641	426
Town Attorney	338,720	374,056	367,668	6,388
Engineer	318,657	322,510	319,242	3,268
Elections Buildings	612,068	535,507	532,099	3,408
Community and cultural center	623,029	652,061	648,054	4,007
Public safety facilities	83,100	88,281	86,341	1,940
Central services	758,844	537,464	533,172	4,292
Central garage	273,050	235,860	226,671	9,189
Unallocated insurance	-	117,414	116,728	686
Municipal association dues	53,656	50,152	49,067	1,085
Taxes on Town-owned property	294,424	256,876	249,996	6,880
Property tax refunds	275,000	226,086	226,025	61
Metropolitan commuter transportation mobility tax	5,000	5,000	4,300	700
Contingency	80,000	23,900	23,844	56
	250,500	141,500	140,995	505
	45,000	45,000	44,697	303
	100,000	-	-	-
	<u>6,103,706</u>	<u>5,759,135</u>	<u>5,687,480</u>	<u>71,655</u>
<b>PUBLIC SAFETY</b>				
Police Department	8,065,698	8,740,898	8,718,679	22,219
Traffic control	19,500	19,557	19,038	519
Jail	750	750	492	258
Building inspector	690,791	705,497	703,359	2,138
Civil defense	8,450	8,891	6,434	2,457
	<u>8,785,189</u>	<u>9,475,593</u>	<u>9,448,002</u>	<u>27,591</u>

<b>HEALTH</b>					
Health services	1,250	1,250	1,250	-	
<b>TRANSPORTATION</b>					
Superintendent of Highways	223,975	230,691	228,878	1,813	
Street lighting	127,000	122,689	122,651	38	
	350,975	353,380	351,529	1,851	
<b>ECONOMIC OPPORTUNITY AND DEVELOPMENT</b>					
Nutrition program	560,607	878,665	873,485	5,180	
Historical celebrations	3,000	3,000	1,066	1,934	
	563,607	881,665	874,551	7,114	
<b>CULTURE AND RECREATION</b>					
Recreation administration	501,961	525,121	514,407	10,714	
Theater	5,000	7,013	6,923	90	
Playgrounds and recreation centers	1,159,857	1,268,507	1,256,078	12,429	
Joint Program for Developmentally Disabled	38,232	38,232	38,232	-	
Swimming pool	382,600	365,428	351,406	14,022	
Special events	17,500	18,781	17,739	1,042	
Adult recreation	81,500	69,300	65,879	3,421	
Youth programs	527,850	479,735	462,220	17,515	
Museum	63,087	66,061	62,571	3,490	
Senior citizens program	31,000	27,640	26,719	921	
	2,808,587	2,865,818	2,802,174	63,644	
<b>HOME AND COMMUNITY SERVICES</b>					
Zoning Board	1,650	1,775	1,125	650	
Section 8 Housing	92,813	95,283	92,056	3,227	
Planning Board	400,145	480,197	474,355	5,842	
Conservation	11,375	11,375	7,510	3,865	
	505,983	588,630	575,046	13,584	

(Continued)

**Town of Yorktown, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)  
 Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EMPLOYEE BENEFITS</b>				
State retirement	\$ 940,984	\$ 874,544	\$ 874,544	\$ -
Police retirement	1,560,673	1,459,553	1,457,712	1,841
Social security	950,000	956,954	956,954	-
Hospital, medical and dental insurance	461,200	489,535	489,270	265
Workers' compensation benefits	150,000	128,900	83,481	45,419
Unemployment benefits	20,000	28,904	28,904	-
Other	29,100	19,400	15,982	3,418
	<u>4,111,957</u>	<u>3,957,790</u>	<u>3,906,847</u>	<u>50,943</u>
<b>DEBT SERVICE</b>				
Principal	300,000	300,000	300,000	-
Serial bonds				
Interest				
Serial bonds	64,650	64,650	62,587	2,063
Bond anticipation notes	25,000	24,995	10,463	14,532
	<u>89,650</u>	<u>89,645</u>	<u>73,050</u>	<u>16,595</u>
	<u>389,650</u>	<u>389,645</u>	<u>373,050</u>	<u>16,595</u>
<b>TOTAL EXPENDITURES</b>	<u>23,620,904</u>	<u>24,272,906</u>	<u>24,019,929</u>	<u>252,977</u>
<b>OTHER FINANCING USES</b>				
Transfers out				
Highway Fund	-	100,000	100,000	-
Capital Projects Fund	200,000	200,000	200,000	-
	<u>200,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>200,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 23,820,904</u>	<u>\$ 24,572,906</u>	<u>\$ 24,319,929</u>	<u>\$ 252,977</u>

