

TOWN OF HAVERSTRAW

AUDIT REPORT

DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Honorable Supervisor and
Town Board of the Town of Haverstraw, New York:

We have audited the accompanying financial statements of the Town of Haverstraw, as of and for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements are the responsibility of the Town of Haverstraw's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Haverstraw as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Town of Haverstraw, at December 31, 2011, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012 on our consideration of the Town of Haverstraw'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the Schedule of Funding Progress and Employer Contributions on pages 5-14 and 47-61 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Haverstraw's financial statements as a whole. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Town of Haverstraw. Such supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Korn Rosenbaum LLP

June 19, 2012



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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

To the Honorable Supervisor and
Town Board of the Town of Haverstraw, New York:

We have audited the financial statements of the Town of Haverstraw as of and for the year ended December 31, 2011, and have issued our report thereon dated June 19, 2012. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Town of Haverstraw, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Haverstraw's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haverstraw's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Haverstraw's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected in a timely manner.



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies involving in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Haverstraw's financial statements are free of 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*.

This report is intended solely for the information and use of the Supervisor, the Town Board, management, federal awarding agencies and pass-through entities, and New York State and is not intended to be and should not be used by anyone other than these specified parties.


Korn Rosenbaum LLP

June 19, 2012

Town of Haverstraw
Management's Discussion and Analysis (MD&A)
December 31, 2011

Introduction

The following discussion and analysis of the Town of Haverstraw's financial statements provides an overview of the financial activities of the Town for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

The Town has implemented Government Accounting Standards Board (GASB) Statement 54 entitled "Fund Balance Reporting and Governmental Fund Type Definitions". Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: **nonspendable, restricted, committed, assigned and unassigned**. These changes were made to bring greater clarity and consistency to fund balance reporting. A detailed description of each new fund balance classification is included in the notes to the financial statements.

Statement 54 requires the Town to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

Prior year fund balance classifications have been restated to conform with current year presentation for comparative purposes.

Financial Highlights

The Town's Statement of Net Assets consisted of:

	<u>For years ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
Total Assets	\$40,944,818	\$ 43,265,063
Total Liabilities	<u>60,789,370</u>	<u>60,730,711</u>
Total Net Assets	<u>\$(19,844,552)</u>	<u>\$(17,465,648)</u>

Total Assets decreased \$2,320,245 for the year ended December 31, 2011 as compared to the prior year and was primarily due to:

- Demand deposits decreased approximately \$991,204 as explained later in the MD&A certain revenues exceeded original budgeted amounts and certain expenditures exceeded original budgeted amounts.
- Accounts receivable decreased approximately \$1,382,555 as compared to the prior year.
- Capital Assets decreased by \$58,454 as compared to the prior year.
- Prepaid Expenses reflected a net increase of \$111,968 as compared to the prior year.

Total Liabilities increased \$58,659 for the year ended December 31, 2011 as compared to the prior year. The net increase was attributable to an increase in the Town's new requirement for GASB 45, Other Post Retirement Benefits (OPEB) net obligation in the amount of \$3,492,619. Principal on debt of \$1,435,000 as well as one year's amortization on the landfill closure monitoring costs in the amount of \$293,665 reduced liabilities by \$1,728,665. There was a decrease of \$840,000 in BAN's payable. The remaining liabilities decreased by \$865,295, of which \$722,415 was attributable to retroactive pay for Police to settle 2009-2010 contract years recorded in 2010 as a payable.

Net Assets balance consisted of:

	<u>For years ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
Net Investment in Capital Assets	\$ 16,136,563	\$ 15,239,539
Restricted for various purposes	3,576,261	3,466,354
Unrestricted surplus (deficit)	<u>(39,557,376)</u>	<u>(36,171,541)</u>
Total Net Assets	<u><u>\$(19,844,552)</u></u>	<u><u>\$(17,465,648)</u></u>

Total Net Assets decreased by approximately \$2,378,904 and consisted of:

- Investment in Capital Assets, net of related debt increased approximately \$897,024 for the year.
- Net Assets Restricted for various purposes increased approximately \$109,907.
- Unrestricted (deficit) increased approximately \$3,385,835. The net increase was attributable to the Town of Haverstraw's new reporting requirement GASB 45 Other Post retirement Benefits (OPEB) with a net cost of \$3,492,619.

Governmental Fund Balances

The Town's Governmental Fund Balances reflected the following unappropriated surpluses or (deficits). A comparison of surplus (exclusive of appropriations for subsequent years budgeted) with the prior year is as follows:

	<u>For years ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
Major Funds:		
General Fund	\$ 5,979,558	\$ 6,479,811
Capital Projects Fund	\$ 218,176	\$ 262,362
Non-major Funds	\$ 2,773,158	\$ 2,782,386

Overview of the Financial Statements

The Town's financial statements are comprised of this Management Discussion and Analysis (MD&A) and the basic financial statements. This discussion and analysis is intended to serve as an introduction to the basic financial statements. The MD&A provides analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to private-sector companies. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Assets and Statement of Activities. Fiduciary activities, whose resources are not available to finance Town programs, are excluded from these statements.

The Statement of Net Assets presents the Town's total assets and liabilities with the difference reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator as to whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected assessments and earned but unused compensated absences). The focus of this statement is on the net cost of providing various services to the citizens of the Town.

The governmental activities reflected in this section are general government support, public safety, health and sanitation, transportation, economic assistance and opportunity, culture and recreation, home and community services, and general repairs and maintenance. These activities are principally supported by real property taxes, non-property taxes, charges for services, and operating grants and contributions.

The government-wide financial statements include, not only the Town itself, (known as the primary government), but also a legally separate housing entity for which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled and to ensure and demonstrate compliance with legal requirements.

Most of the basic services provided by the Town are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the Town's requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is for the current period, it is useful to compare this information to the data presented in the government-wide financial statements. From this comparison, readers may better understand the long-term impact of the Town's current financing decisions. Both the government fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town's major funds include the General and Capital Projects funds and are presented separately in the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances. Data for all other governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its governmental funds except Capital Projects. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the respective budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the Town. The fiduciary funds are not reflected in the government-wide financial statements because the assets of these funds are not available to support the activities of the Town.

The fiduciary fund financial statements can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found elsewhere in this report.

Statement of Net Assets

Net assets may serve over time a useful indicator of a government financial position. Assets of \$40,944,818 were exceeded by liabilities by \$19,844,552 for the year ended December 31, 2011.

The largest component of the Town's assets is invested in capital assets of \$22,912,965, net of accumulated depreciation. Related debt of \$6,776,402 used to acquire those assets is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. 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.

Restricted net assets of \$3,576,261 represent resources that are subject to external restrictions on how they may be used. \$2,773,158 represents the unappropriated fund balances of the Town's special revenue funds, which are legally mandated to be kept separately. Other restrictions include funds to be used for the purchase of police department equipment and training, capital project and the payment of unemployment reimbursements.

The remaining portion of net assets is classified as unrestricted surplus (deficit) and includes uncapitalized landfill closure debt of approximately \$5,265,000 and post-closure care costs of \$6,166,965, recorded in accordance with GASB Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs (MSWFL). Prior to its effective implementation date of March of 1996, the Town's MSWFL no longer accepted solid waste. The landfill closure serial bonds were financed by the New York State Environmental Facilities Corporation from proceeds of its State Clean Water and Drinking Water Revolving Funds Revenue Bonds. Such loans have historically provided subsidy earnings to offset debt service interest by approximately 50%. The post-closure care costs accrual represents the estimated costs for maintaining and monitoring the landfill for the next 21 years. The project has been closed and expenditures are being made from the general fund and will be funded by future tax levies.

This is the third year that the Town is required to implement GASB 45 and report on the Town's Other Post Employment Benefits (OPEB) other than pensions. These are primarily health benefits earned by the employees during their years of service and paid to Town employees after they retire and have met certain contractual criteria. Previously these benefits were paid on a "pay-as you-go" basis. In that the Town would only recognize the current year expense for its retirees.

GASB 45 requires the Town to have an actuarial study done to ascertain the expected cost to the Town for paying a portion of the retiree's health insurance over the life of its employees. This actuarial study included current retirees and active employees who have already earned this benefit and for active employees with the actuarial assumptions as to when they would qualify for such benefit. According to the actuarial study it will cost the Town \$44.5 million to fully fund all benefits for retirees and current employees who have already earned this benefit as of December 31, 2011.

The Town is required to report the "Annual Required Contribution" related to the above costs which totaled \$4,194,477 less contribution made of \$701,858 equaling the net increase in OPEB obligation of \$3,492,619. This is the normal OPEB cost for the current year which includes future benefits being earned by current employees and the amortization of the unfunded accrued liability (benefits already earned by retirees and current employees but not yet provided for). That plus the opening balance of \$7,170,243 totals \$10,662,862 for the year ended December 31, 2011. Currently there is no mechanism in New York State to fund these future costs.

