

TOWN OF NORTH EAST, NEW YORK

ANNUAL FINANCIAL REPORT

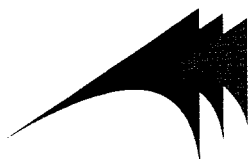
DECEMBER 31, 2012 AND 2011

TOWN OF NORTH EAST, NEW YORK

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Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Lindley H. Churchill, CPA
Victor V. Churchill, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

Edward J. Gower II, CPA

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the annual financial report of the Town of North East as of December 31, 2012 and 2011, and for the years then ended included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the State of New York, Office of the State Comptroller, Division of Local Government and School Accountability, Albany, New York.

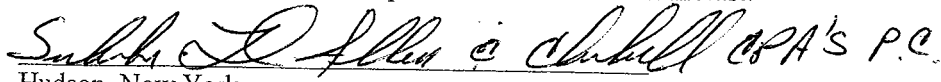
Management is responsible for the preparation and fair presentation of the financial statements on an Other Comprehensive Basis of Accounting in accordance with requirements prescribed by the State of New York, Office of the State Comptroller, Division of Local Government and School Accountability, Albany,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

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

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

These financial statements including related disclosures are presented in accordance with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, which differ from accounting principles generally accepted in the United States of America. Note 1.K. discloses some of the more significant departures from generally accepted accounting principles.

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

 Subby D. Allen @ Churchill CPA's P.C.

Hudson, New York

February 22, 2013

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

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

For The

TOWN of North East

County of Dutchess

For the Fiscal Year Ended 12/31/2012

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

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

TOWN OF North East

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2011 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2012:

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

All amounts included in this update document for 2011 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** ARRA SECTION ***

The American Recovery and Reinvestment Act (ARRA) section of your Annual Financial Report is designed to report revenues and expenditures of federal stimulus money for the current fiscal year ended.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

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

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

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Balance Sheet

Code Description	2011	Fund Code	2012
Assets			
Cash In Time Deposits	578,009	A201	607,879
Petty Cash	50	A210	50
TOTAL Cash	578,059		607,929
Accounts Receivable	9,472	A380	1,348
TOTAL Other Receivables (net)	9,472		1,348
Due From Other Funds	22,233	A391	27,811
TOTAL Due From Other Funds	22,233		27,811
Cash, Special Reserves	9,570	A230	9,586
TOTAL Restricted Assets	9,570		9,586
TOTAL Assets	619,334		646,674

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Balance Sheet

Code Description	2011	Fund Code	2012
Liabilities			
Accounts Payable	13,324	A600	15,336
TOTAL Accounts Payable	13,324		15,336
Due To Other Funds	4,084	A630	4,084
TOTAL Due To Other Funds	4,084		4,084
TOTAL Liabilities	17,408		19,420
Unemployment Insurance Reserve	9,570	A815	9,586
TOTAL Restricted Fund Balance	9,570		9,586
Assigned Appropriated Fund Balance	39,000	A914	39,000
Assigned Unappropriated Fund Balance		A915	
TOTAL Assigned Fund Balance	39,000		39,000
Unassigned Fund Balance	553,356	A917	578,668
TOTAL Unassigned Fund Balance	553,356		578,668
TOTAL Fund Equity	601,926		627,254
TOTAL Liabilities And Fund Equity	619,334		646,674

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Results of Operation

Code Description	2011	Code	2012
Revenues			
Real Property Taxes	577,376	A1001	590,248
TOTAL Real Property Taxes	577,376		590,248
Interest & Penalties On Real Prop Taxes	7,569	A1090	7,942
TOTAL Real Property Tax Items	7,569		7,942
Franchises	18,599	A1170	19,227
TOTAL Non Property Tax Items	18,599		19,227
Clerk Fees	1,860	A1255	1,821
Public Pound Charges, Dog Control Fees	284	A1550	442
TOTAL Departmental Income	2,144		2,263
Interest And Earnings	9,628	A2401	5,157
TOTAL Use of Money And Property	9,628		5,157
Games of Chance	10	A2530	
Dog Licenses	3,141	A2544	2,655
Licenses, Other	350	A2545	280
Permits, Other	700	A2590	700
TOTAL Licenses And Permits	4,201		3,635
Fines And Forfeited Bail	34,797	A2610	36,307
TOTAL Fines And Forfeitures	34,797		36,307
Sales, Other	180	A2655	440
TOTAL Sale of Property And Compensation For Loss	180		440
Refunds of Prior Year's Expenditures	298	A2701	
TOTAL Miscellaneous Local Sources	298		0
St Aid, Revenue Sharing	11,220	A3001	11,220
St Aid, Mortgage Tax	68,174	A3005	59,507
St Aid, Real Property Tax Administration		A3040	8,895
St Aid - Other (specify)		A3089	1,348
TOTAL State Aid	79,394		80,970
TOTAL Revenues	734,186		746,189
Interfund Transfers	30,000	A5031	30,000
TOTAL Interfund Transfers	30,000		30,000
TOTAL Other Sources	30,000		30,000
TOTAL Detail Revenues And Other Sources	764,186		776,189