**Town of Yorktown, New York**

Highway Fund  
Balance Sheet  
December 31, 2012

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**ASSETS**

Cash

Demand deposits	\$ 783,402
Petty cash	<u>100</u>

783,502

Prepaid expenditures

109,673

Total Assets

\$ 893,175

**LIABILITIES AND FUND BALANCE**

Liabilities

Accounts payable	<u>\$ 480,044</u>
------------------	-------------------

Fund balance

Nonspendable	109,673
Restricted	183,077
Assigned	<u>120,381</u>

Total Fund Balance

413,131

Total Liabilities and Fund Balance

\$ 893,175

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Town of Yorktown, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 4,225,894	\$ 4,225,894	\$ 4,225,894	\$ -
Use of money and property	10,000	10,000	6,222	(3,778)
Sale of property and compensation for loss	12,000	12,000	15,936	3,936
State aid	240,000	299,982	327,394	27,412
Federal aid	-	113,000	95,246	(17,754)
Miscellaneous	41,500	126,572	38,467	(88,105)
<b>Total Revenues</b>	<b>4,529,394</b>	<b>4,787,448</b>	<b>4,709,159</b>	<b>(78,289)</b>
<b>EXPENDITURES</b>				
Current				
Transportation	4,121,804	4,591,275	4,457,960	133,315
Employee benefits	716,800	721,152	677,299	43,853
<b>Total Expenditures</b>	<b>4,838,604</b>	<b>5,312,427</b>	<b>5,135,259</b>	<b>177,168</b>
Deficiency of Revenues Over Expenditures	(309,210)	(524,979)	(426,100)	98,879
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	84,210	184,210	184,210	-
Transfers out	-	(2,500)	(2,500)	-
<b>Total Other Financing Sources</b>	<b>84,210</b>	<b>181,710</b>	<b>181,710</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(225,000)</b>	<b>(343,269)</b>	<b>(244,390)</b>	<b>98,879</b>
Fund Balance - Beginning of Year	225,000	343,269	657,521	314,252
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 413,131</b>	<b>\$ 413,131</b>

**Town of Yorktown, New York**

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

	Combined Water Districts	Combined Sewer Districts	Refuse District
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 6,663,316	\$ 6,443,924	\$ 1,205,106
Petty cash	100	-	-
	<u>6,663,416</u>	<u>6,443,924</u>	<u>1,205,106</u>
Accounts receivable	752,544	78,348	-
Prepaid expenditures	<u>52,536</u>	<u>28,459</u>	<u>28,876</u>
Total Assets	<u>\$ 7,468,496</u>	<u>\$ 6,550,731</u>	<u>\$ 1,233,982</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,189,303	\$ 376,834	\$ 466,022
Retainaged percentages payable	15,937	-	-
Total Liabilities	<u>1,205,240</u>	<u>376,834</u>	<u>466,022</u>
Fund balances			
Nonspendable	52,536	28,459	28,876
Restricted	504,566	761,164	54,503
Assigned	<u>5,706,154</u>	<u>5,384,274</u>	<u>684,581</u>
Total Fund Balances	<u>6,263,256</u>	<u>6,173,897</u>	<u>767,960</u>
Total Liabilities and Fund Balances	<u>\$ 7,468,496</u>	<u>\$ 6,550,731</u>	<u>\$ 1,233,982</u>

Combined Park Districts	Advanced Life-Support District	Total Special Districts
\$ 493,786	\$ 50,003	\$ 14,856,135
-	-	100
493,786	50,003	14,856,235
-	2,699	833,591
-	-	109,871
<u>\$ 493,786</u>	<u>\$ 52,702</u>	<u>\$ 15,799,697</u>
\$ 28,974	\$ 41,139	\$ 2,102,272
-	-	15,937
28,974	41,139	2,118,209
-	-	109,871
27,477	-	1,347,710
437,335	11,563	12,223,907
464,812	11,563	13,681,488
<u>\$ 493,786</u>	<u>\$ 52,702</u>	<u>\$ 15,799,697</u>

**Town of Yorktown, New York**

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

	Combined Water Districts	Combined Sewer Districts	Refuse District
<b>REVENUES</b>			
Real property taxes	\$ 2,280,520	\$ 3,777,595	\$ 5,118,027
Departmental income	4,681,583	467,672	45,522
Intergovernmental income	-	806,366	-
Use of money and property	27,154	26,419	-
Sale of property and compensation for loss	20,572	-	8,686
State aid	1,219	19,591	420
Federal aid	3,656	58,774	1,259
Miscellaneous	6,716	88,159	2,647
<b>Total Revenues</b>	<u>7,021,420</u>	<u>5,244,576</u>	<u>5,176,561</u>
<b>EXPENDITURES</b>			
Current			
Health	-	-	-
Culture and recreation	-	-	-
Home and community services	6,352,397	2,305,748	4,833,849
Employee benefits	644,409	185,203	317,554
Debt service			
Principal			
Serial bonds	490,000	710,000	-
Interest			
Serial bonds	56,142	529,928	-
Bond anticipation notes	3,163	66,720	-
<b>Total Expenditures</b>	<u>7,546,111</u>	<u>3,797,599</u>	<u>5,151,403</u>
Excess (Deficiency) of Rev- enues Over Expenditures	<u>(524,691)</u>	<u>1,446,977</u>	<u>25,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	196,425	-
Transfers out	(446,978)	(1,104,627)	(285,887)
<b>Total Other Financing Uses</b>	<u>(446,978)</u>	<u>(908,202)</u>	<u>(285,887)</u>
<b>Net Change in Fund Balances</b>	<u>(971,669)</u>	<u>538,775</u>	<u>(260,729)</u>
Fund Balances (Deficits)			
Beginning of year, as previously reported	7,234,925	5,635,122	1,028,689
Prior period adjustment	-	-	-
Beginning of year, as restated	<u>7,234,925</u>	<u>5,635,122</u>	<u>1,028,689</u>
<b>Fund Balances - End of Year</b>	<u>\$ 6,263,256</u>	<u>\$ 6,173,897</u>	<u>\$ 767,960</u>

Combined Park Districts	Advanced Life-Support District	Total Special Districts
\$ 647,920	\$ 491,255	\$ 12,315,317
-	-	5,194,777
-	-	806,366
2,972	532	57,077
-	16,958	46,216
-	-	21,230
-	-	63,689
-	-	97,522
<u>650,892</u>	<u>508,745</u>	<u>18,602,194</u>
-	497,846	497,846
172,185	-	172,185
-	-	13,491,994
4,306	-	1,151,472
-	-	1,200,000
-	-	586,070
22,775	-	92,658
<u>199,266</u>	<u>497,846</u>	<u>17,192,225</u>
<u>451,626</u>	<u>10,899</u>	<u>1,409,969</u>
-	-	196,425
(448,631)	-	(2,286,123)
(448,631)	-	(2,089,698)
<u>2,995</u>	<u>10,899</u>	<u>(679,729)</u>
(1,318,183)	664	12,581,217
<u>1,780,000</u>	<u>-</u>	<u>1,780,000</u>
<u>461,817</u>	<u>664</u>	<u>14,361,217</u>
<u>\$ 464,812</u>	<u>\$ 11,563</u>	<u>\$ 13,681,488</u>