In summary, the unrestricted surplus (deficit) consists of:

Unrestricted surplus (deficit)	\$(17,462,549)
Unrestricted (deficit – per GASB No. 45	(10,662,862)
Unrestricted (deficit) – per GASB No. 18	<u>(11,431,965)</u>
Net Unrestricted surplus (deficit)	<u>\$(39,557,376)</u>

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

Statement of Activities

Governmental activities decreased the Town's net assets by \$2,378,904. For the year ended December 31, 2011, program revenues from governmental activities totaled \$7,064,756 and were primarily from charges for services (user fees) for Culture and Recreation and Home and Community Services. Total general revenues amounted to \$26,532,165 and were primarily from taxes levied for general purposes and non-property taxes, which included mortgage tax and sales tax revenues.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town governmental funds reported a combined ending fund balance of \$12,170,400, a decrease of \$853,185, in comparison with the prior year. Of the total combined fund balance, \$5,979,558 constitutes surplus fund balance in the general fund. \$2,605,000 which has been designated for subsequent year's expenditures and represents the amount estimated for use in the 2012 budget for all funds. The following amounts listed as assigned are for encumbrances in the General and Highway Townwide Funds, respectively \$5,381 and \$4,200. The remainder of the fund balance is restricted to indicate that its use is limited as follows; \$2,773,158 for special revenue funds, \$218,176 for Capital Projects, \$238,470 to reimburse NYS for unemployment claims, \$82,701 for the development of parklands, \$250,251 for expenditures under the seized and forfeited property program and \$13,505 for debt redemption.

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 \$8,369,866, of which \$5,979,558 was unassigned and not appropriated for subsequent years budgeted.

Total Revenue and Transfers of \$24,166,487 exceeded original budget of \$22,823,600 by \$1,342,887, and was primarily due to an increase of approximately \$1,053,448 in departmental income and other tax items, an increase in federal and state aid of \$67,466 and the remaining various income accounts had exceeded the budgeted amounts by approximately \$221,973.

Total expenditures and transfers were 24,985,458 as compared with original budget of \$24,823,600. The total unfavorable variance of \$161,858 was primarily attributable to Police costs being \$568,365 more than what was originally budgeted due to an increase of overtime and other Police expenditures. The Town also had favorable variances of \$100,000 for Capital Projects Transfers and \$306,507 for all other expenditures of which actual expenditures were less than originally budgeted.

The **Capital Projects Fund** is used to account for capital project activity throughout the Town. The Capital Projects Fund's ending fund balance was \$218,176 for fiscal year 2011 as compared to \$262,362 for the prior year.

Nonmajor Governmental Funds consist of the Special Revenue Funds. The Special Revenue funds are made up of the following individual funds: Town Outside Village, Highway Townwide, Highway Outside Villages, Sewer, Sanitation, Lighting, Ambulance, Water and Urban Renewal Funds. For the fiscal year ending December 31, 2011, the combined fund balance of these funds totaled \$3,582,358, which represents an increase of \$9,972 from the prior year.

Unappropriated funds consisted of:

	<u>For years ended</u>	
	<u>12/31/11</u>	<u>12/31/10</u>
General Fund Town Outside Village	\$ 917,971	\$ 721,042
Highway Townwide	895,660	865,846
Highway Outside Villages	457,507	757,138
Special Districts Funds:		
Sewer	810,725	837,204
Sanitation	72,626	72,047
Lighting	30,483	29,874
Ambulance	1,317,509	930,587
Water	8,724	19,843
Urban Renewal	<u>(1,738,047)</u>	<u>(1,451,195)</u>
	<u>\$ 2,773,158</u>	<u>\$ 2,782,386</u>

The net increase of \$9,972 was substantially due to:

The Town Outside Village Fund's 2011 original budget reflected utilization of \$100,000 surplus, whereas actual results required no monies to be used in 2011. The actual result was an increase of \$196,929. The improvement was due to various expenditure spending that was less than originally budgeted.

The Highway Fund Townwide Fund's 2011 original budget reflected utilization of a \$150,000 surplus, whereas actual results required no monies to be used in 2011. The actual result was an increase of \$34,014. The improvement was due to actual expenditures were \$145,136 less than original budget and actual revenues exceeded budgeted revenues by \$ 38,878.

The Highway Town Outside Village Fund's reflected a decrease of \$299,631 in fund balance. The original budget reflected utilization of \$200,000 surplus. This decrease was primarily due to the settlement of contract negotiations for Highway union employees for 2010–2011 contract years, which a retro payment was made during 2011.

The Special District Sewer Fund's reflected a decrease of \$26,479. The fund was supposed to use \$150,000 of surplus, whereas actual results did show the usage of surplus of only the \$26,479 stated above due to actual expenditures were less than originally budgeted.

The Special District Ambulance Fund reflected an increase of \$411,922 in its fund balance. The increase was mainly attributable to ambulance charges which the ambulance corps participates in third-party service billings. The surplus generated from this departmental income is appropriated for subsequent budgets (i.e. the unappropriated surplus as of December 31, 2011 will substantially be appropriated for the 2012 corps budget).

The Special District Urban Renewal Fund has a current deficit of (\$1,738,047) in the fund balance as of December 31, 2011. This deficit represents expenditures attributable to the Letchworth Property that the Town purchased from the State of New York as excess property. During 2011, the Town Of Haverstraw paid down the Urban Renewal Bond of approximately \$300,000, which increased the deficit from the prior year. The Town had selected a developer, WCI Communities Inc, to develop the Letchworth property. The Town and WCI developed a site plan with SEQRA approvals for a 55 and up age restricted community. In early 2008 WCI defaulted on the contract and the Town was able to keep a \$500,000 deposit on the sale of the property. These funds were used to decrease the deficit in the Urban Renewal Fund in 2008. The Town now has a site plan which they will go out in the near future to solicit new proposals from developers. The proceeds from the sale of the Letchworth property will exceed the deficit in the Urban renewal Fund.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental activities as of December 31, 2011, amounts to \$22,912,965, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction-in-progress.

Additional information on the Town's capital assets can be found in Note B of IV. Detail Notes On All Funds.

Short-Term Debt - At the end of the current fiscal year the Town's short-term debt outstanding was \$26,780,000. All of this debt is backed by the full faith and credit of the Town.

Long-term Debt – At the end of the current fiscal year, the Town had total debt outstanding of \$15,300,000. All of this debt is backed by the full faith and credit of the Town. Other long-term liabilities included \$7,030,613 for sanitary landfill post-closure costs, installment purchase debt and compensated absences. In addition, net OPEB obligations were \$10,662,862.

Through sound financial management and manageable debt levels, the Town has been successful in maintaining its high-grade rating for its general obligation bonds. In February of 2012, Moody's Investors service has affirmed the Town's Aa3 underlying long term rating. The Aa3 rating reflects that the Town's strong financial position will remain healthy despite plans to draw down reserves to sustainable levels. The rating additionally factors the Town's sizable tax base which offsets above-average taxpayer concentration and a significantly elevated overall debt burden.

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the Town may incur. The State Constitution provides that the Town may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the Town for the most recent five years. Certain indebtedness is excluded in ascertaining the Town's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limits and without affecting the Town's authority to issue debt subject to the limit. At December 31, 2011, the Town of Haverstraw had used \$42,080,000 or 16.78% of its constitutional debt limit.

Additional information on the Town's debt can be found in Note IV parts C and D.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Haverstraw, One Rosman Road, Garnerville, New York 10923. The telephone number is (845) 429-2200.

TOWN OF HAVERSTRAW
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>Primary Government</u>
<u>ASSETS</u>	
Unrestricted Cash	\$ 11,011,648
Restricted Cash	346,456
Accounts Receivable	5,976,935
Prepaid Expenses	696,814
Due From Agency Funds	-
Capital Assets, not being depreciated	7,705,308
Capital Assets (net)	<u>15,207,657</u>
<u>TOTAL ASSETS</u>	<u>\$ 40,944,818</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 439,268
BAN Premium	197,185
Accrued Interest Payable	379,442
Bond Anticipation Notes	1,500,000
Bond Anticipation Note-Tax Certiorari	25,280,000
Noncurrent liabilities:	
Due within one year	2,505,155
Due in more than one year	<u>30,488,320</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 60,789,370</u>
 <u>NET ASSETS</u>	
Investment in Capital Assets, net of related debt	\$ 16,136,563
Restricted for:	
Special Districts	2,773,158
Capital Project	218,176
Seized and Forfeited Property	250,251
Unemployment Claims	238,470
Parklands	82,701
Debt Redemption	13,505
Unrestricted surplus (deficit)	<u>(39,557,376)</u>
<u>TOTAL NET ASSETS</u>	<u>\$ (19,844,552)</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenue			
<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Grants and</u>	<u>Capital</u>
	<u>Services</u>	<u>Grants and</u>	<u>Contributions</u>	<u>Grants and</u>
		<u>Contributions</u>	<u>Contributions</u>	<u>Contributions</u>
<u>FUNCTIONS/PROGRAMS</u>				
Primary Government:				
Governmental Activities:				
General Support	\$ 4,502,933	\$ 723,474	\$ 3,124	\$ -
Public Safety	17,887,847	751,045	59,461	-
Health	1,152,091	1,006,774	-	-
Transportation	3,796,885	218,044	13,067	394,495
Economic Assistance and Opportunity	159,836	-	-	-
Culture and Recreation	3,534,004	1,540,523	-	41,409
Home and Community Services	3,358,663	2,313,340	-	-
Debt Service	500,759	-	-	-
Depreciation - unallocated	1,082,807	-	-	-
<u>Total Primary Government</u>	<u>\$ 35,975,825</u>	<u>\$ 6,553,200</u>	<u>\$ 75,652</u>	<u>\$ 435,904</u>