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Legislative Board, Pers Serv	18,400	A10101	18,017
Legislative Board, Contr Expend	5	A10104	912
TOTAL Legislative Board	18,405		18,929
Municipal Court, Pers Serv	41,579	A11101	42,580
Municipal Court, Contr Expend	5,217	A11104	8,256
TOTAL Municipal Court	46,796		50,836
Supervisor, pers Serv	64,494	A12201	60,716
Supervisor, contr Expend	2,552	A12204	2,228
TOTAL Supervisor	67,046		62,944
Auditor, Contr Expend	6,665	A13204	11,595
TOTAL Auditor	6,665		11,595
Tax Collection, contr Expend	4,936	A13304	6,636
TOTAL Tax Collection	4,936		6,636
Assessment, Pers Serv	45,038	A13551	40,284
Assessment, Contr Expend	35,666	A13554	3,953
TOTAL Assessment	80,704		44,237
Clerk, pers Serv	41,694	A14101	40,983
Clerk, contr Expend	2,895	A14104	2,503
TOTAL Clerk	44,589		43,486
Law, Contr Expend	32,518	A14204	27,030
TOTAL Law	32,518		27,030
Personnel, Contr Expend	5,725	A14304	820
TOTAL Personnel	5,725		820
Engineer, Contr Expend	8,592	A14404	8,123
TOTAL Engineer	8,592		8,123
Elections, Contr Expend	4,629	A14504	4,372
TOTAL Elections	4,629		4,372
Records Mgmt, Contr Expend	718	A14604	385
TOTAL Records Mgmt	718		385
Central Services Admin, pers Serv	23	A16101	168
TOTAL Central Services Admin	23		168
Buildings, Pers Serv	5,412	A16201	6,573
Buildings, Equip & Cap Outlay	3,936	A16202	16,607
Buildings, Contr Expend	12,430	A16204	11,603
TOTAL Buildings	21,778		34,783
Central Comm System, Contr Expend	1,517	A16504	1,484
TOTAL Central Comm System	1,517		1,484
Central Print & Mail, contr Expend	6,653	A16704	6,374
TOTAL Central Print & Mail	6,653		6,374
Central Data Process & Cap Outlay	6,183	A16802	4,042
Central Data Process, Contr Expend	5,565	A16804	5,978
TOTAL Central Data Process	11,748		10,020
Unallocated Insurance, Contr Expend	23,790	A19104	25,545
TOTAL Unallocated Insurance	23,790		25,545

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Municipal Assn Dues, Contr Expend	900	A19204	900
TOTAL Municipal Assn Dues	900		900
Payment of Mta Payroll Tax, contr Expend	687	A19804	444
TOTAL Payment of Mta Payroll Tax	687		444
TOTAL General Government Support	388,419		359,111
Traffic Control, Contr Expen	1,500	A33104	1,120
TOTAL Traffic Control	1,500		1,120
Fire, Contr Expend		A34104	
TOTAL Fire	0		0
Control of Animals, Pers Serv	3,265	A35101	3,265
Control of Animals, Contr Expend	1,433	A35104	1,434
TOTAL Control of Animals	4,698		4,699
TOTAL Public Safety	6,198		5,819
Street Admin, Pers Serv	47,735	A50101	47,735
Street Admin, Contr Expend	1,719	A50104	1,375
TOTAL Street Admin	49,454		49,110
Garage, Contr Expend	27,878	A51324	22,191
TOTAL Garage	27,878		22,191
Street Lighting, Contr Expend	400	A51824	323
TOTAL Street Lighting	400		323
TOTAL Transportation	77,732		71,624
Veterans Service, Contr Expend	2,000	A65104	2,000
TOTAL Veterans Service	2,000		2,000
Programs For Aging, Contr Expend	19	A67724	109
TOTAL Programs For Aging	19		109
TOTAL Economic Assistance And Opportunity	2,019		2,109
Library, Contr Expend	125,000	A74104	125,000
TOTAL Library	125,000		125,000
Historian, Pers Serv		A75101	458
TOTAL Historian	0		458
TOTAL Culture And Recreation	125,000		125,458
Environmental Control, Pers Serv		A80901	
Environmental Control, Contr Expend	2,932	A80904	
TOTAL Environmental Control	2,932		0
Refuse & Garbage, Contr Expend	14,783	A81604	14,845
TOTAL Refuse & Garbage	14,783		14,845
Cemetery, Pers Serv	2,610	A88101	3,208
TOTAL Cemetery	2,610		3,208
TOTAL Home And Community Services	20,325		18,053
State Retirement System	28,727	A90108	29,007
Social Security, Employer Cont	20,674	A90308	20,195
Worker's Compensation, Empl Bnfts	3,667	A90408	8,858

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Hospital & Medical (dental) Ins, Empl Bnft	11,482	A90608	15,071
TOTAL Employee Benefits	64,550		73,131
Debt Principal, Serial Bonds	85,000	A97106	90,000
TOTAL Debt Principal	85,000		90,000
Debt Interest, Serial Bonds	12,137	A97107	5,554
TOTAL Debt Interest	12,137		5,554
TOTAL Expenditures	781,380		750,859
TOTAL Detail Expenditures And Other Uses	781,380		750,859

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Changes in Fund Equity

Code Description	2011	EupCode	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity-Beginning of Year	618,908	A8021	601,926
Prior Period Adj-Increase To Fund Equity	212	A8012	
Restated Fund Equity - Beg of Year	619,120	A8022	601,926
ADD - REVENUES AND OTHER SOURCES	764,186		776,189
DEDUCT - EXPENDITURES AND OTHER USES	781,380		750,859
Fund Equity-End of Year	601,926	A8029	627,256

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Budget Summary

Code Description	2012	FdpCode	2013
Estimated Revenues			
Est Rev - Real Property Taxes	590,248	A1049N	624,905
Est Rev - Real Property Tax Items	6,500	A1099N	6,500
Est Rev - Non Property Tax Items	15,000	A1199N	16,500
Est Rev - Departmental Income	1,050	A1299N	1,050
Est Rev - Use of Money And Property	6,315	A2499N	4,739
Est Rev - Licenses And Permits	2,800	A2599N	2,800
Est Rev - Fines And Forfeitures	20,000	A2649N	25,000
Est Rev - Sale of Prop And Comp For Loss	200	A2699N	200
Est Rev - State Aid	70,000	A3099N	68,000
TOTAL Estimated Revenues	712,113		749,694
Estimated - Interfund Transfer	30,000	A5031N	40,000
Appropriated Fund Balance	39,000	A599N	39,000
TOTAL Estimated Other Sources	69,000		79,000
TOTAL Estimated Revenues And Other Sources	781,113		828,694

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(A) GENERAL

Budget Summary

Code Description	2012	Eqp Code	2013
Appropriations			
App - General Government Support	371,873	A1999N	402,961
App - Public Safety	8,015	A3999N	8,015
App - Transportation	68,735	A5999N	72,165
App - Economic Assistance And Opportunity	2,200	A6999N	2,200
App - Culture And Recreation	125,000	A7999N	125,600
App - Home And Community Services	28,314	A8999N	29,358
App - Employee Benefits	81,420	A9199N	93,815
App - Debt Service	95,556	A9899N	94,580
TOTAL Appropriations	781,113		828,694
TOTAL Appropriations And Other Uses	781,113		828,694