**Town of Yorktown, New York**

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

	Consolidated Water	Kitchawan Water	Total Water Districts
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 6,574,382	\$ 88,934	\$ 6,663,316
Petty cash	100	-	100
	<u>6,574,482</u>	<u>88,934</u>	<u>6,663,416</u>
Accounts receivable	752,084	460	752,544
Prepaid expenditures	<u>52,536</u>	<u>-</u>	<u>52,536</u>
Total Assets	<u>\$ 7,379,102</u>	<u>\$ 89,394</u>	<u>\$ 7,468,496</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,182,487	\$ 6,816	\$ 1,189,303
Retainaged percentages payable	<u>15,937</u>	<u>-</u>	<u>15,937</u>
Total Liabilities	<u>1,198,424</u>	<u>6,816</u>	<u>1,205,240</u>
Fund balances			
Nonspendable	52,536	-	52,536
Restricted	504,566	-	504,566
Assigned	<u>5,623,576</u>	<u>82,578</u>	<u>5,706,154</u>
Total Fund Balances	<u>6,180,678</u>	<u>82,578</u>	<u>6,263,256</u>
Total Liabilities and Fund Balances	<u>\$ 7,379,102</u>	<u>\$ 89,394</u>	<u>\$ 7,468,496</u>

**Town of Yorktown, New York**

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

	Consolidated Water	Kitchawan Water	Total Water Districts
<b>REVENUES</b>			
Real property taxes	\$ 2,207,545	\$ 72,975	\$ 2,280,520
Departmental income	4,656,899	24,684	4,681,583
Use of money and property	26,721	433	27,154
Sale of property and compensation for loss	20,572	-	20,572
State aid	1,219	-	1,219
Federal aid	3,656	-	3,656
Miscellaneous	6,716	-	6,716
<b>Total Revenues</b>	<u>6,923,328</u>	<u>98,092</u>	<u>7,021,420</u>
<b>EXPENDITURES</b>			
Current			
Home and community services	6,330,142	22,255	6,352,397
Employee benefits	644,409	-	644,409
Debt service			
Principal	490,000	-	490,000
Interest	56,142	3,163	59,305
<b>Total Expenditures</b>	<u>7,520,693</u>	<u>25,418</u>	<u>7,546,111</u>
Excess (Deficiency) of Revenues Over Expenditures	(597,365)	72,674	(524,691)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(391,978)</u>	<u>(55,000)</u>	<u>(446,978)</u>
<b>Net Change in Fund Balances</b>	(989,343)	17,674	(971,669)
Fund Balances - Beginning of Year	<u>7,170,021</u>	<u>64,904</u>	<u>7,234,925</u>
<b>Fund Balances - End of Year</b>	<u>\$ 6,180,678</u>	<u>\$ 82,578</u>	<u>\$ 6,263,256</u>

**Town of Yorktown, New York**

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

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	<u>Yorktown</u>	<u>Osceola</u>	<u>Hunter Brook</u>
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 5,456,508	\$ 157,696	\$ 109,373
Accounts receivable	78,348	-	-
Prepaid expenditures	28,459	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 5,563,315</u>	<u>\$ 157,696</u>	<u>\$ 109,373</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 365,594	\$ 3,194	\$ 1,837
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances			
Nonspendable	28,459	-	-
Restricted	626,105	-	-
Assigned	4,543,157	154,502	107,536
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>5,197,721</u>	<u>154,502</u>	<u>107,536</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 5,563,315</u>	<u>\$ 157,696</u>	<u>\$ 109,373</u>



<u>Clover Road</u>	<u>Mohegan East</u>	<u>Mohegan West</u>	<u>Bonnie and Jill</u>	<u>Oakside</u>	<u>Overlook</u>	<u>Suncrest</u>
\$ 42,540	\$ 105,403	\$ 40,143	\$ 2,415	\$ 171,073	\$ 116,904	\$ 148,148
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 42,540</u>	<u>\$ 105,403</u>	<u>\$ 40,143</u>	<u>\$ 2,415</u>	<u>\$ 171,073</u>	<u>\$ 116,904</u>	<u>\$ 148,148</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-
-	-	10,906	-	64,633	59,520	-
<u>42,540</u>	<u>105,403</u>	<u>29,237</u>	<u>2,415</u>	<u>106,440</u>	<u>57,384</u>	<u>148,148</u>
<u>42,540</u>	<u>105,403</u>	<u>40,143</u>	<u>2,415</u>	<u>171,073</u>	<u>116,904</u>	<u>148,148</u>
<u>\$ 42,540</u>	<u>\$ 105,403</u>	<u>\$ 40,143</u>	<u>\$ 2,415</u>	<u>\$ 171,073</u>	<u>\$ 116,904</u>	<u>\$ 148,148</u>

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**Town of Yorktown, New York**

Special Districts Fund - Sewer Districts  
 Combining Balance Sheet - Sub Funds (Continued)  
 December 31, 2012