GENERAL REVENUES

Taxes:

Property taxes, levied for general purposes

Other Tax Items

Rental of Real Property

Grants and contributions not restricted to specific programs

Investment Earnings

Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

Total Net Assets - Beginning of Year

Total Net Assets - End of Year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary
Government

\$ (3,776,335)
(17,077,341)
(145,317)
(3,171,279)
(159,836)
(1,952,072)
(1,045,323)
(500,759)
(1,082,807)
\$ (28,911,069)

\$ 23,764,001
1,395,651
469,693
532,719
66,402
303,699

\$ 26,532,165

(2,378,904)
(17,465,648)

\$ (19,844,552)

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
BALANCE SHEET - GOVERNMENT FUNDS
AS AT DECEMBER 31, 2011

	<u>General Fund</u> <u>Townwide</u>	<u>Capital</u> <u>Project Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>				
<u>CASH</u>				
Demand Deposits	\$ 5,106,041	\$ 358,533	\$ 5,308,454	\$ 10,773,028
Restricted Deposits	584,926	-	-	584,926
Departmental Petty Cash	150	-	-	150
<u>TOTAL CASH</u>	<u>\$ 5,691,117</u>	<u>\$ 358,533</u>	<u>\$ 5,308,454</u>	<u>\$ 11,358,104</u>
<u>RECEIVABLES</u>				
Accounts Receivable	\$ 667,881	\$ 5,423	\$ 1,578,631	\$ 2,251,935
Due from Agency Funds	-	-	-	-
Due from Other Funds	1,904,891	-	-	1,904,891
<u>TOTAL RECEIVABLES</u>	<u>\$ 2,572,772</u>	<u>\$ 5,423</u>	<u>\$ 1,578,631</u>	<u>\$ 4,156,826</u>
<u>OTHER ASSETS</u>				
Prepaid Expenditures	\$ 640,659	\$ -	\$ 56,155	\$ 696,814
<u>TOTAL OTHER ASSETS</u>	<u>\$ 640,659</u>	<u>\$ -</u>	<u>\$ 56,155</u>	<u>\$ 696,814</u>
<u>TOTAL ASSETS</u>	<u>\$ 8,904,548</u>	<u>\$ 363,956</u>	<u>\$ 6,943,240</u>	<u>\$ 16,211,744</u>
<u>LIABILITIES & FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 337,497	\$ 286	\$ 101,485	\$ 439,268
BAN Premium	197,185	-	-	197,185
Bond Anticipation Notes	-	-	1,500,000	1,500,000
Due to Other Funds	-	145,494	1,759,397	1,904,891
<u>TOTAL LIABILITIES</u>	<u>\$ 534,682</u>	<u>\$ 145,780</u>	<u>\$ 3,360,882</u>	<u>\$ 4,041,344</u>
<u>FUND BALANCE</u>				
<u>Restricted for:</u>				
Special Districts	\$ -	\$ -	\$ 2,773,158	\$ 2,773,158
Capital Project	-	218,176	-	218,176
Seized and Forfeited Property	250,251	-	-	250,251
Unemployment Claims	238,470	-	-	238,470
Parklands	82,701	-	-	82,701
Debt Redemption	13,505	-	-	13,505
<u>Assigned to:</u>				
Public Safety	5,381	-	-	5,381
Transportation	-	-	4,200	4,200
Subsequent Years Budget	1,800,000	-	805,000	2,605,000
<u>Unassigned:</u>	<u>5,979,558</u>	<u>-</u>	<u>-</u>	<u>5,979,558</u>
<u>TOTAL FUND BALANCES</u>	<u>\$ 8,369,866</u>	<u>\$ 218,176</u>	<u>\$ 3,582,358</u>	<u>\$ 12,170,400</u>
<u>TOTAL LIABILITIES AND FUND</u>				
<u>BALANCES</u>	<u>\$ 8,904,548</u>	<u>\$ 363,956</u>	<u>\$ 6,943,240</u>	<u>\$ 16,211,744</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT WIDE STATEMENT OF NET ASSETS - GOVERNMENT ACTIVITIES
DECEMBER 31, 2011

Amounts Reported for the Governmental Activities are Different Because:

Fund Balances - Total Government Funds	\$ 12,170,400
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,912,965
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,725,000
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(40,580,000)
Sanitary landfill postclosure costs	(6,166,965)
Installment Purchase Debt	(81,402)
Compensated absences	(782,246)
Other Post Employment Benefits	(10,662,862)
Accrued interest payable	<u>(379,442)</u>
Net Assets of Governmental Activities	<u>\$ (19,844,552)</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund <u>Townwide</u>	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Real Property Taxes	\$ 18,227,915	\$ -	\$ 5,536,086	\$ 23,764,001
Other Tax Items	1,390,651	-	-	1,390,651
Departmental Income	3,056,797	-	3,168,670	6,225,467
Use of Money and Property	519,472	-	16,623	536,095
Licenses and Permits	29,504	-	-	29,504
Fines and Forfeitures	158,019	-	-	158,019
Intergovernmental Income	-	-	623,229	623,229
Sale of Property and Compensation for Loss	53,970	-	15,954	69,924
Miscellaneous	127,693	-	14,866	142,559
Federal Aid	36,566	-	13,067	49,633
State Aid	565,900	425,281	8,461	999,642
<u>TOTAL REVENUES</u>	<u>\$ 24,166,487</u>	<u>\$ 425,281</u>	<u>\$ 9,396,956</u>	<u>\$ 33,988,724</u>
<u>EXPENDITURES</u>				
General Government Support	\$ 2,906,036	\$ -	\$ 68,485	\$ 2,974,521
Public Safety	10,819,365	-	260,373	11,079,738
Health	20,000	-	1,132,091	1,152,091
Transportation	181,054	-	3,147,624	3,328,678
Economic Assistance Opportunity	159,836	-	-	159,836
Culture and Recreation	2,405,639	-	225,559	2,631,198
Capital Project Expenditures	-	669,467	-	669,467
Home and Community Services	187,148	-	3,400,079	3,587,227
Employee Benefits	6,164,213	-	260,773	6,424,986
Debt Service	1,942,167	-	892,000	2,834,167
<u>TOTAL EXPENDITURES</u>	<u>\$ 24,785,458</u>	<u>\$ 669,467</u>	<u>\$ 9,386,984</u>	<u>\$ 34,841,909</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (618,971)	\$ (244,186)	\$ 9,972	\$ (853,185)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds From:				
Proceeds From Debt	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	-	200,000	5,022	205,022
BANs Redeemed From Appropriations	-	-	-	-
Operating Transfers Out	(200,000)	-	(5,022)	\$ (205,022)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ (200,000)</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ (818,971)	\$ (44,186)	\$ 9,972	\$ (853,185)
Fund Balance at Beginning of Year	<u>9,188,837</u>	<u>262,362</u>	<u>3,572,386</u>	<u>13,023,585</u>
Fund Balance at End of Year	<u>\$ 8,369,866</u>	<u>\$ 218,176</u>	<u>\$ 3,582,358</u>	<u>\$ 12,170,400</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES - GOVERNMENT ACTIVITIES
DECEMBER 31, 2011

Amounts Reported for the Governmental Activities are Different Because:

Net Changes in Fund Balances - Total Government Funds \$ (853,185)

Governmental fund 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. Governmental funds also report the gross proceeds from the sale of capital assets in revenues. In the statement of net activities only the gain or loss from the disposal of the asset is reported. These are the amounts by which capital outlay exceeded depreciation and the gain or loss on the disposal.

Capital outlay expenditures	1,091,156
Depreciation	(1,082,807)
Proceeds from sales	(39,455)
Loss on Disposal of Assets	<u>(27,348)</u>
	<u>(58,454)</u>

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

Debt Service Revenue - Other Governments	(325,000)
Mortgage tax	(5,000)
Sales Tax	5,000
Rental Income	-
	<u>(325,000)</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	2,275,000
Installment Debt issued	(103,517)
Principal paid on installment debt	<u>43,995</u>
	<u>2,215,478</u>

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

Landfill closure costs	293,665
Other Post Employment Benefits	(3,492,619)
Compensated absences	(217,197)
Accrued interest	58,408
	<u>(3,357,743)</u>

Change in Net Assets of Governmental Activities \$ (2,378,904)