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2011	Edp Code	2012
Assets			
Cash In Time Deposits	589,407	B201	616,883
TOTAL Cash	589,407		616,883
Accounts Receivable	36,165	B380	35,564
TOTAL Other Receivables (net)	36,165		35,564
TOTAL Assets	625,572		652,447

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2011	Eqp Code	2012
Liabilities			
Accounts Payable	377	B600	1,863
TOTAL Accounts Payable	377		1,863
Due To Other Funds	116	B630	116
TOTAL Due To Other Funds	116		116
TOTAL Liabilities	493		1,979
Assigned Appropriated Fund Balance	55,000	B914	55,000
Assigned Unappropriated Fund Balance	570,079	B915	595,468
TOTAL Assigned Fund Balance	625,079		650,468
TOTAL Fund Equity	625,079		650,468
TOTAL Liabilities And Fund Equity	625,572		652,447

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2011	ObjCode	2012
Revenues			
Real Property Taxes	53,573	B1001	55,056
TOTAL Real Property Taxes	53,573		55,056
Sales Tax (from County)	139,096	B1120	138,821
TOTAL Non Property Tax Items	139,096		138,821
Safety Inspection Fees	61,267	B1560	21,951
Zoning Fees	1,050	B2110	850
Planning Board Fees	3,725	B2115	1,000
TOTAL Departmental Income	66,042		23,801
Interest And Earnings	2,824	B2401	2,144
TOTAL Use of Money And Property	2,824		2,144
Refunds of Prior Year's Expenditures	4,503	B2701	
TOTAL Miscellaneous Local Sources	4,503		0
TOTAL Revenues	266,038		219,822
TOTAL Detail Revenues And Other Sources	266,038		219,822

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Payment of Mta Payroll Tax, Contr Expend	107	B19804	75
TOTAL Payment of Mta Payroll Tax	107		75
TOTAL General Government Support	107		75
Police, Contr Expend	17,400	B31204	17,400
TOTAL Police	17,400		17,400
Safety Inspection, Pers Serv	32,095	B36201	32,930
Safety Inspection, Contr Expend	1,891	B36204	1,683
TOTAL Safety Inspection	33,986		34,613
TOTAL Public Safety	51,386		52,013
Registrar of Vital Statistics, Pers Serv	455	B40201	455
TOTAL Registrar of Vital Statistics	455		455
TOTAL Health	455		455
Youth Prog, Contr Expend	41,250	B73104	40,500
TOTAL Youth Prog	41,250		40,500
TOTAL Culture And Recreation	41,250		40,500
Zoning, Pers Serv	5,316	B80101	5,355
Zoning, Contr Expend	1,731	B80104	1,590
TOTAL Zoning	7,047		6,945
Planning, Pers Serv	5,315	B80201	5,422
Planning, Contr Expend	1,727	B80204	2,219
TOTAL Planning	7,042		7,641
TOTAL Home And Community Services	14,089		14,586
State Retirement, Empl Bnfts	6,723	B90108	6,789
Social Security , Empl Bnfts	3,303	B90308	3,378
Worker's Compensation, Empl Bnfts	1,257	B90408	2,914
Hospital & Medical (dental) Ins, Empl Bnft	4,515	B90608	5,723
TOTAL Employee Benefits	15,798		18,804
TOTAL Expenditures	123,085		126,433
Transfers, Other Funds	125,000	B99019	68,000
TOTAL Operating Transfers	125,000		68,000
TOTAL Other Uses	125,000		68,000
TOTAL Detail Expenditures And Other Uses	248,085		194,433

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Changes in Fund Equity

Code/Description	2011	Edp Code	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity - Beginning of Year	607,126	B8021	625,079
Restated Fund Equity - Beg of Year	607,126	B8022	625,079
ADD - REVENUES AND OTHER SOURCES	266,038		219,822
DEDUCT - EXPENDITURES AND OTHER USES	248,085		194,433
Fund Equity - End of Year	625,079	B8029	650,468

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2012	Emp Code	2013
Estimated Revenues			
Est Rev - Real Property Taxes	55,056	B1049N	56,297
Est Rev - Non Property Tax Items	110,000	B1199N	110,000
Est Rev - Departmental Income	12,200	B1299N	15,950
Est Rev - Use of Money And Property	2,500	B2499N	2,000
TOTAL Estimated Revenues	179,756		184,247
Appropriated Fund Balance	55,000	B599N	55,000
TOTAL Estimated Other Sources	55,000		55,000
TOTAL Estimated Revenues And Other Sources	234,756		239,247

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2012	Eqd Code	2013
Appropriations			
App - General Government Support	10,155	B1999N	10,000
App - Public Safety	51,961	B3999N	55,953
App - Health	455	B4999N	470
App - Culture And Recreation	42,300	B7999N	41,250
App - Home And Community Services	42,170	B8999N	44,354
App - Employee Benefits	19,715	B9199N	21,220
TOTAL Appropriations	166,756		173,247
App - Interfund Transfer	68,000	B9999N	66,000
TOTAL Other Uses	68,000		66,000
TOTAL Appropriations And Other Uses	234,756		239,247

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2011	Fdp Code	2012
Assets			
Due From Other Funds	2,040	CD391	2,040
TOTAL Due From Other Funds	2,040		2,040
TOTAL Assets	2,040		2,040

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2011	FdpCode	2012
Liabilities			
Accounts Payable	175	CD600	52
TOTAL Accounts Payable	175		52
Due To Other Funds	1,506	CD630	1,781
TOTAL Due To Other Funds	1,506		1,781
TOTAL Liabilities	1,681		1,833
Assigned Unappropriated Fund Balance	359	CD915	207
TOTAL Assigned Fund Balance	359		207
TOTAL Fund Equity	359		207
TOTAL Liabilities And Fund Equity	2,040		2,040

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CD) SPECIAL GRANT

Results of Operation

Code Description	2011	Eds Code	2012
Revenues			
Other Aid (specify)	2,040	CD3089	
TOTAL State Aid	2,040		0
TOTAL Revenues	2,040		0
TOTAL Detail Revenues And Other Sources	2,040		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CD) SPECIAL GRANT