	<u>Gomer Street</u>	<u>Hunterbrook 202 Extension</u>	<u>Total Sewer Districts</u>
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 17,062	\$ 76,659	\$ 6,443,924
Accounts receivable	-	-	78,348
Prepaid expenditures	-	-	28,459
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 17,062</u>	<u>\$ 76,659</u>	<u>\$ 6,550,731</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ 6,209</u>	<u>\$ 376,834</u>
Fund balances			
Nonspendable	-	-	28,459
Restricted	-	-	761,164
Assigned	<u>17,062</u>	<u>70,450</u>	<u>5,384,274</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>17,062</u>	<u>70,450</u>	<u>6,173,897</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 17,062</u>	<u>\$ 76,659</u>	<u>\$ 6,550,731</u>

**Town of Yorktown, New York**

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

	Yorktown	Osceola	Hunter Brook	Clover Road
<b>REVENUES</b>				
Real property taxes	\$ 2,805,918	\$ 27,368	\$ 293,020	\$ 5,734
Departmental income	467,672	-	-	-
Intergovernmental income	806,366	-	-	-
Use of money and property	21,656	597	385	176
State aid	19,591	-	-	-
Federal aid	58,774	-	-	-
Miscellaneous	2,829	-	42,624	-
	<u>4,182,806</u>	<u>27,965</u>	<u>336,029</u>	<u>5,910</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current				
Home and community services	2,211,923	20,204	57,375	82
Employee benefits	185,203	-	-	-
Debt service				
Principal				
Serial bonds	360,475	-	95,000	15,000
Interest				
Serial bonds	285,359	-	88,729	652
Bond anticipation notes	23,055	-	-	-
	<u>3,066,015</u>	<u>20,204</u>	<u>241,104</u>	<u>15,734</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>1,116,791</u>	<u>7,761</u>	<u>94,925</u>	<u>(9,824)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	66,900	-	-	-
Transfers out	(809,490)	(8,917)	(38,220)	-
	<u>(742,590)</u>	<u>(8,917)</u>	<u>(38,220)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	374,201	(1,156)	56,705	(9,824)
Fund Balances -				
Beginning of Year	<u>4,823,520</u>	<u>155,658</u>	<u>50,831</u>	<u>52,364</u>
Fund Balances - End of Year	<u>\$ 5,197,721</u>	<u>\$ 154,502</u>	<u>\$ 107,536</u>	<u>\$ 42,540</u>

Mohegan East	Mohegan West	Bonnie and Jill	Oakside	Overlook	Suncrest
\$ 191,754	\$ 69,976	\$ 13,773	\$ 32,952	\$ 89,700	\$ 41,400
-	-	-	-	-	-
-	-	-	-	-	-
393	149	25	593	577	620
-	-	-	-	-	-
-	-	-	-	-	-
28,132	14,514	-	60	-	-
<u>220,279</u>	<u>84,639</u>	<u>13,798</u>	<u>33,605</u>	<u>90,277</u>	<u>42,020</u>
7,520	1,313	337	2,952	639	355
-	-	-	-	-	-
144,870	43,900	10,000	40,755	-	-
99,445	23,137	2,606	30,000	-	-
-	-	-	-	14,928	8,273
<u>251,835</u>	<u>68,350</u>	<u>12,943</u>	<u>73,707</u>	<u>15,567</u>	<u>8,628</u>
<u>(31,556)</u>	<u>16,289</u>	<u>855</u>	<u>(40,102)</u>	<u>74,710</u>	<u>33,392</u>
88,770	-	-	40,755	-	-
-	-	-	-	(59,000)	(29,000)
<u>88,770</u>	<u>-</u>	<u>-</u>	<u>40,755</u>	<u>(59,000)</u>	<u>(29,000)</u>
57,214	16,289	855	653	15,710	4,392
48,189	23,854	1,560	170,420	101,194	143,756
<u>\$ 105,403</u>	<u>\$ 40,143</u>	<u>\$ 2,415</u>	<u>\$ 171,073</u>	<u>\$ 116,904</u>	<u>\$ 148,148</u>

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**Town of Yorktown, New York**

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

	Gomer Street	Hunterbrook 202 Extension	Total Sewer Districts
<b>REVENUES</b>			
Real property taxes	\$ 36,300	\$ 169,700	\$ 3,777,595
Departmental income	-	-	467,672
Intergovernmental income	-	-	806,366
Use of money and property	131	1,117	26,419
State aid	-	-	19,591
Federal aid	-	-	58,774
Miscellaneous	-	-	88,159
	<u>36,431</u>	<u>170,817</u>	<u>5,244,576</u>
<b>EXPENDITURES</b>			
Current			
Home and community services	279	2,769	2,305,748
Employee benefits	-	-	185,203
Debt service			
Principal			
Serial bonds	-	-	710,000
Interest			
Serial bonds	-	-	529,928
Bond anticipation notes	6,497	13,967	66,720
	<u>6,776</u>	<u>16,736</u>	<u>3,797,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,655</u>	<u>154,081</u>	<u>1,446,977</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	196,425
Transfers out	<u>(25,000)</u>	<u>(135,000)</u>	<u>(1,104,627)</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(135,000)</u>	<u>(908,202)</u>
Net Change in Fund Balances	4,655	19,081	538,775
Fund Balances - Beginning of Year	<u>12,407</u>	<u>51,369</u>	<u>5,635,122</u>
Fund Balances - End of Year	<u>\$ 17,062</u>	<u>\$ 70,450</u>	<u>\$ 6,173,897</u>

**Town of Yorktown, New York**

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

	Mohegan Beach	Shrub Oak Lake Estates	Mohegan Lake Improve- ment	Amazon Beach
<b>ASSETS</b>				
Cash				
Demand deposits	\$ 42,307	\$ 39,112	\$ 137,007	\$ 89,374
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 887	\$ 440	\$ 550	\$ 2,049
Fund balances				
Restricted	-	-	-	-
Assigned	41,420	38,672	136,457	87,325
Total Fund Balances	41,420	38,672	136,457	87,325
Total Liabilities and Fund Balances	\$ 42,307	\$ 39,112	\$ 137,007	\$ 89,374