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND			
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES				
Real Property Taxes	\$ 18,208,600	\$ 18,208,600	\$ 18,227,915	\$ 19,315
Other Tax Items	965,000	995,000	1,390,651	395,651
Departmental Income	2,429,000	2,792,000	3,056,797	264,797
Intergovernmental Charges	-	-	-	-
Use of Money and Property	525,000	525,000	519,472	(5,528)
Licenses and Permits	20,000	20,000	29,504	9,504
Gifts and Donations	-	-	-	-
Fines and Forfeitures	90,000	90,000	158,019	68,019
Sale of Property and Compensation for Loss	1,000	36,000	53,970	17,970
Miscellaneous	50,000	50,000	127,693	77,693
Federal Aid	10,000	35,000	36,566	1,566
State Aid	525,000	525,000	565,900	40,900
TOTAL REVENUES	\$ 22,823,600	\$ 23,276,600	\$ 24,166,487	\$ 889,887
EXPENDITURES				
General Government Support	\$ 2,960,000	\$ 3,003,169	\$ 2,906,036	\$ 97,133
Public Safety	10,251,000	10,892,000	10,819,365	72,635
Health	20,100	20,100	20,000	100
Transportation	204,500	186,500	181,054	5,446
Economic Assistance Opportunity	155,000	176,000	159,836	16,164
Culture and Recreation	2,502,000	2,436,074	2,405,639	30,435
Home and Community Services	285,000	210,000	187,148	22,852
Employee Benefits	6,184,000	6,226,000	6,164,213	61,787
Debt Service	1,962,000	1,948,000	1,942,167	5,833
TOTAL EXPENDITURES	\$ 24,523,600	\$ 25,097,843	\$ 24,785,458	\$ 312,385
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,700,000)	\$ (1,821,243)	\$ (618,971)	\$ 1,202,272
OTHER FINANCING SOURCES (USES)				
Proceeds From:				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Proceeds From Debt	-	-	-	-
BANs Redeemed From Appropriations	-	-	-	-
Operating Transfers Out	(300,000)	(200,000)	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ (300,000)	\$ (200,000)	\$ (200,000)	\$ -
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ (2,000,000)	\$ (2,021,243)	\$ (818,971)	\$ 1,202,272
Fund Balance at Beginning of Year	9,188,837	9,188,837	9,188,837	-
Fund Balance at End of Year	\$ 7,188,837	\$ 7,167,594	\$ 8,369,866	\$ 1,202,272

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
<u>CASH</u>	
Demand Deposit	\$ 447,121
<u>TOTAL ASSETS</u>	<u>\$ 447,121</u>
 <u>LIABILITIES</u>	
<u>LIABILITIES</u>	
Escrow and Other Deposits	\$ 446,664
Due to General Fund	-
Employee Payroll Deductions	<u>457</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 447,121</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
DECEMBER 31, 2011

	Balance January 1, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2011</u>
<u>ASSETS</u>				
<u>CASH</u>				
Demand Deposit	\$ 190,908	\$ 298,054	\$ 41,841	\$ 447,121
<u>TOTAL ASSETS</u>	<u>\$ 190,908</u>	<u>\$ 298,054</u>	<u>\$ 41,841</u>	<u>\$ 447,121</u>
 <u>LIABILITIES</u>				
<u>LIABILITIES</u>				
Escrow and Other Deposits	\$ 190,411	\$ 290,242	\$ 33,989	\$ 446,664
Due to General Fund	-	-	-	-
Employee Payroll Deductions	<u>497</u>	<u>7,407</u>	<u>7,447</u>	<u>457</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 190,908</u>	<u>\$ 297,649</u>	<u>\$ 41,436</u>	<u>\$ 447,121</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Haverstraw have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. FINANCIAL REPORTING ENTITY

The Town of Haverstraw, which was established in 1666, operates pursuant to the Town Law, Local Finance Law and other general laws of the State of New York and various local laws. The Town Board, which consists of five members, including the Supervisor, is the legislative body responsible for overall operations. The Supervisor serves as chief executive officer and as chief fiscal officer. The Finance Director is the accounting officer of the Town.

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

The financial reporting entity consists of (a) the primary government which is the Town of Haverstraw, (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 by GASB Statement 14, Financial Reporting Entity, as amended by GASB Statement 39, Component Units.

The decision to include a potential component unit in the Town of Haverstraw's reporting entity is based on several criteria set forth in GASB Statement 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 an entity considered in determining the Town of Haverstraw's reporting entity.

Included in the Reporting Entity

The Urban Renewal Agency is governed by the same board as the Town of Haverstraw. The agency is a component unit of the Town of Haverstraw and is presented under the blended method.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

B. BASIS OF PRESENTATION

i) Town-wide statements:

The Statement of Net Assets and the Statement of Activities present financial information about the Town's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund financial statements:

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The Town-wide and fiduciary fund (excluding the agency funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill postclosure costs, installment purchases, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.

Capital Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by an enterprise or internal service fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the Town consist of the Town Outside Villages Fund, Highway Town Outside Village Fund, Highway Townwide Fund, Special District Funds and the Urban Renewal Fund. These funds have been established to account for the proceeds of specific revenue sources, or to finance specified activities as required by law or administrative regulation.

Additionally the Town reports the following fund type:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. These activities are not included in the Town-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

D. CASH AND INVESTMENTS

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments. New York State law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

E. PROPERTY TAXES

County real property taxes are levied annually no later than January 1st. Taxes are collected during the period January 1st to April 30th. Taxes for county purposes are levied together with taxes for Town and special district purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the enforcement responsibility for all taxes levied in the Town and for unpaid taxes. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

F. ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

G. INVENTORY AND PREPAID ITEMS

There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase, and year-end balances at these locations were not available. Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

H. DUE TO/FROM OTHER FUNDS

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

I. CAPITAL ASSETS

Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlay 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 asset lives is not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings & Improvements	20-50
Land improvements	20
Furniture & Equipment	5-20
Motor Equipment	8
Infrastructure	10-65

J. VESTED EMPLOYEE BENEFITS

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 and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon retirement, resignation or death, employees may receive a payment for unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Town employees participate in the New York State Employees' Retirement System and the New York State Local Police and Fire Retirement System.

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. 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.

K. DEFERRED REVENUE

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

L. INSURANCE

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. EQUITY CLASSIFICATIONS

Town-wide statements

In the town-wide statements there are three classes of net assets:

Invested in capital assets, net of related debt – consists of net assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net assets – reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Unrestricted net assets – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

Fund Statements

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance includes amount that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Town has established the following restricted fund balances:

Seized and Forfeited Property - This restriction is accounted for in the General Fund.

Unemployment Claims – This restriction is accounted for in the General Fund. This is used to pay the costs of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method.

Parklands - This restriction is accounted for in the General Fund. This is used for parkland improvements and funded from money in-lieu-of land deposits.

Debt Redemption - This restriction is accounted for in the General Fund. This is used for the retirement of debt.

Restricted fund balance includes the following:

General Fund:	
Seized and Forfeited Property	\$ 250,251
Unemployment Claims	238,470
Parklands	82,701
Debt Redemption	13,505
Capital Fund	218,176
Special Revenue Funds	<u>2,773,158</u>
Total Restricted Funds	<u>\$ 3,576,261</u>

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the town board. The Town has no committed fund balances as of December 31, 2011.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Assigned fund balance includes amounts that are constrained by the town's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as Assigned Fund Balance. Encumbrances are totaled \$5,381 in the General Fund and \$4,200 in the Highway Fund Townwide.

Unassigned fund balance includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

Order of Use of Fund Balance:

The Town's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

N. NEW ACCOUNTING STANDARDS

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

O. FUTURE CHANGES IN ACCOUNTING STANDARDS

The Town is currently studying future statements that are applicable and plans on adoption if and when required.

P. RECLASSIFICATIONS

Certain prior year data has been reclassified to conform to the current year's presentation.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

II. RECONCILIATION OF TOWN-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS

Due to the differences in the measurement focus and the basis of accounting used in the governmental fund statements and the Town-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

1. Total fund balances of governmental funds versus net assets of governmental activities:

Total fund balances of the Town's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

2. Statement of Revenues, Expenditures and Changes in Fund Balance versus Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

- i) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

- ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

TOWN OF HAVERSTRAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

III. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. BUDGETARY DATA

1. Budget Procedures

The Director of Finance is responsible for the initial formulation of the budget to be presented to the Town Clerk by September 30th of each year. By October 5th, the Town Clerk must present the tentative budget to the Town Board, which then prepares the preliminary budget prior to the mandatory public hearing required to be held no later than the first Thursday after the general election of each year. Five days prior to such public hearing, notice of such public hearing must be published. Final adoption of the preliminary budget must be accomplished on or before November 20th. The budget is not subject to referendum.

The Director of Finance distributes budget estimate forms to all department heads early in August of each year and then conducts such financial analysis and review as is necessary to substantiate the budget requests. Upon completion of this review, but prior to September 30th, when the report must be filed with the Town Clerk, the entire Town Board reviews the tentative budget with each department head. This review continues as the Board prepares its preliminary budget for public hearing.

The preliminary budget is presented on a departmental basis by object of expense indicating the proposed budget, year-to-date expenses of the current budget, the departmental request and the Director of Finance's recommendation. The budgets for the sewer district, highway funds and special district funds are presented in the same manner.

The Town Board may, during the course of the year, make changes in the appropriations and other modifications of the budget as it deems necessary in accordance with the Town Law.

TOWN OF HAVERSTRAW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

2. Encumbrances

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

3. Budget Basis of Accounting

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

B. PROPERTY TAXES - FIRE DISTRICT

The taxes for the Fire District are levied with county real property taxes. These amounts are collected by the Town and transferred directly to the Fire District. For the year ended December 31, 2011 \$1,092,627 was collected.

IV. DETAIL NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Town 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 or trust companies located within the Town. The Finance Director is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

All deposits, including certificates of deposit, are carried at cost plus accrued interest and are categorized as either:

- A) Insured or collateralized with securities held by the District or by its agent in the Town's name, or
- B) Collateralized with securities held by the pledging financial institution's trust department or agency in the Town's name, or
- C) Uncollateralized.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

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.