Results of Operation

Code Description	2011	ExpCode	2012
Expenditures			
Administration, Contr Expend	1,828	CD86864	152
TOTAL Administration	1,828		152
TOTAL Home And Community Services	1,828		152
TOTAL Expenditures	1,828		152
TOTAL Detail Expenditures And Other Uses	1,828		152

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CD) SPECIAL GRANT

Changes in Fund Equity

Code Description	2011	Edb Code	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity-Beginning of Year	147	CD8021	359
Restated Fund Equity - Beg of Year	147	CD8022	359
ADD - REVENUES AND OTHER SOURCES	2,040		
DEDUCT - EXPENDITURES AND OTHER USES	1,828		152
Fund Equity-End of Year	359	CD8029	207

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2011	EdoCode	2012
Assets			
Cash In Time Deposits	46,678	CM201	47,359
TOTAL Cash	46,678		47,359
TOTAL Assets	46,678		47,359

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2011	EdpCode	2012
Fund Equity			
Assigned Unappropriated Fund Balance	46,678	CM915	47,359
TOTAL Assigned Fund Balance	46,678		47,359
TOTAL Fund Equity	46,678		47,359
TOTAL Liabilities And Fund Equity	46,678		47,359

TOWN OF North East
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(CM) MISCELLANEOUS SPECIAL REV

Results of Operation

Code Description	2011	EdpCode	2012
Revenues			
Other Home & Community Service Income	7,300	CM2189	600
TOTAL Departmental Income	7,300		600
Interest And Earnings	113	CM2401	81
TOTAL Use of Money And Property	113		81
TOTAL Revenues	7,413		681
TOTAL Detail Revenues And Other Sources	7,413		681

TOWN OF North East
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Results of Operation

Code Description	2011	Edp Code	2012
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TOWN OF North East
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(CM) MISCELLANEOUS SPECIAL REV

Changes in Fund Equity

Code Description	2011	EdpCode	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity-Beginning of Year	39,265	CM8021	46,678
Restated Fund Equity - Beg of Year	39,265	CM8022	46,678
ADD - REVENUES AND OTHER SOURCES	7,413		681
Fund Equity-End of Year	46,678	CM8029	47,359

TOWN OF North East
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For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code/Description	2011	Edp Code	2012
Assets			
Cash In Time Deposits	355,087	DB201	396,479
TOTAL Cash	355,087		396,479
Accounts Receivable	3,250	DB380	9,466
TOTAL Other Receivables (net)	3,250		9,466
Due From Other Funds	8,500	DB391	11,855
TOTAL Due From Other Funds	8,500		11,855
TOTAL Assets	366,837		417,800

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2011	Fund Code	2012
Liabilities			
Accounts Payable	13,159	DB600	9,907
TOTAL Accounts Payable	13,159		9,907
Due To Other Funds	8,980	DB630	8,980
TOTAL Due To Other Funds	8,980		8,980
TOTAL Liabilities	22,139		18,887
Assigned Appropriated Fund Balance	5,000	DB914	5,000
Assigned Unappropriated Fund Balance	339,698	DB915	393,913
TOTAL Assigned Fund Balance	344,698		398,913
TOTAL Fund Equity	344,698		398,913
TOTAL Liabilities And Fund Equity	366,837		417,800

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2011	EdgCode	2012
Revenues			
Real Property Taxes	723,472	DB1001	747,386
TOTAL Real Property Taxes	723,472		747,386
Snow Removal Services-Other Govts	31,910	DB2302	19,376
TOTAL Intergovernmental Charges	31,910		19,376
Interest And Earnings	2,996	DB2401	2,279
TOTAL Use of Money And Property	2,996		2,279
Sales of Scrap & Excess Materials	603	DB2650	465
Sales of Equipment	1,500	DB2665	
TOTAL Sale of Property And Compensation For Loss	2,103		465
St Aid, Consolidated Highway Aid	66,251	DB3501	66,251
TOTAL State Aid	66,251		66,251
Fed Aid, Emergency Disaster Assistance	9,310	DB4960	2,199
TOTAL Federal Aid	9,310		2,199
TOTAL Revenues	836,042		837,956
Interfund Transfers	125,000	DB5031	68,000
TOTAL Interfund Transfers	125,000		68,000
TOTAL Other Sources	125,000		68,000
TOTAL Detail Revenues And Other Sources	961,042		905,956

TOWN OF North East
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For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Payment of Mta Payroll Tax, Contr Expend	461	DB19804	270
TOTAL Payment of Mta Payroll Tax	461		270
TOTAL General Government Support	461		270
Maint of Streets, Pers Serv	49,240	DB51101	66,303
Maint of Streets, Contr Expend	205,967	DB51104	247,426
TOTAL Maint of Streets	255,207		313,729
Perm Improve Highway, Contr Expend	78,588	DB51124	106,072
TOTAL Perm Improve Highway	78,588		106,072
Machinery, Pers Serv	53,671	DB51301	43,516
Machinery, Equip & Cap Outlay	65,000	DB51302	52,966
Machinery, Contr Expend	75,200	DB51304	80,464
TOTAL Machinery	193,871		176,946
Brush And Weeds, Pers Serv	28,100	DB51401	32,701
Brush And Weeds, Contr Expend	57,118	DB51404	50,923
TOTAL Brush And Weeds	85,218		83,624
Snow Removal, Pers Serv	34,387	DB51421	8,958
Snow Removal, Equip & Cap Outlay	6,986	DB51422	797
Snow Removal, Contr Expend	86,675	DB51424	40,095
TOTAL Snow Removal	128,048		49,850
TOTAL Transportation	740,932		730,221
Misc Home & Comm Serv, Pers Serv	10,470	DB89891	21,731
TOTAL Misc Home & Comm Serv	10,470		21,731
TOTAL Home And Community Services	10,470		21,731
State Retirement, Empl Bnfts	25,671	DB90108	25,921
Social Security, Empl Bnfts	13,455	DB90308	13,290
Worker's Compensation, Empl Bnfts	11,671	DB90408	16,249
Disability Insurance, Empl Bnfts	557	DB90558	387
Hospital & Medical (dental) Ins, Empl Bnft	43,152	DB90608	43,671
TOTAL Employee Benefits	94,506		99,518
TOTAL Expenditures	846,369		851,740
TOTAL Detail Expenditures And Other Uses	846,369		851,740