<u>Shrub Oak Community Associa- tion</u>	<u>Mohegan Highlands Property Associa- tion</u>	<u>Bethel Acres</u>	<u>Open Space</u>	<u>Total Parks Districts</u>
<u>\$ 112,360</u>	<u>\$ 11,997</u>	<u>\$ 100</u>	<u>\$ 61,529</u>	<u>\$ 493,786</u>
<u>\$ 23,575</u>	<u>\$ 1,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,974</u>
27,477	-	-	-	27,477
<u>61,308</u>	<u>10,524</u>	<u>100</u>	<u>61,529</u>	<u>437,335</u>
<u>88,785</u>	<u>10,524</u>	<u>100</u>	<u>61,529</u>	<u>464,812</u>
<u>\$ 112,360</u>	<u>\$ 11,997</u>	<u>\$ 100</u>	<u>\$ 61,529</u>	<u>\$ 493,786</u>

**Town of Yorktown, New York**

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

	Mohegan Beach	Shrub Oak Lake Estates	Mohegan Lake Improve- ment	Amazon Beach
<b>REVENUES</b>				
Real property taxes	\$ 58,463	\$ 21,916	\$ 36,855	\$ 17,700
Use of money and property	159	145	597	323
<b>Total Revenues</b>	<u>58,622</u>	<u>22,061</u>	<u>37,452</u>	<u>18,023</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	30,397	11,259	52,451	7,417
Employee benefits	1,161	537	1,829	-
Debt service				
Interest Bond anticipation notes	-	-	-	-
<b>Total Expenditures</b>	<u>31,558</u>	<u>11,796</u>	<u>54,280</u>	<u>7,417</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	27,064	10,265	(16,828)	10,606
<b>OTHER FINANCING USES</b>				
Transfers out	(5,177)	(3,148)	(6,695)	(3,005)
<b>Net Change in Fund Balances</b>	<u>21,887</u>	<u>7,117</u>	<u>(23,523)</u>	<u>7,601</u>
Fund Balances (Deficits)				
Beginning of year, as previously reported	19,533	31,555	159,980	79,724
Prior period adjustment	-	-	-	-
Beginning of year, as restated	<u>19,533</u>	<u>31,555</u>	<u>159,980</u>	<u>79,724</u>
<b>Fund Balances - End of Year</b>	<u>\$ 41,420</u>	<u>\$ 38,672</u>	<u>\$ 136,457</u>	<u>\$ 87,325</u>

Shrub Oak Community Associa- tion	Mohegan Highlands Property Associa- tion	Bethel Acres	Open Space	Total Park Districts
\$ 69,057	\$ 30,959	\$ 2,000	\$ 410,970	\$ 647,920
529	63	2	1,154	2,972
<u>69,586</u>	<u>31,022</u>	<u>2,002</u>	<u>412,124</u>	<u>650,892</u>
44,155	25,577	-	929	172,185
280	499	-	-	4,306
<u>1,119</u>	<u>-</u>	<u>-</u>	<u>21,656</u>	<u>22,775</u>
<u>45,554</u>	<u>26,076</u>	<u>-</u>	<u>22,585</u>	<u>199,266</u>
24,032	4,946	2,002	389,539	451,626
<u>(45,222)</u>	<u>(3,384)</u>	<u>(2,000)</u>	<u>(380,000)</u>	<u>(448,631)</u>
<u>(21,190)</u>	<u>1,562</u>	<u>2</u>	<u>9,539</u>	<u>2,995</u>
109,975	8,962	98	(1,728,010)	(1,318,183)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780,000</u>	<u>1,780,000</u>
<u>109,975</u>	<u>8,962</u>	<u>98</u>	<u>51,990</u>	<u>461,817</u>
<u>\$ 88,785</u>	<u>\$ 10,524</u>	<u>\$ 100</u>	<u>\$ 61,529</u>	<u>\$ 464,812</u>

**Town of Yorktown, New York**

Capital Projects Fund  
Balance Sheet  
December 31, 2012

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**ASSETS**

Cash

Demand deposits	\$	131,305
Restricted investments		<u>1,084,346</u>

Total Assets	\$	<u><u>1,215,651</u></u>
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**LIABILITIES AND FUND DEFICIT**

Liabilities

Accounts payable	\$	1,984
Retainaged percentages payable		58,332
Due to other funds		131,918
Bond anticipation notes payable		<u>7,583,000</u>

Total Liabilities		7,775,234
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Fund deficit - Unassigned		<u>(6,559,583)</u>
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Total Liabilities and Fund Deficit	\$	<u><u>1,215,651</u></u>
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**Town of Yorktown, New York**

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

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**REVENUES**

State aid	\$ 46,200
Miscellaneous	<u>37,201</u>
Total Revenues	83,401

**EXPENDITURES**

Capital outlay	<u>144,185</u>
Deficiency of Revenues Over Expenditures	<u>(60,784)</u>

**OTHER FINANCING SOURCES (USES)**

Transfers in	1,243,000
Transfers out	<u>(165,000)</u>
Total Other Financing Sources	<u>1,078,000</u>

Net Change in Fund Balance	<u>1,017,216</u>
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Fund Deficit	
Beginning of year, as previously reported	(5,796,799)

Prior Period Adjustment	<u>(1,780,000)</u>
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Fund Deficit	
Beginning of year, as restated	<u>(7,576,799)</u>

Fund Deficit - End of Year	<u><u>\$ (6,559,583)</u></u>
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**Town of Yorktown, New York**