Total financial institution bank balances at year-end, per the bank, are categorized as follows:

- A) \$ 1,500,000
- B) \$ 10,611,514
- C) \$ -0-

B. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 7,705,308	\$ -	\$ -	\$ 7,705,308
Construction in progress	584,736	338,879	(923,615)	-
Total nondepreciable historical cost	<u>\$ 8,290,044</u>	<u>\$ 338,879</u>	<u>\$ (923,615)</u>	<u>\$ 7,705,308</u>
Capital assets that are depreciated:				
Buildings & Improvements	\$ 11,224,000	\$ 604,313	\$ -	\$ 11,828,313
Land Improvements	4,689,125	334,019	-	5,023,144
Furniture & Equipment	2,485,846	200,503	(26,457)	2,659,892
Motor Equipment	3,266,428	216,186	(463,968)	3,018,646
Infrastructure	3,551,837	320,871	-	3,872,708
Total depreciable historical cost	<u>\$ 25,217,236</u>	<u>\$ 1,675,892</u>	<u>\$ (490,425)</u>	<u>\$ 26,402,703</u>
Less accumulated depreciation:				
Buildings & Improvements	\$ 4,073,240	\$ 393,796	\$ -	\$ 4,467,036
Land Improvements	1,797,116	228,878	-	2,025,994
Furniture & Equipment	1,460,749	149,340	(22,724)	1,587,365
Motor Equipment	2,704,251	165,489	(400,898)	2,468,842
Infrastructure	500,505	145,304	-	645,809
Total accumulated depreciation	<u>\$ 10,535,861</u>	<u>\$ 1,082,807</u>	<u>\$ (423,622)</u>	<u>\$ 11,195,046</u>
Total depreciable historical cost, net	<u>\$ 22,971,419</u>	<u>\$ 931,964</u>	<u>\$ (990,418)</u>	<u>\$ 22,912,965</u>

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

C. SHORT-TERM DEBT

Bond Anticipation Notes Payable

Liabilities for Bond Anticipation Notes (BANS) are accounted for in the General Fund and Capital Projects fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State Law requires that Bond Anticipation Notes issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, Bond Anticipation Notes issued for assessed 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.

At December 31, 2011 the total short-term debt outstanding indebtedness of the Town is \$26,780,000 as follows:

<u>Project Title</u>	<u>Date of Original Issue</u>	<u>Date of Renewal</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Tax Certiorari	3/07	3/11	1.5%	\$25,280,000
Sewer Project	11/08	11/09	1.3%	\$ 1,500,000

The BAN for the tax certiorari was recorded as revenue in the funds statements to match the expenditure made in settlement with Mirant.

Interest on short-term debt for the year was composed of:

Interest paid	\$ 408,808
Less interest accrued in the prior year	316,310
Plus interest accrued in the current year	<u>308,399</u>
Total expense	<u>\$ 400,897</u>

D. LONG-TERM DEBT

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 are full faith and credit debt of the local government.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

At December 31, 2011 the total outstanding indebtedness of the Town aggregated \$42,080,000. All of this amount was subject to the constitutional debt limit and represented approximately 16.78% of the Town's debt limit.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 431,639
Less interest accrued in the prior year	121,540
Plus interest accrued in the current year	<u>71,043</u>
Total expense	<u>\$ 381,142</u>

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Serial Bond Payable	\$ 450,000	\$ -	\$ 450,000	\$ -	\$ -
State Clean Water Bonds	5,860,000	-	595,000	5,265,000	605,000
State Clean Water Bonds - Sewer	1,125,000	-	80,000	1,045,000	80,000
State Clean Water Bonds - Sewer	2,440,000	-	145,000	2,295,000	145,000
Letchworth Property Bond	3,195,000	-	100,000	3,095,000	120,000
Refunding	3,665,000	-	65,000	3,600,000	425,000
Total bonds & notes payable	<u>\$ 16,735,000</u>	<u>\$ -</u>	<u>\$ 1,435,000</u>	<u>\$ 15,300,000</u>	<u>\$ 1,375,000</u>
Other liabilities:					
Sanitary Landfill Postclosure Costs	\$ 6,460,630	\$ -	\$ 293,665	\$ 6,166,965	\$ 293,665
Installment Purchase Debt	21,880	103,517	43,995	81,402	19,153
Other Postemployment Benefits	7,170,243	4,194,477	701,858	10,662,862	700,000
Compensated absences	565,049	334,153	116,956	782,246	117,337
Total other liabilities	<u>\$ 14,217,802</u>	<u>\$ 4,632,147</u>	<u>\$ 1,156,474</u>	<u>\$ 17,693,475</u>	<u>\$ 1,130,155</u>
Total long-term liabilities	<u>\$ 30,952,802</u>	<u>\$ 4,632,147</u>	<u>\$ 2,591,474</u>	<u>\$ 32,993,475</u>	<u>\$ 2,505,155</u>

The Town is reimbursed for payments on the sewer debt by the Joint Regional Sewerage Board. The debt is however issued in the Town's name and therefore the Town is ultimately responsible for its repayment.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

The following is a summary of maturity of indebtedness at December 31, 2011:

	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding</u>
Letchworth Property	2008	5/2028	6.00	\$ 3,095,000
Refunding	2010	3/2020	1.50-2.50	3,600,000
				<u>\$ 6,695,000</u>

State Clean Water and Drinking Water
Revolving Funds Revenue Bonds

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Sanitary Landfill	2003	10/2016	1.03-4.42	\$ 5,265,000
Sewer Improvements	2003	7/2016	.79-4.50	\$ 1,045,000
Sewer Improvements	2005	7/2016	1.94-4.264	\$ 2,295,000
				<u>\$ 8,605,000</u>

<u>Maturity Year(s)</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2012	1,375,000	583,294	1,958,294
2013	1,390,000	539,309	1,929,309
2014	1,395,000	493,382	1,888,382
2015	1,405,000	445,024	1,850,024
2016	1,445,000	393,669	1,838,669
5 Subsequent years	5,765,000	1,176,513	6,941,513
5 Subsequent years	2,000,000	420,516	2,420,516
5 Subsequent years	525,000	32,726	557,726
Total	<u>\$ 15,300,000</u>	<u>\$ 4,084,433</u>	<u>\$ 19,384,433</u>

The following long-term debt has been authorized but remains unissued at December 31, 2011.

Highway Equipment	\$ 150,000
Judgements & Claims	<u>4,000,000</u>
	<u>\$ 4,150,000</u>

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

E. PENSION PLANS

Plan Description

The Town of Haverstraw participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement Systems (PFRS). These are cost sharing multiple public employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. 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 (State Comptroller) serves as sole trustee and administrative head of the Systems.

The State Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody of control of their funds. The systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244. All benefits generally vest after five years of credited service.

Funding Policy

The Systems are noncontributory except for employees who joined the Employees' Retirement System after July 27, 1976 who contribute 3% of their salary until they have attained ten years of membership or accrued ten years of credited service. Under the authority of the NYSRSSL, the State Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Employees' Retirement System.

In 2003 the New York State Legislature established a required 4.5% minimum payment. If in future years, the valuation process produces a regular employer contribution rate that is lower than 4.5%, the Retirement System will bill at the 4.5% rate. If the valuation process produces a rate that exceeds 4.5 %, then the Retirement System will bill at the higher employer contribution rate.

The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2011	\$ 646,207	\$ 2,017,311
2010	\$ 479,053	\$ 1,673,693
2009	\$ 369,820	\$ 1,849,217

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

The Town of Haverstraw's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Employee Groups Covered

Nearly all Town of Haverstraw employees are eligible for membership in the systems. All employees employed in a full-time position who commenced employment after June 30, 1976 are mandatory members. The total estimated payroll for all employees of the Town of Haverstraw for fiscal year March 31, 2011 was \$14,571,819 of which \$4,764,023 was attributable to employees covered by the Employees' Retirement System and \$9,807,796 to employees covered by the Police and Fire Retirement System.

F. POST RETIREMENT BENEFITS

The premiums paid plus Medicare B reimbursement during the year was \$701,558. The premiums consisted of 11 individuals at \$405.64 per month, 1 individual at \$693.92 per month, 20 families at \$1,513.92 per month, 4 families at \$1,225.62 per month, and 16 families at \$937.31 per month.

The Town provides post employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Town's contractual agreements.

The Town implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions. This required the Town to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in its major and non-major Funds of the funds financial statements as payments are made. For the year ended December 31, 2011 the Town recognized \$701,558 for its share of insurance costs currently for enrolled retirees.

The Town has obtained an actuarial valuation report as of December 31, 2011 which indicates that the net OPEB obligation for other post employment benefits is \$10,662,862, which is reflected in the Statement of Net Assets.

Plan Description: The healthcare plan (HP) is a single-employer defined benefit healthcare plan administered by the Town. HP provides medical insurance benefits to eligible retirees and their spouses. The Town assigns the authority to establish and amend benefit provisions to the Town Board.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Funding Policy:

The contribution requirements of Plan members and the Town are established by the Town Board. The required contribution is based on projected pay-as-you-go financial requirements. For fiscal year 2011, the Town contributed \$701,858 to the plan for current costs. Until changes are made in New York State law to permit funding, there is no legal authority to fund OPEB other than "pay as you go". Plan members receiving benefits contributed according to their bargaining unit agreement and hire date.