TOWN OF North East
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For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Changes in Fund Equity

Code Description	2011	AppCode	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity - Beginning of Year	230,025	DB8021	344,698
Prior Period Adj - Decrease In Fund Equity		DB8015	
Restated Fund Equity - Beg of Year	230,025	DB8022	344,698
ADD - REVENUES AND OTHER SOURCES	961,042		905,956
DEDUCT - EXPENDITURES AND OTHER USES	846,369		851,740
Fund Equity - End of Year	344,698	DB8029	398,914

TOWN OF North East
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For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2012	Fdb Code	2011
Estimated Revenues			
Est Rev - Real Property Taxes	747,386	DB1049N	762,380
Est. Rev. - Intergovernmental Charges	20,000	DB2399N	20,000
Est Rev - Use of Money And Property	2,500	DB2499N	2,400
TOTAL Estimated Revenues	769,886		784,780
Estimated - Interfund Transfer	68,000	DB5031N	66,000
Appropriated Fund Balance	5,000	DB599N	5,000
TOTAL Estimated Other Sources	73,000		71,000
TOTAL Estimated Revenues And Other Sources	842,886		855,780

TOWN OF North East
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For the Fiscal Year Ending 2012

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2012	Edo Code	2013
Appropriations			
App - Transportation	682,151	DB5999N	676,686
App - Employee Benefits	110,735	DB9199N	124,094
TOTAL Appropriations	792,886		800,780
Interfund Transfers	50,000	DB9999N	55,000
TOTAL Other Uses	50,000		55,000
TOTAL Appropriations And Other Uses	842,886		855,780

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2011	Edp Code	2012
Assets			
Cash In Time Deposits	222,669	H201	167,769
TOTAL Cash	222,669		167,769
TOTAL Assets	222,669		167,769

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2011	Exp Code	2012
Liabilities			
Accounts Payable	25,471	H600	
TOTAL Accounts Payable	25,471		0
TOTAL Liabilities	25,471		0
Assigned Unappropriated Fund Balance	197,198	H915	167,769
TOTAL Assigned Fund Balance	197,198		167,769
TOTAL Fund Equity	197,198		167,769
TOTAL Liabilities And Fund Equity	222,669		167,769

TOWN OF North East
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For the Fiscal Year Ending 2012

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2011	Eqp Code	2012
Revenues			
Interest And Earnings	1,073	H2401	571
TOTAL Use of Money And Property	1,073		571
TOTAL Revenues	1,073		571
TOTAL Detail Revenues And Other Sources	1,073		571

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2011	Fund Code	2012
Expenditures			
Buildings, Equip & Cap Outlay	8,022	H16202	
TOTAL Buildings	8,022		0
TOTAL General Government Support	8,022		0
Garage, Equip & Cap Outlay	25,471	H51322	
TOTAL Garage	25,471		0
TOTAL Transportation	25,471		0
TOTAL Expenditures	33,493		0
Transfers, Other Funds	30,000	H99019	30,000
TOTAL Operating Transfers	30,000		30,000
TOTAL Other Uses	30,000		30,000
TOTAL Detail Expenditures And Other Uses	63,493		30,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(H) CAPITAL PROJECTS

Changes in Fund Equity

Code Description	2011	Exp Code	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity - Beginning of Year	259,618	H8021	197,198
Restated Fund Equity - Beg of Year	259,618	H8022	197,198
ADD - REVENUES AND OTHER SOURCES	1,073		571
DEDUCT - EXPENDITURES AND OTHER USES	63,493		30,000
Fund Equity - End of Year	197,198	H8029	167,769

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2011	Edp Code	2012
Assets			
Land	52,800	K101	52,800
Buildings	194,780	K102	194,780
Machinery & Equipment	1,060,597	K104	1,056,424
TOTAL Fixed Assets (net)	1,308,177		1,304,004
TOTAL Assets	1,308,177		1,304,004

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2011	EdpCode	2012
Fund Equity			
Total Non-Current Govt Assets	1,308,177	K159	1,304,004
TOTAL Investments in Non-Current Government Assets	1,308,177		1,304,004
TOTAL Fund Equity	1,308,177		1,304,004
TOTAL Liabilities And Fund Equity	1,308,177		1,304,004

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

Balance Sheet

Code Description	2011	EqCode	2012
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For the Fiscal Year Ending 2012

Balance Sheet

Code Description	2011	Exp Code	2012
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For the Fiscal Year Ending 2012

Results of Operation

Code Description	FY 2011	FY 2012
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For the Fiscal Year Ending 2012

Results of Operation

Code Description	2011	Eqp Code	2012
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TOWN OF North East
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For the Fiscal Year Ending 2012

(SF) FIRE PROTECTION

Changes in Fund Equity

Code Description	2011	EdpCode	2012
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ANALYSIS OF CHANGES IN FUND EQUITY

Fund Equity - Beginning of Year	212	SF8021
Prior Period Adj - Decrease In Fund Equity	212	SF8015
Restated Fund Equity - Beg of Year		SF8022
Fund Equity - End of Year		SF8029

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Balance Sheet

Code Description	2011	Edp Code	2012
Assets			
Cash		SW200	
Cash In Time Deposits	32,113	SW201	31,992
TOTAL Cash	32,113		31,992
Due From Other Funds	1,533	SW391	1,533
TOTAL Due From Other Funds	1,533		1,533
TOTAL Assets	33,646		33,525

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Balance Sheet

Code Description	2011	Fund Code	2012
Liabilities			
Accounts Payable		SW600	
TOTAL Accounts Payable	0		0
TOTAL Liabilities	0		0
Assigned Appropriated Fund Balance	1,100	SW914	1,100
Assigned Unappropriated Fund Balance	32,546	SW915	32,425
TOTAL Assigned Fund Balance	33,646		33,525
TOTAL Fund Equity	33,646		33,525
TOTAL Liabilities And Fund Equity	33,646		33,525