Capital Projects Fund

Project-Length Schedule

Inception Of Project Through December 31, 2012

<u>PROJECT</u>	<u>Sub-Fund</u>	<u>Authorization</u>	<u>Expenditures and Transfers</u>
Granite Knolls Ballfield	HA	\$ 25,000	\$ 7,707
Hunterbrook Rt. 202 Extension	HB	3,000,000	1,358,959
Yorktown Sewer Plant Improvements	HD	350,000	211,448
Rt. 118 Sidewalks - Phase II	HE	530,000	445,815
Veterans Road Sidewalk	HF	300,000	4,250
Gomer Street Sewer	HG	610,000	601,470
Junior Lake Dredging/Dam Repairs	HJ	707,503	637,022
Library HVAC	HL	600,000	488,894
Oakside Sewer District	HM	1,500,000	1,235,353
Comprehensive Plan Study	HO	682,000	616,364
Bonnie & Jill Courts Sewer District	HP	251,000	244,396
Commerce Streetscape Phase II	HS2	1,215,041	1,215,041
1995 - Mohegan East Sewer District	HT	5,300,000	5,132,306
Yorktown Sewer Consent Order Improvement	HZ	3,000,000	2,997,890
Holland Sport Club	JA	125,000	124,211
Open Space	JB	1,780,000	1,780,000
Trailway Improvements	JC	49,500	6,800
Suncrest Sewer	JH	750,000	750,000
RR Park Rehabilitation	JJ	456,817	32,410
Kitchawan Water District	JK	850,000	848,306
NYCDEP Reimbursable	JL	3,978,759	3,112,344
Patriot Garden	JN	236,631	234,462
Yorktown Sewer Inflow/Infiltration	JO	1,912,610	1,620,197
Shrub oak Lake Dredging	JQ	501,820	501,820
Overlook Sewer	JW	1,600,000	1,400,000
WPC Amonia Removal & Equipment Upgrade	JX	9,863,975	9,233,463
Baptist/Mohegan/Sherman/Old Crompond Bridge	JY	3,600,000	1,049,622
JV Sidewalk East Main Street	JY2	542,596	548,773
Totals		<u>\$ 44,318,252</u>	<u>\$ 36,439,323</u>

Unexpended Balance	Revenues	Fund Balance (Deficit) at December 31, 2012	Bond Anticipation Notes Outstanding at December 31, 2012
\$ 17,293	\$ -	\$ (7,707)	\$ -
1,641,041	493,459	(865,500)	1,013,000
138,552	350,586	139,138	-
84,185	491,859	46,044	-
295,750	-	(4,250)	-
8,530	92,470	(509,000)	509,000
70,481	691,886	54,864	-
111,106	100,000	(388,894)	300,000
264,647	1,395,429	160,076	-
65,636	613,019	(3,345)	-
6,604	237,448	(6,948)	-
-	835,041	(380,000)	380,000
167,694	5,333,897	201,591	-
2,110	1,375,000	(1,622,890)	1,625,000
789	-	(124,211)	-
-	380,000	(1,400,000)	1,400,000
42,700	49,500	42,700	-
-	99,000	(651,000)	651,000
424,407	54,462	22,052	-
1,694	643,306	(205,000)	205,000
866,415	2,902,858	(209,486)	-
2,169	236,631	2,169	-
292,413	1,691,629	71,432	-
-	449,820	(52,000)	52,000
200,000	232,000	(1,168,000)	1,168,000
630,512	9,863,975	630,512	-
2,550,378	744,798	(304,824)	280,000
(6,177)	521,667	(27,106)	-
<u>\$ 7,878,929</u>	<u>\$ 29,879,740</u>	<u>\$ (6,559,583)</u>	<u>\$ 7,583,000</u>

**Town of Yorktown, New York**

Non-Major Governmental Funds

Combining Balance Sheet

December 31, 2012

	<u>Community Development</u>	<u>Public Library</u>	<u>Special Purpose</u>
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 189,914	\$ 1,063,897	\$ 1,101,829
Petty cash	-	70	-
	<u>189,914</u>	<u>1,063,967</u>	<u>1,101,829</u>
Due from other governments	712	-	-
Prepaid expenditures	<u>4,242</u>	<u>55,086</u>	<u>-</u>
Total Assets	<u>\$ 194,868</u>	<u>\$ 1,119,053</u>	<u>\$ 1,101,829</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,745	\$ 122,507	\$ 325
Deposits	32,438	-	-
Due to other funds	<u>16,811</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>50,994</u>	<u>122,507</u>	<u>325</u>
Fund balances			
Nonspendable	4,242	55,086	-
Restricted	-	195,763	1,101,504
Assigned	<u>139,632</u>	<u>745,697</u>	<u>-</u>
Total Fund Balances	<u>143,874</u>	<u>996,546</u>	<u>1,101,504</u>
Total Liabilities and Fund Balances	<u>\$ 194,868</u>	<u>\$ 1,119,053</u>	<u>\$ 1,101,829</u>



<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
\$ 59,410	\$ 2,415,050
-	70
59,410	2,415,120
-	712
-	59,328
<u>\$ 59,410</u>	<u>\$ 2,475,160</u>
\$ -	\$ 124,577
-	32,438
-	16,811
-	173,826
-	59,328
59,410	1,356,677
-	885,329
59,410	2,301,334
<u>\$ 59,410</u>	<u>\$ 2,475,160</u>