Annual OPEB Cost and Net OPEB Obligation: The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 (or funding excess) over a period not to exceed over thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the Town's net OPEB obligation to HP:

Annual required contribution as of December 31, 2011	\$ 4,322,323
Interest on net OPEB obligation	286,810
Adjustment to annual required contribution	<u>(414,656)</u>
Annual OPEB cost (expense)	\$ 4,194,477
Contributions made	<u>701,858</u>
Increase in net OPEB obligation	\$ 3,492,619
Net OPEB obligation-beginning of year	<u>7,170,243</u>
Net OPEB obligation-end of year	<u>\$ 10,662,862</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	\$ 4,081,915	15.19%	\$ 3,461,858
12/31/2010	\$ 4,396,286	15.65%	\$ 7,170,243
12/31/2011	\$ 4,194,477	15.73%	\$ 10,662,862

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Funded Status and Funding Progress:

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial liability for benefit was \$46,886,516, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,582,488. The covered payroll (annual payroll of active employees covered by the plan) was \$15,354,934, and the ratio of the UAAL to the covered payroll was 2.90. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return. An annual healthcare cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5% after 7 years and 8.5% for Medicare Part B premiums initially, reduced by decrements to an ultimate rate of 5% after 7 years. Both rates included an inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 28 years.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

G. VACATION AND SICK LEAVE AND COMPENSATORY ABSENCES

Payment of vacation and sick leave recorded is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due. The liability for accumulated sick and vacation days at the end of the year is \$782,246.

H. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at December 31, 2011 were as follows:

<u>Fund Type</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Townwide	\$1,904,891	\$ -
Town Outside of Village	-	3,454
Highway Townwide	-	9,520
Highway TOV	-	5,476
Sewer	-	1,480
Urban Renewal Agency	-	1,739,467
Capital Projects	-	145,494
<u>TOTAL</u>	<u>\$1,904,891</u>	<u>\$ 1,904,891</u>

I. DEFICIT FUND BALANCE

Urban Renewal Agency reflects a deficit of (\$1,738,047). The reason for this deficit is that expenditures are currently being made for the planning stage of development and revenue will not be received until the plan is in place and redevelopment of the area begins.

J. LEASE COMMITMENTS AND LEASED ASSETS

The Town leases equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended December 31, 2011 were approximately \$117,295. The maximum future non-cancelable operating lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
2012	\$115,071
2013	\$ 56,324
2014	\$ 8,808

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

The Town is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$215,952 at December 31, 2011. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2011.

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	22,458
2013	22,458
2014	22,458
2015	<u>22,458</u>
Minimum Lease Payments	\$ 89,832
Less: Amount Representing Interest	<u>(8,430)</u>
Present Value - Minimum Lease Payments	<u>\$ 81,402</u>

V. CONTINGENCIES

A. FEDERAL AND STATE GRANTS

The local government has received grants in excess of \$450,000 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 federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

B. LEGAL

The Town has informed us that subsequent to the year-end the Town was named in several lawsuits. The Town's insurance carrier is vigorously defending all current lawsuits. The potential for an adverse outcome of these cases is not determinable at this time. In addition, if the Town has been named defendant in any other actions, information pertaining to these claims can be obtained from the Town Clerk.

The Town owns and operated a landfill site located in the eastern portion of the town. State and Federal laws required the Town to close the landfill when it reached capacity and monitor and maintain the site for thirty subsequent years.

TOWN OF HAVERSTRAW
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

The Town is currently under a Modified Consent Order for the closure of the sanitary landfill. The work on closure has been completed and inspected by the DEC. The preliminary indication is that the work was satisfactorily completed on a timely basis. The DEC accepted the environmental benefit project proposed by the Town. The Town has completed the requirements of the environmental benefit project by dedicating an easement to the State of New York and by constructing a kayak launch. No other fines or litigation are anticipated and it is presumed that this matter will be discontinued.

The Town issued its Landfill Closure Construction Certification Report (LCCCR) on February 5, 2005 and indicated that the landfill closure was "substantially" complete on October 23, 2002 thus triggering specific post closure monitoring and maintenance.

Although the Town has not received final certification for closure yet it is the Town's position and that of its engineers that the monitoring and maintenance commenced on October 23, 2002. In accordance with GASB Statement 18 the Town has recorded post closure care costs of \$6,166,965. This amount represents the estimated costs for maintaining and monitoring the landfill for the next 21 years.

The Town is also a defendant in numerous certiorari proceedings, the results of which generally require tax refunds on the part of the Town. The dollar value of such actions currently pending was unavailable, due to the fact that each case is determined on a case by case basis.

C. SUBSEQUENT EVENT

The Town issued Serial Bonds in the amount of \$24,280,000 @ various interest rates on March 8, 2012.

TOWN OF HAVERSTRAW
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CASH

Demand Deposits	\$ 5,106,041
Restricted Deposits	584,926
Departmental Petty Cash	150
<u>TOTAL CASH</u>	<u>\$ 5,691,117</u>

RECEIVABLES

Accounts Receivable	\$ 667,881
Due from Agency Funds	-
Due from Other Funds	1,904,891
<u>TOTAL RECEIVABLES</u>	<u>\$ 2,572,772</u>

OTHER ASSETS

Prepaid Expenditures	\$ 640,659
<u>TOTAL OTHER ASSETS</u>	<u>\$ 640,659</u>

TOTAL ASSETS

\$ 8,904,548

LIABILITIES & FUND BALANCES

LIABILITIES

Accounts Payable	\$ 337,497
BAN Premium	197,185
Deferred Revenue	-
Due to Other Funds	-
<u>TOTAL LIABILITIES</u>	<u>\$ 534,682</u>

FUND BALANCE

Restricted for:

Seized and Forfeited Property	\$ 250,251
Unemployment Claims	238,470
Parklands	82,701
Debt Redemption	13,505

Assigned to:

Public Safety	5,381
Subsequent Years Budget	1,800,000

Unassigned:

5,979,558

<u>TOTAL FUND BALANCES</u>	<u>\$ 8,369,866</u>
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TOTAL LIABILITIES AND FUND
BALANCES

\$ 8,904,548

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011

REVENUES

Real Property Taxes	\$ 18,227,915
Other Tax Items	1,390,651
Departmental Income	3,056,797
Intergovernmental Charges	-
Use of Money and Property	519,472
Licenses and Permits	29,504
Gifts and Donations	-
Fines and Forfeitures	158,019
Sale of Property and Compensation for Loss	53,970
Miscellaneous	127,693
Federal Aid	36,566
State Aid	565,900
<u>TOTAL REVENUES</u>	<u>\$ 24,166,487</u>

EXPENDITURES

General Government Support	\$ 2,906,036
Public Safety	10,819,365
Health	20,000
Transportation	181,054
Economic Assistance Opportunity	159,836
Culture and Recreation	2,405,639
Home and Community Services	187,148
Employee Benefits	6,164,213
Debt Service	1,942,167
<u>TOTAL EXPENDITURES</u>	<u>\$ 24,785,458</u>

Excess (Deficiency) of Revenues Over Expenditures	\$ (618,971)
--	--------------

OTHER FINANCING SOURCES (USES)

Proceeds From:	
Operating Transfers In	\$ -
Proceeds From Debt	-
BANs Redeemed From Appropriations	-
Operating Transfers Out	<u>(200,000)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ (200,000)</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ (818,971)
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Fund Balance at Beginning of Year	<u>9,188,837</u>
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Fund Balance at End of Year	<u>\$ 8,369,866</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
CAPITAL PROJECTS FUND
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CASH

Demand Deposit	\$ 358,533
<u>TOTAL CASH</u>	<u>\$ 358,533</u>

RECEIVABLES

Accounts Receivable	\$ 5,423
<u>TOTAL RECEIVABLES</u>	<u>\$ 5,423</u>

<u>TOTAL ASSETS</u>	<u>\$ 363,956</u>
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LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$ 286
Due to Other Funds	145,494
<u>TOTAL LIABILITIES</u>	<u>\$ 145,780</u>

FUND BALANCE

Restricted for:	
Capital Projects	218,176
<u>TOTAL FUND BALANCE</u>	<u>\$ 218,176</u>

<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 363,956</u>
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TOWN OF HAVERSTRAW
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011

REVENUES

Federal Aid	\$ -
State Aid	425,281
Transfers from Other Funds	200,000
<u>TOTAL REVENUES AND TRANSFERS</u>	<u>\$ 625,281</u>

EXPENDITURES

Capital Projects Expenditures	\$ 669,467
Transfers to Other Funds	-
<u>TOTAL EXPENDITURES AND TRANSFERS</u>	<u>\$ 669,467</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (44,186)
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Fund Balance at Beginning of Year	262,362
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Fund Balance at End of Year	<u>\$ 218,176</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
NONMAJOR FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2011