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Results of Operation

Code Description	2011	EdpCode	2012
Revenues			
Real Property Taxes	37,914	SW1001	38,706
TOTAL Real Property Taxes	37,914		38,706
Interest And Earnings	151	SW2401	112
TOTAL Use of Money And Property	151		112
Refunds of Prior Year's Expenditures	2,589	SW2701	4,909
TOTAL Miscellaneous Local Sources	2,589		4,909
TOTAL Revenues	40,654		43,727
TOTAL Detail Revenues And Other Sources	40,654		43,727

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Results of Operation

Code Description	2011	Exp Code	2012
Expenditures			
Water Administration, Contr Expend		SW83104	
TOTAL Water Administration	0		0
Water Trans & Distrib, Pers Serv	89	SW83401	23
TOTAL Water Trans & Distrib	89		23
Other Water, Contr Expend	4,908	SW83894	4,984
TOTAL Other Water	4,908		4,984
TOTAL Home And Community Services	4,997		5,007
Social Security , Empl Bnfts	7	SW90308	2
TOTAL Employee Benefits	7		2
Debt Principal, Serial Bonds	13,000	SW97106	14,000
TOTAL Debt Principal	13,000		14,000
Debt Interest, Serial Bonds	25,448	SW97107	24,840
TOTAL Debt Interest	25,448		24,840
TOTAL Expenditures	43,452		43,849
TOTAL Detail Expenditures And Other Uses	43,452		43,849

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Changes in Fund Equity

Code Description	2011	EdgCode	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity-Beginning of Year	36,444	SW8021	33,645
Restated Fund Equity - Beg of Year	36,444	SW8022	33,645
ADD - REVENUES AND OTHER SOURCES	40,654		43,727
DEDUCT - EXPENDITURES AND OTHER USES	43,452		43,849
Fund Equity-End of Year	33,645	SW8029	33,523

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Budget Summary

Code Description	2012	EdpCode	2013
Estimated Revenues			
Est Rev - Real Property Taxes	38,706	SW1049N	39,083
Est Rev - Use of Money And Property	150	SW2499N	120
TOTAL Estimated Revenues	38,856		39,203
Appropriated Fund Balance	1,100	SW599N	1,100
TOTAL Estimated Other Sources	1,100		1,100
TOTAL Estimated Revenues And Other Sources	39,956		40,303

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(SW) WATER

Budget Summary

Code Description	2012	Edp Code	2013
Appropriations			
App - Home And Community Services	1,101	SW8999N	1,100
App-Employee Benefits	15	SW9199N	15
App - Debt Service	38,840	SW9899N	39,188
TOTAL Appropriations	39,956		40,303
TOTAL Appropriations And Other Uses	39,956		40,303

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TA) AGENCY

Balance Sheet

Code Description	2011	FdbCode	2012
Assets			
Cash	40,924	TA200	55,049
TOTAL Cash	40,924		55,049
Due From Other Funds	80	TA391	80
TOTAL Due From Other Funds	80		80
TOTAL Assets	41,004		55,129

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TA) AGENCY

Balance Sheet

Code Description	2011	EdoCode	2012
Liabilities			
Due To Other Funds	19,700	TA630	28,358
TOTAL Due To Other Funds	19,700		28,358
State Retirement	1,454	TA18	1,089
Guaranty & Bid Deposits	14,054	TA30	15,916
Other Funds (specify)	5,796	TA85	9,766
TOTAL Agency Liabilities	21,304		26,771
TOTAL Liabilities	41,004		55,129
TOTAL Liabilities And Fund Equity	41,004		55,129

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code/Description	2011	FdpCode	2012
Assets			
Cash	8,904	TE200	8,920
TOTAL Cash	8,904		8,920
TOTAL Assets	8,904		8,920

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2011	Fund Code	2012
Fund Equity			
Net Assets-Restricted For Other Purposes	8,904	TE923	8,920
TOTAL Assigned Fund Balance	8,904		8,920
TOTAL Fund Equity	8,904		8,920
TOTAL Liabilities And Fund Equity	8,904		8,920

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TE) PRIVATE PURPOSE TRUST

Results of Operation

Code Description	2011	EqpCode	2012
Revenues			
Interest And Earnings	22	TE2401	16
TOTAL Use of Money And Property	22		16
TOTAL Revenues	22		16
TOTAL Detail Revenues And Other Sources	22		16

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

Results of Operation

Code Description	2011	Edp Code	2012
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(TE) PRIVATE PURPOSE TRUST

Changes in Fund Equity

Code Description	2011	Eqp Code	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity Beginning of Year		TE8021	8,904
Prior Period Adjustments, inc Fund Eqty	8,882	TE8012	
Restated Fund Equity - Beg of Year	8,882	TE8022	8,904
ADD - REVENUES AND OTHER SOURCES	22		16
Fund Equity End of Year	8,904	TE8029	8,920

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

Balance Sheet

Code	Description	2011	EdbCode	2012
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

Balance Sheet

Code	Description	2011	Pop Code	2012
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(V) DEBT SERVICE

Results of Operation

Code Description	2011	Edp Code	2012
Other Sources			
Serial Bonds	455,000	V5710	
TOTAL Proceeds of Obligations	455,000		0
TOTAL Other Sources	455,000		0
TOTAL Detail Revenues And Other Sources	455,000		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(V) DEBT SERVICE

Results of Operation

Code Description	2011	Edp Code	2012
Expenditures			
Debt Principal, Serial Bonds	455,000	V97106	
TOTAL Debt Principal	455,000		0
TOTAL Expenditures	455,000		0
TOTAL Detail Expenditures And Other Uses	455,000		0

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(V) DEBT SERVICE

Changes in Fund Equity

Code Description	2011	ExpCode	2012
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity - Beginning of Year		V8021	
Restated Fund Equity - Beg of Year		V8022	
ADD - REVENUES AND OTHER SOURCES	455,000		
DEDUCT - EXPENDITURES AND OTHER USES	455,000		
Fund Equity - End of Year		V8029	

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2011	Edp Code	2012
Assets			
Total Non-Current Govt Liabilities	929,000	W129	825,000
TOTAL Provision To Be Made In Future Budgets	929,000		825,000
TOTAL Assets	929,000		825,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2012

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2011	Eqp Code	2012
General Long Term Debt			
Bonds Payable	929,000	W628	825,000
TOTAL Bond And Long Term Liabilities	929,000		825,000
TOTAL Liabilities	929,000		825,000
TOTAL General Long Term Debt	929,000		825,000