**Town of Yorktown, New York**

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

	Community Development	Public Library	Special Purpose
<b>REVENUES</b>			
Real property taxes	\$ -	\$ 2,086,253	\$ -
Departmental income	-	48,341	316,541
Intergovernmental charges	-	250,691	-
Use of money and property	230	5,323	13,742
State aid	-	9,824	-
Federal aid	1,499,012	-	-
Miscellaneous	-	8,296	-
	<u>1,499,242</u>	<u>2,408,728</u>	<u>330,283</u>
<b>EXPENDITURES</b>			
Current			
Economic opportunity and development	1,543,399	-	-
Culture and recreation	-	1,866,779	8,653
Employee benefits	-	344,692	-
Debt service			
Principal	-	-	-
Interest	-	4,258	-
	<u>1,543,399</u>	<u>2,215,729</u>	<u>8,653</u>
Total Expenditures	<u>1,543,399</u>	<u>2,215,729</u>	<u>8,653</u>
Excess (Deficiency) of Revenues Over Expenditures	(44,157)	192,999	321,630
<b>OTHER FINANCING USES</b>			
Transfers out	-	(50,000)	-
	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	(44,157)	142,999	321,630
Fund Balances - Beginning of Year	<u>188,031</u>	<u>853,547</u>	<u>779,874</u>
Fund Balances - End of Year	<u>\$ 143,874</u>	<u>\$ 996,546</u>	<u>\$ 1,101,504</u>

Debt Service	Total Non-Major Governmental Funds
\$ -	\$ 2,086,253
-	364,882
-	250,691
333	19,628
-	9,824
-	1,499,012
-	8,296
<u>333</u>	<u>4,238,586</u>
-	1,543,399
-	1,875,432
-	344,692
125,000	125,000
1,940	6,198
<u>126,940</u>	<u>3,894,721</u>
(126,607)	343,865
<u>-</u>	<u>(50,000)</u>
(126,607)	293,865
186,017	2,007,469
<u>\$ 59,410</u>	<u>\$ 2,301,334</u>

**Town of Yorktown, New York**

Community Development Fund -  
Housing Assistance Payments Program  
Balance Sheet  
December 31, 2012

---

**ASSETS**

Cash	
Demand deposits	\$ 189,914
Due from other governments	712
Prepaid expenditures	<u>4,242</u>
Total Assets	<u><u>\$ 194,868</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts payable	\$ 1,745
Deposits	32,438
Due to other funds	<u>16,811</u>
Total Liabilities	<u>50,994</u>
Fund balance	
Nonspendable	4,242
Assigned	<u>139,632</u>
Total Fund Balance	<u>143,874</u>
Total Liabilities and Fund Balance	<u><u>\$ 194,868</u></u>

**Town of Yorktown, New York**

Community Development Fund -  
Housing Assistance Payments Program  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
Year Ended December 31, 2012

---

**REVENUES**

Use of money and property	\$ 230
Federal aid	<u>1,499,012</u>
Total Revenues	1,499,242

**EXPENDITURES**

Current	
Economic opportunity and development	<u>1,543,399</u>
Deficiency of Revenues Over Expenditures	(44,157)
Fund Balance - Beginning of Year	<u>188,031</u>
Fund Balance - End of Year	<u><u>\$ 143,874</u></u>

**Town of Yorktown, New York**

Public Library Fund  
Balance Sheet  
December 31, 2012

---

**ASSETS**

Cash

Demand deposits	\$ 1,063,897
Petty cash	<u>70</u>

1,063,967

Prepaid expenditures

55,086

Total Assets

\$ 1,119,053

**LIABILITIES AND FUND BALANCE**

Liabilities

Accounts payable	<u>\$ 122,507</u>
------------------	-------------------

Fund balance

Nonspendable	55,086
--------------	--------

Restricted	195,763
------------	---------

Assigned	<u>745,697</u>
----------	----------------

Total Fund Balance

996,546

Total Liabilities and Fund Balance

\$ 1,119,053

**Town of Yorktown, New York**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 1,988,614	\$ 2,086,253	\$ 2,086,253	\$ -
Departmental income	60,000	60,000	48,341	(11,659)
Intergovernmental charges	230,000	230,000	250,691	20,691
Use of money and property	6,000	6,000	5,323	(677)
State aid	-	-	9,824	9,824
Miscellaneous	4,000	4,000	8,296	4,296
<b>Total Revenues</b>	<u>2,288,614</u>	<u>2,386,253</u>	<u>2,408,728</u>	<u>22,475</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	1,875,991	1,994,785	1,866,779	128,006
Employee benefits	352,623	357,991	344,692	13,299
Debt service				
Interest				
Bond anticipation notes	10,000	10,000	4,258	5,742
<b>Total Expenditures</b>	<u>2,238,614</u>	<u>2,362,776</u>	<u>2,215,729</u>	<u>147,047</u>
<b>Excess of Revenues Over Expenditures</b>	50,000	23,477	192,999	169,522
<b>OTHER FINANCING USES</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Net Change in Fund Balance</b>	-	(26,523)	142,999	169,522
Fund Balance - Beginning of Year	-	26,523	853,547	827,024
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996,546</u>	<u>\$ 996,546</u>

**Town of Yorktown, New York**

Special Purpose Fund

Balance Sheet

December 31, 2012

---

**ASSETS**

Cash

Demand deposits \$ 1,101,829

**LIABILITIES AND FUND BALANCE**

Liabilities

Accounts payable \$ 325

Fund balance

Restricted 1,101,504

Total Liabilities and Fund Balance \$ 1,101,829



**Town of Yorktown, New York**

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

---

**REVENUES**

Miscellaneous	\$	316,541
Use of money and property		<u>13,742</u>
Total Revenues		330,283

**EXPENDITURES**

Current		
Culture and recreation		<u>8,653</u>
Excess of Revenues Over Expenditures		321,630
Fund Balance - Beginning of Year		<u>779,874</u>
Fund Balance - End of Year	\$	<u><u>1,101,504</u></u>