	<u>General Fund</u> <u>Town Outside</u> <u>Villages</u>	<u>Highway Fund</u> <u>Townwide (DA)</u>	<u>Highway Fund</u> <u>Town Outside</u> <u>Villages (DB)</u>	<u>Special</u> <u>District Fund</u> <u>Sewer</u>
<u>ASSETS</u>				
<u>CASH</u>				
Demand Deposits	\$ 1,001,911	\$ 1,045,292	\$ 660,903	\$ 953,568
Restricted Deposits	-	-	-	-
Petty Cash	-	-	-	-
<u>TOTAL CASH</u>	<u>\$ 1,001,911</u>	<u>\$ 1,045,292</u>	<u>\$ 660,903</u>	<u>\$ 953,568</u>
<u>RECEIVABLES</u>				
Accounts Receivable	\$ 23,571	\$ 9,282	\$ 1,334	\$ 1,503,021
Due From Other Funds	-	-	-	-
<u>TOTAL RECEIVABLES</u>	<u>\$ 23,571</u>	<u>\$ 9,282</u>	<u>\$ 1,334</u>	<u>\$ 1,503,021</u>
<u>OTHER ASSETS</u>				
Prepaid Expenditures	\$ 13,103	\$ 18,718	\$ 18,718	\$ 5,616
<u>TOTAL OTHER ASSETS</u>	<u>\$ 13,103</u>	<u>\$ 18,718</u>	<u>\$ 18,718</u>	<u>\$ 5,616</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,038,585</u>	<u>\$ 1,073,292</u>	<u>\$ 680,955</u>	<u>\$ 2,462,205</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 17,160	\$ 13,912	\$ 17,972	\$ -
Other Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Bond Anticipation Notes	-	-	-	1,500,000
Due to Other Funds	3,454	9,520	5,476	1,480
<u>TOTAL LIABILITIES</u>	<u>\$ 20,614</u>	<u>\$ 23,432</u>	<u>\$ 23,448</u>	<u>\$ 1,501,480</u>
<u>FUND BALANCE</u>				
Restricted for:				
Special Revenue Funds	\$ 917,971	\$ 895,660	\$ 457,507	\$ 810,725
Assigned to:				
Transportation	-	4,200	-	-
Subsequent Years' Expenditures	100,000	150,000	200,000	150,000
<u>TOTAL FUND BALANCE</u>	<u>\$ 1,017,971</u>	<u>\$ 1,049,860</u>	<u>\$ 657,507</u>	<u>\$ 960,725</u>
<u>TOTAL LIABILITIES AND FUND</u> <u>BALANCE</u>	<u>\$ 1,038,585</u>	<u>\$ 1,073,292</u>	<u>\$ 680,955</u>	<u>\$ 2,462,205</u>

The accompanying notes are an integral part of the financial statements.

Special District Fund <u>Sanitation</u>	Special District Fund <u>Lighting</u>	Special District Fund <u>Water</u>	Special District Fund <u>Ambulance</u>	Special District Fund <u>Urban Renewal</u>	<u>Total 2011</u>
\$ 72,626	\$ 35,483	\$ 8,724	\$ 1,528,527	\$ 1,420	\$ 5,308,454
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 72,626</u>	<u>\$ 35,483</u>	<u>\$ 8,724</u>	<u>\$ 1,528,527</u>	<u>\$ 1,420</u>	<u>\$ 5,308,454</u>
\$ -	\$ -	\$ -	\$ 41,423	\$ -	\$ 1,578,631
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,423</u>	<u>\$ -</u>	<u>\$ 1,578,631</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,155
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,155</u>
<u>\$ 72,626</u>	<u>\$ 35,483</u>	<u>\$ 8,724</u>	<u>\$ 1,569,950</u>	<u>\$ 1,420</u>	<u>\$ 6,943,240</u>
\$ -	\$ -	\$ -	\$ 52,441	\$ -	\$ 101,485
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,500,000
-	-	-	-	1,739,467	1,759,397
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,441</u>	<u>\$ 1,739,467</u>	<u>\$ 3,360,882</u>
\$ 72,626	\$ 30,483	\$ 8,724	\$ 1,317,509	\$ (1,738,047)	\$ 2,773,158
-	-	-	-	-	4,200
-	5,000	-	200,000	-	805,000
<u>\$ 72,626</u>	<u>\$ 35,483</u>	<u>\$ 8,724</u>	<u>\$ 1,517,509</u>	<u>\$ (1,738,047)</u>	<u>\$ 3,582,358</u>
<u>\$ 72,626</u>	<u>\$ 35,483</u>	<u>\$ 8,724</u>	<u>\$ 1,569,950</u>	<u>\$ 1,420</u>	<u>\$ 6,943,240</u>

TOWN OF HAVERSTRAW
NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund Town Outside <u>Village</u>	Highway Fund Townwide (DA) <u>Townwide (DA)</u>	Highway Fund Town Outside <u>Village (DB)</u>	Special District Fund <u>Sewer</u>
<u>REVENUES</u>				
Real Property Taxes	\$ 1,056,058	\$ 1,476,000	\$ 1,169,490	\$ 223,158
Other Tax Items	-	-	-	-
Departmental Income	199,271	-	-	1,962,625
Intergovernmental Charges	-	148,434	62,355	412,440
Interest Earnings	4,170	3,883	3,552	2,021
Licenses and Permits	-	-	-	-
Gifts and Donations	-	-	-	-
Sale of Property and Compensation for Loss	-	3,820	12,134	-
Miscellaneous	-	2,715	12,151	-
Federal Aid	-	(13,935)	27,002	-
State Aid	-	3,961	4,500	-
Refuse and Garbage	-	-	-	-
Refund of Prior Year Expenditures	-	-	-	-
<u>TOTAL REVENUE</u>	<u>\$ 1,259,499</u>	<u>\$ 1,624,878</u>	<u>\$ 1,291,184</u>	<u>\$ 2,600,244</u>
<u>EXPENDITURES</u>				
General Government Support	\$ 43,628	\$ -	\$ -	\$ 24,857
Public Safety	260,373	-	-	-
Cultural & Recreation	225,559	-	-	-
Transportation	-	1,561,831	1,585,793	-
Home and Community Services	321,997	-	-	2,144,688
Health	-	-	-	-
Employee Benefits	216,035	-	-	44,738
Debt Service	-	29,033	-	412,440
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,067,592</u>	<u>\$ 1,590,864</u>	<u>\$ 1,585,793</u>	<u>\$ 2,626,723</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 5,022	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	5,022	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ 5,022</u>	<u>\$ -</u>	<u>\$ (5,022)</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 196,929	\$ 34,014	\$ (299,631)	\$ (26,479)
Fund Balance at Beginning of Year	<u>821,042</u>	<u>1,015,846</u>	<u>957,138</u>	<u>987,204</u>
Fund Balance at End of Year	<u>\$ 1,017,971</u>	<u>\$ 1,049,860</u>	<u>\$ 657,507</u>	<u>\$ 960,725</u>

The accompanying notes are an integral part of the financial statements.

Special District Fund <u>Sanitation</u>	Special District Fund <u>Lighting</u>	Special District Fund <u>Water</u>	Special District Fund <u>Ambulance</u>	Special District Fund <u>Urban Renewal</u>	<u>Total 2011</u>
\$ 596,365	\$ 140,837	\$ 175,347	\$ 698,831	\$ -	\$ 5,536,086
-	-	-	-	-	-
-	-	-	1,006,774	-	3,168,670
579	162	173	2,083	-	623,229
-	-	-	-	-	16,623
-	-	-	-	-	-
-	-	-	-	-	15,954
-	-	-	-	-	14,866
-	-	-	-	-	13,067
-	-	-	-	-	8,461
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 596,944</u>	<u>\$ 140,999</u>	<u>\$ 175,520</u>	<u>\$ 1,707,688</u>	<u>\$ -</u>	<u>\$ 9,396,956</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,485
-	-	-	-	-	260,373
-	-	-	-	-	225,559
596,365	145,390	191,639	-	-	3,147,624
-	-	-	1,132,091	-	3,400,079
-	-	-	-	-	1,132,091
-	-	-	-	-	260,773
-	-	-	163,675	286,852	892,000
<u>\$ 596,365</u>	<u>\$ 145,390</u>	<u>\$ 191,639</u>	<u>\$ 1,295,766</u>	<u>\$ 286,852</u>	<u>\$ 9,386,984</u>
\$ -	\$ -	\$ -	\$ -	\$ -	5,022
-	-	-	-	-	5,022
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 579	\$ (4,391)	\$ (16,119)	\$ 411,922	\$ (286,852)	\$ 9,972
<u>72,047</u>	<u>39,874</u>	<u>24,843</u>	<u>1,105,587</u>	<u>(1,451,195)</u>	<u>\$ 3,572,386</u>
<u>\$ 72,626</u>	<u>\$ 35,483</u>	<u>\$ 8,724</u>	<u>\$ 1,517,509</u>	<u>\$ (1,738,047)</u>	<u>\$ 3,582,358</u>