TOWN OF North East
Financial Comments
For the Fiscal Year Ending 2012

TOWN OF North East
Statement of Indebtedness
For the Fiscal Year Ending 2012

2/25/2013

County of: Dutchess

Municipal Code: 130359300000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	O/S End of Year
2000	BONDE	Water Improvements			06/01/1999	06/01/2036	4.50%			\$19,000	\$0	\$0	\$0	\$19,000
2000	BONDE	Water Improvements			06/01/1999	06/01/2036	4.50%			\$540,000	\$14,000	\$0	\$0	\$526,000
2011	BONDN	Landfill Remediation-EFC			07/21/2011	10/15/2015	1.33%		\$455,000	\$370,000	\$90,000	\$0	\$0	\$280,000
AFR Year Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year										\$929,000	\$104,000	\$0	\$0	\$825,000
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year										\$929,000	\$104,000	\$0	\$0	\$825,000

TOWN OF North East
Schedule of Time Deposits and Investments
For the Fiscal Year Ending 2012

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$1,961,045.00
Demand Deposits	9Z2011	
Time Deposits	9Z2021	
Total		\$1,961,045.00
COLLATERAL:		
- FDIC Insurance	9Z2014	\$307,375.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,653,670.00
Total		\$1,961,045.00
INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
- Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF North East
Bank Reconciliation
For the Fiscal Year Ending 2012

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
*****-3910	\$607,879	\$0	\$0	\$607,879
*****-3937	\$616,883	\$0	\$0	\$616,883
*****-3945	\$396,480	\$0	\$0	\$396,480
*****-3961	\$17,107	\$0	\$17,107	\$0
*****-3988	\$15,943	\$0	\$0	\$15,943
*****-3996	\$25,211	\$0	\$2,022	\$23,189
*****-2450	\$9,586	\$0	\$0	\$9,586
*****-2469	\$5,902	\$0	\$0	\$5,902
*****-2477	\$31,992	\$0	\$0	\$31,992
*****-2493	\$161,867	\$0	\$0	\$161,867
*****-2507	\$8,920	\$0	\$0	\$8,920
*****-2515	\$47,359	\$0	\$0	\$47,359
*****-6589	\$15,916	\$0	\$0	\$15,916
Total Adjusted Bank Balance				\$1,941,916
Petty Cash				\$50.00
Adjustments				\$.00
Total Cash			9ZCASH *	\$1,941,966
Total Cash Balance All Funds			9ZCASHB *	\$1,941,966
* Must be equal				

TOWN OF North East
Local Government Questionnaire
For the Fiscal Year Ending 2012

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

TOWN OF North East
Employee and Retiree Benefits
For the Fiscal Year Ending 2012

Total Full Time Employees:		6			
Total Part Time Employees:		31			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$61,717.00	6	11	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$36,863.00	6	31	
90408	Worker's Compensation Insurance	\$28,021.00	6	31	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance	\$387.00	6		
90608	Hospital and Medical (Dental) Insurance	\$64,467.00	6	2	1
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$191,455.00			
Computed Total From Financial Section (comparative purposes only)		\$191,455.00			

TOWN OF North East
Energy Costs and Consumption
For the Fiscal Year Ending 2012

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$72,216	2,302	gallons	
Diesel Fuel	\$30,864	9,005	gallons	
Fuel Oil	\$10,509	3,015	gallons	
Natural Gas			cubic feet	
Electricity	\$4,103	27,407	kilowatts	
Coal			tons	

TOWN OF North East
Schedule of Other Post Employment Benefits (OPEB)
For the Fiscal Year Ending 2012

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity:

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

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

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

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

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

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

-- Excluded from Reporting Entity:

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

The Town exercises no oversight over the operations of the Joint Fire District of the Town and the Village of Millerton. The Town levies and collects real property taxes and turns them over to the fire district. This amounted to \$343,849 and \$308,029 for the years ended December 31, 2012 and 2011, respectively.

B. Fund Accounting:

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

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

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

I. Fund Categories:

a. Governmental Funds:

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

The following are the Town's governmental fund types.

1. General Fund:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

2. Special Revenue Funds:

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

- (a) Highway Funds are used to account for revenues and expenditures for maintenance of Town highways.
- (b) Special District Funds are used to account for the resources of special districts.
- (c) Water Funds are used to account for revenues and expenditures for maintenance of the North East Water District.
- (d) Special Grant Funds are used to account for grant funds received from governmental sources.

3. Capital Projects Fund:

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

b. Fiduciary Funds:

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

1. Agency Funds:

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

2. Miscellaneous Special Revenue Fund:

Miscellaneous Special Revenue Fund accounts for trust arrangements under which principal and income will be used to benefit the Town's regular programs.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

II. Account Groups:

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

a. Non-Current Government Assets Account Group:

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

b. Non-Current Government Liability Account Group:

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

C. Basis of Accounting/Measurement Focus:

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

I. Modified Accrual Basis:

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

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

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

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

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

II. Account Groups:

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

D. Property Taxes:

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

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

E. Fund Balances:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

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

I. Non-Spendable:

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

II. Restricted:

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

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balance as of December 31, 2012.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body of official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution has authorized the Town Board to assign fund balance. Appropriated fund balance is reported in the various funds as follows: general fund – town-wide \$39,000, general fund – outside \$55,000, highway fund – outside \$5,000, and the water district \$1,100.

V. Unassigned:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

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

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

F. Encumbrances:

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

G. Budget Basis of Accounting:

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

H. Property Plant, and Equipment – General:

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

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

I. Compensated Absences:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

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

J. Post-Employment Benefits:

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the current year, \$6,552 was paid on behalf of one retiree and recorded as an expenditure.

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

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

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

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

L. New Accounting Standards:

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2012, the Town implemented the following new standards issued by GASB:

--GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements* ;

--GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53*.

GASB has issued Statement 60 — *Accounting and Financial Reporting for Service Concession Arrangements*, the objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The Town currently does not have concession arrangements. There is no impact of this Statement on the December 31, 2012, financial statements.

GASB has issued Statement 62 — *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Town has adopted the Statement. There is no impact to the December 31, 2012, financial statements.