**Town of Yorktown, New York**

Debt Service Fund  
Balance Sheet  
December 31, 2012

---

**ASSETS**

Cash

    Demand deposits

\$ 59,410

**FUND BALANCE**

Restricted

\$ 59,410

**Town of Yorktown, New York**

Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 333	\$ 333
<b>EXPENDITURES</b>				
Debt service				
Serial bonds				
Principal	125,000	125,000	125,000	-
Interest	1,941	1,941	1,940	1
Total Expenditures	126,941	126,941	126,940	1
Deficiency of Revenues Over Expenditures	(126,941)	(126,941)	(126,607)	334
Fund Balance - Beginning of Year	126,941	126,941	186,017	59,076
Fund Balance - End of Year	\$ -	\$ -	\$ 59,410	\$ 59,410

**Town of Yorktown, New York**

Proprietary Funds - Internal Service Funds  
Combining Statement of Net Position  
December 31, 2012

---

	<u>Workers' Compensation Benefits</u>	<u>General Liability Claims</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Cash			
Demand deposits	\$ 305,078	\$ 164,857	\$ 469,935
Accounts receivable	<u>47,803</u>	<u>-</u>	<u>47,803</u>
Total Assets	<u>352,881</u>	<u>164,857</u>	<u>517,738</u>
<b>LIABILITIES</b>			
Current liabilities			
Current portion of claims payable	59,768	10,300	70,068
Non-current liabilities			
Claims payable, less current portion	<u>537,914</u>	<u>92,771</u>	<u>630,685</u>
Total Liabilities	<u>597,682</u>	<u>103,071</u>	<u>700,753</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ (244,801)</u>	<u>\$ 61,786</u>	<u>\$ (183,015)</u>

**Town of Yorktown, New York**Proprietary Funds - Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes  
in Net Position  
Year Ended December 31, 2012

	Workers' Compensation Benefits	General Liability Claims	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 148,499	\$ 61,360	\$ 209,859
Miscellaneous	61,368	-	61,368
Total Operating Revenues	209,867	61,360	271,227
<b>OPERATING EXPENSES</b>			
Workers' compensation benefits	455,369	-	455,369
Income (Loss) from Operations	(245,502)	61,360	(184,142)
<b>NON-OPERATING REVENUES</b>			
Interest income	701	426	1,127
Change in Net Position	(244,801)	61,786	(183,015)
Net Position - Beginning of Year	-	-	-
Net Position - End of Year	<u>\$ (244,801)</u>	<u>\$ 61,786</u>	<u>\$ (183,015)</u>

**Town of Yorktown, New York**

Proprietary Funds - Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended December 31, 2012

	Workers' Compensation Benefits	General Liability Claims	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from charges for services	\$ 148,499	\$ 61,360	\$ 209,859
Cash received from insurance carriers, claimants and others	13,565	-	13,565
Cash payments to insurance carriers, claimants and others	<u>(364,225)</u>	<u>(61,360)</u>	<u>(425,585)</u>
Net Cash from Operating Activities	<u>(202,161)</u>	<u>-</u>	<u>(202,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>701</u>	<u>426</u>	<u>1,127</u>
Net Increase (Decrease) in Cash	(201,460)	426	(201,034)
Cash - Beginning of Year	<u>506,538</u>	<u>164,431</u>	<u>670,969</u>
Cash - End of Year	<u>\$ 305,078</u>	<u>\$ 164,857</u>	<u>\$ 469,935</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>			
Income (loss) from operations	\$ (245,502)	\$ 61,360	\$ (184,142)
Adjustments to reconcile income (loss) from operations to net cash from operating activities			
Changes in assets and liabilities			
Accounts receivable	(47,803)	-	(47,803)
Claims payable	<u>91,144</u>	<u>(61,360)</u>	<u>29,784</u>
Net Cash from Operating Activities	<u>\$ (202,161)</u>	<u>\$ -</u>	<u>\$ (202,161)</u>

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Independent Auditors' Report**

**The Honorable Supervisor and Town Board  
of the Town of Yorktown, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Eastchester, New York ("Town") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Town in a separate letter.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 3, 2013



**Report on Compliance For Each Major Federal Program and on  
Internal Control Over Compliance**

**Independent Auditor's Report**

**The Honorable Supervisor and the Town Board  
of the Town of Yorktown, New York**

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Eastchester, New York's ("Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2012. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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## **Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 3, 2013

**Town of Yorktown, New York**

Schedule of Expenditures of Federal Awards  
 Year Ending December 31, 2012

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Program - Section 8 Housing Choice Vouchers	14.871	<u>\$ 1,499,012</u>
<u>U.S. Department of Health and Human Services</u>		
Indirect Programs - Passed through County of Westchester Special Programs for the Aging - Title III Part B	93.044	54,348
Special Programs for the Aging - Title III Part C	93.045	<u>231,208</u>
Total U.S. Department of Health and Human Services		285,556
<u>U.S. Department of Homeland Security</u>		
Indirect Program - Passed through New York State Office of Emergency Management		
Disaster Grants - FEMA -Public Assistance	97.036	<u>179,711</u>
Total		<u><u>\$ 1,964,279</u></u>

(1) Catalog of Federal Domestic Assistance Number

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal awards programs for the year ended December 31, 2012. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Summary of Significant Accounting Policies*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The Town's fund financial statements are presented using the modified accrual basis of accounting.

**Town of Yorktown, New York**

**Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2012**

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None

**Town of Yorktown, New York**

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2012

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified
- Significant deficiency(ies) identified?
- Noncompliance material to financial statements noted?

Yes       No  
 Yes       None reported  
 Yes       No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes       No  
 Yes       None reported

Type of auditors' report issued on compliance  
for major programs

Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133?

Yes       No

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

14.871

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish  
between Type A and Type B programs  
Auditee qualified as low-risk auditee?

\$300,000  
 Yes       No

**Town of Yorktown, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year Ended December 31, 2012

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