GASB has issued Statement 63 — *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Town presents financial statements on an Other Comprehensive Basis of Accounting prescribed the State of New York, Office of the State Comptroller. This Statement is not applicable to the December 31, 2012, financial statements.

GASB has issued Statement 64 — *Derivative Instruments: Application of Hedge Accounting Termination Provisions -- an Amendment of GASB Statement No. 53*, the objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establishes when the effective hedging relationship continues and hedge accounting should continue to be applied. As the Town does not utilize any interest rate swap or commodity swap agreements there is no current impact of this statement to the December 31, 2012 financial statements.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

M. Future Changes in Accounting Standards:

GASB has issued Statement 61 — *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2013, financial statements.

GASB has issued Statement 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2013, financial statements.

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

GASB has issued Statement 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions.

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

members as they come due. The Town is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2014, financial statements.

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

GASB has issued Statement 69 – *Government Combinations and Disposals of Government Operations*. The Statement establishes accounting and financial reporting related to government combinations and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of *operations* that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The Town is currently studying the Statement and plans on adoption if and when required, which will be for the December 31, 2014, financial statements.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

N. Use of Estimates:

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY:

A. Budgetary Data:

The budget policies are as follows:

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

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

A. Assets:

I. Cash and Investment Policies:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

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

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

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

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

Cash:

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

As of December 31, 2012, \$-0- of the Town's bank balance of \$1,961,045 was exposed to custodial credit risk as follows:

	Bank Balance 12/31/12	FDIC Coverage	Collateral	Total Coverage 12/31/12
Salisbury Bank	\$ 1,961,045	307,375	1,653,670	\$ 1,961,045

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$9,586 within the governmental funds.

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

II. Changes in Non-Current Government Assets:

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

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Land	\$ 52,800	\$ -	\$ -	\$ 52,800
Buildings	194,780	-	-	194,780
Machinery and Equipment	<u>1,060,597</u>	<u>14,000</u>	<u>18,173</u>	<u>1,056,424</u>
	<u>\$ 1,308,177</u>	<u>\$ 14,000</u>	<u>\$ 18,173</u>	<u>\$ 1,304,004</u>

B. Liabilities:

I. Pension Plans:

a. Plan Description:

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

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

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

b. Funding Policies:

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

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

required to be made by employers to the pension accumulation fund.

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

	ERS
2012	\$ 61,717
2011	\$ 61,121
2010	\$ 45,092

II. Indebtedness:

a. Long-Term Debt:

At December 31, 2012, the total outstanding indebtedness of the Town aggregated \$825,000. This represented approximately less than 3% of its debt limit.

b. Serial Bonds:

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

c. Summary of Long-Term Debt:

The following is the summary of long-term liabilities outstanding at December 31, 2011:

	Balance 12/31/2011	Additions	Payments	Balance 12/31/2012
Serial Bonds	\$ 559,000	\$ -	\$ 14,000	\$ 545,000
EFC Bonds	370,000	-	90,000	280,000
	<u>\$ 929,000</u>	<u>\$ -</u>	<u>\$ 104,000</u>	<u>\$ 825,000</u>

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

d. Maturity:

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

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/12	Outstanding 12/31/11
Landfill Remediation	07/25/02	\$ 1,201,294	1.33%	10/15/15	<u>\$ 280,000</u>	<u>\$ 370,000</u>

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

Description of Issue	Issue Date	Original Amount	Interest Rate	Maturity Date	Outstanding 12/31/12	Outstanding 12/31/11
Water	06/01/98	\$ -	4.50%	06/01/36	<u>\$ 545,000</u>	<u>\$ 559,000</u>

e. Debt Service:

The following table summarizes the Town's future debt service requirements as of December 31, 2012:

	Principal	Interest
2013	\$ 105,000	\$ 28,301
2014	110,000	26,479
2015	111,000	24,576
2016	17,000	22,611
2017	17,000	21,308
2018-2022	99,000	93,848
2023-2027	112,000	70,110
2028-2032	130,000	42,975
2033-2036	124,000	11,385
	<u>\$ 825,000</u>	<u>\$ 341,593</u>

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

III. Landfill Maintenance:

State and federal laws and regulations require the Town to place a final cover on its refuse landfill site when it stopped accepting waste, and also required certain maintenance and monitoring functions at the site for 30 years after closure. The Town established a capital project to aid in paying the costs for the closure. Cumulative expenditures for landfill closure costs were \$1,181,475 for the years ended December 31, 2012 and 2011. The capital project balance was \$71,040 and \$71,040 at December 31, 2012 and 2011, respectively. The Town has applied for, and was awarded, State Aid in the amount of \$1,201,294 to aid in paying the cost to date and for future costs.

C. Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2012, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Expenditures	Revenues
General Fund	\$ 27,811	\$ 4,084	\$ 30,000	\$ -
General Fund - Town Outside	-	116	68,000	-
Special Revenue:				
Highway Part Town	11,855	8,980	-	68,000
Water	1,533	-	-	-
Special Grant	2,040	1,781	-	-
Capital Projects	-	-	-	30,000
Total government activities	43,239	14,961	98,000	98,000
Fiduciary Trust and Agency	80	28,358	-	-
Totals	<u>\$ 43,319</u>	<u>\$ 43,319</u>	<u>\$ 98,000</u>	<u>\$ 98,000</u>

D. Fund Equity:

Appropriation of Fund Balance:

The Town has appropriated the following amounts to be used to reduce taxes for the year ending December 31, 2012:

Fund	Appropriated Fund Balance
General	\$ 39,000
General - Town Outside	55,000
Highway - Town Outside	5,000
Water	<u>1,100</u>
	<u>\$ 100,100</u>

See accountants' compilation report.

TOWN OF NORTH EAST, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011

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

E. Reserves:

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

<u>Fund</u>	<u>Purpose</u>	<u>Balance at 12/31/12</u>
General	Unemployment Reserve	<u>\$ 9,586</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Grants:

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

B. Landfill Closure Costs:

The Town has not reported post closure care costs as a liability at December 31, 2012, in either the General Fund or the Non-Current Government Liabilities Account Group. The amount of this liability has not been calculated however, and is deemed to be material.

See accountants' compilation report.