TOWN OF HAVERSTRAW
GENERAL FUND TOWN OUTSIDE VILLAGE (B) - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Town Outside Village Amended Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Real Property Taxes	\$ 1,055,000	\$ 1,055,000	\$ 1,056,058	\$ 1,058
Interest Earnings	5,000	5,000	4,170	(830)
Departmental Income	122,000	122,000	199,271	77,271
State Aid	-	-	-	-
<u>TOTAL REVENUES AND TRANSFERS</u>	<u>\$ 1,182,000</u>	<u>\$ 1,182,000</u>	<u>\$ 1,259,499</u>	<u>\$ 77,499</u>
<u>EXPENDITURES</u>				
General Government	\$ 140,000	\$ 102,500	\$ 43,628	\$ 58,872
Public Safety	271,000	264,000	260,373	3,627
Culture & Recreation	240,000	265,000	225,559	39,441
Home and Community Services	421,000	421,000	321,997	99,003
Employee Benefits	210,000	229,500	216,035	13,465
Interfund Transfers	-	-	-	-
<u>TOTAL EXPENDITURES AND TRANSFERS</u>	<u>\$ 1,282,000</u>	<u>\$ 1,282,000</u>	<u>\$ 1,067,592</u>	<u>\$ 214,408</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ -	\$ -	\$ 5,022	\$ -
Operating Transfers Out	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (100,000)	\$ (100,000)	\$ 196,929	\$ (136,909)
Fund Balance at Beginning of Year	821,042	821,042	821,042	-
Fund Balance at End of Year	<u>\$ 721,042</u>	<u>\$ 721,042</u>	<u>\$ 1,017,971</u>	<u>\$ (136,909)</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
HIGHWAY FUND TOWNWIDE (DA), HIGHWAY FUND OUTSIDE VILLAGE (DB) - SPECIAL REVENUE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Highway Fund Townwide (DA)			Highway Fund Outside Village (DB)		
	Original Budget	Amended Budget	Favorable (Unfavorable) Actual	Original Budget	Amended Budget	Favorable (Unfavorable) Actual
REVENUES						
Real Property Taxes	\$ 1,476,000	\$ 1,476,000	\$ -	\$ 1,168,500	\$ 1,168,500	\$ 990
Interest Earnings	5,000	5,000	(1,117)	15,000	15,000	(11,448)
Services to Other Governments	85,000	85,000	49,110	10,000	10,000	23,639
Sale of Equipment and Insurance Recoveries	-	-	3,820	-	10,000	2,134
Miscellaneous	20,000	20,000	(17,285)	-	-	12,151
State Aid	-	-	3,961	-	-	4,500
Federal Aid	-	-	(13,935)	-	25,000	2,002
Intergovernmental Charges	-	-	14,324	10,000	28,500	216
TOTAL REVENUES AND TRANSFERS	\$ 1,586,000	\$ 1,586,000	\$ 38,878	\$ 1,203,500	\$ 1,257,000	\$ 34,184
EXPENDITURES						
Transportation	\$ 1,706,500	\$ 1,684,000	\$ 122,169	\$ 1,403,500	\$ 1,601,000	\$ 15,207
Debt Service	29,500	52,000	22,967	-	-	-
Interfund Expenditure	-	-	-	-	-	-
TOTAL EXPENDITURES AND TRANSFERS	\$ 1,736,000	\$ 1,736,000	\$ 145,136	\$ 1,403,500	\$ 1,601,000	\$ 15,207
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	-	-	6,000	5,022
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ (6,000)	\$ (5,022)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (150,000)	\$ (150,000)	\$ 34,014	\$ (200,000)	\$ (350,000)	\$ 50,369
Fund Balance at Beginning of Year	1,015,846	1,015,846	-	957,138	957,138	-
Fund Balance at End of Year	\$ 865,846	\$ 865,846	\$ 184,014	\$ 757,138	\$ 607,138	\$ 50,369

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
SPECIAL DISTRICT FUND - SEWER, SANITATION - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEARS ENDED DECEMBER 31, 2011

	Sewer Fund			Sanitation				
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES								
Real Property Taxes	\$ 222,700	\$ 222,700	\$ 223,158	\$ 458	\$ 597,000	\$ 597,000	\$ 596,365	\$ (635)
Interest Earnings	5,000	5,000	2,021	(2,979)	-	-	579	579
Rents and Charges	1,927,300	1,927,300	1,962,625	35,325	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-
Debt Service Revenue	425,000	425,000	412,440	(12,560)	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-
TOTAL REVENUES AND TRANSFERS	\$ 2,580,000	\$ 2,580,000	\$ 2,600,244	\$ 20,244	\$ 597,000	\$ 597,000	\$ 596,944	\$ (56)
EXPENDITURES								
General Government	\$ 42,000	\$ 42,000	\$ 24,857	\$ 17,143	\$ -	\$ -	\$ -	\$ -
Home and Community Services	2,215,000	2,211,000	2,144,688	66,312	597,000	597,000	596,365	635
Employee Benefits	48,000	57,000	44,738	12,262	-	-	-	-
Debt Service	425,000	420,000	412,440	7,560	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES AND TRANSFERS	\$ 2,730,000	\$ 2,730,000	\$ 2,626,723	\$ 103,277	\$ 597,000	\$ 597,000	\$ 596,365	\$ 635
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (150,000)	\$ (150,000)	\$ (26,479)	\$ 123,521	\$ -	\$ -	\$ 579	\$ 579
Fund Balance at Beginning of Year	987,204	987,204	987,204	-	72,047	72,047	72,047	-
Fund Balance at End of Year	\$ 837,204	\$ 837,204	\$ 960,725	\$ 123,521	\$ 72,047	\$ 72,047	\$ 72,626	\$ 579

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
SPECIAL DISTRICT FUND - LIGHTING, WATER - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Lighting Fund			Water Fund				
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>								
Real Property Taxes	\$ 140,000	\$ 140,000	\$ 140,837	\$ 837	\$ 175,000	\$ 175,000	\$ 175,347	\$ 347
Interest Earnings	-	-	162	162	-	-	173	173
<u>TOTAL REVENUES AND TRANSFERS</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 140,999</u>	<u>\$ 999</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,520</u>	<u>\$ 520</u>
<u>EXPENDITURES</u>								
Home and Community Services	\$ 150,000	\$ 150,000	\$ 145,390	\$ 4,610	\$ 180,000	\$ 192,000	\$ 191,639	\$ 361
<u>TOTAL EXPENDITURES AND TRANSFERS</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 145,390</u>	<u>\$ 4,610</u>	<u>\$ 180,000</u>	<u>\$ 192,000</u>	<u>\$ 191,639</u>	<u>\$ 361</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (10,000)	\$ (10,000)	\$ (4,391)	\$ 5,609	\$ (5,000)	\$ (17,000)	\$ (16,119)	\$ 881
Fund Balance at Beginning of Year	39,874	39,874	39,874	-	24,843	24,843	24,843	-
Fund Balance at End of Year	\$ 29,874	\$ 29,874	\$ 35,483	\$ 5,609	\$ 19,843	\$ 7,843	\$ 8,724	\$ 881

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
SPECIAL DISTRICT FUND - AMBULANCE AND URBAN RENEWAL AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Ambulance			Urban Renewal Agency				
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>								
Real Property Taxes	\$ 698,500	\$ 698,500	\$ 698,831	\$ 331	\$ -	\$ -	\$ -	\$ -
Ambulance Charges	453,000	484,000	1,006,774	522,774	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Interest Earnings	2,000	2,000	2,083	83	-	-	-	-
<u>TOTAL REVENUES AND TRANSFERS</u>	<u>\$ 1,153,500</u>	<u>\$ 1,184,500</u>	<u>\$ 1,707,688</u>	<u>\$ 523,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXPENDITURES</u>								
Home & Community	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health	1,150,000	1,150,000	1,132,091	17,909	-	-	-	-
Debt Service	178,500	209,500	163,675	45,825	-	-	286,852	(286,852)
<u>TOTAL EXPENDITURES AND TRANSFERS</u>	<u>\$ 1,328,500</u>	<u>\$ 1,359,500</u>	<u>\$ 1,295,766</u>	<u>\$ 63,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,852</u>	<u>\$ (286,852)</u>
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	-	-	-	-	-	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (175,000)	\$ (175,000)	\$ 411,922	\$ 459,454	\$ -	\$ -	\$ (286,852)	\$ (286,852)
Fund Balance at Beginning of Year	1,105,587	1,105,587	1,105,587	-	(1,451,195)	(1,451,195)	(1,451,195)	-
Fund Balance at End of Year	\$ 930,587	\$ 930,587	\$ 1,517,509	\$ 459,454	\$ (1,451,195)	\$ (1,451,195)	\$ (1,738,047)	\$ (286,852)

The accompanying notes are an integral part of the financial statements.

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TOWN OF HAVERSTRAW
CAPITAL PROJECTS FUND
ANALYSIS OF CAPITAL PROJECTS FUND BY PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>PROJECT</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
Sanitary Landfill Closure	\$ 15,000,000	\$ 14,608,195	\$ -	\$ 14,608,195	\$ 391,805
Ambulance Building	2,975,000	2,618,293	171,188	2,789,481	185,519
Walking Path	65,000	45,344	-	45,344	19,656
Cheesecote Mountain Imp.	150,000	135,461	-	135,461	14,539
Pool Deck - Bowline	95,000	85,998	830	86,828	8,172
Road Resurfacing	500,000	497,836	-	497,836	2,164
Cheesecote Access Road, Paving & Guiderail	100,000	51,240	-	51,240	48,760
2010 Belgium Blocks Curbs	425,000	218,343	167,691	386,034	38,966
Playground Equipment	50,000	-	49,111	49,111	889
Town Hall Parking Lot	500,000	402,804	43,989	446,793	53,207
Automatic Irrigation System	400,000	137,795	236,658	374,453	25,547
	<u>\$ 20,260,000</u>	<u>\$ 18,801,309</u>	<u>\$ 669,467</u>	<u>\$ 19,470,776</u>	<u>\$ 789,224</u>

The accompanying notes are an integral part of the financial statements.

Proceeds of Obligations	Methods of Financing			Fund Balance at December 31, 2011
	Other	Transfers	Total	
\$ 10,389,400	\$ 2,000,000	\$ 2,190,396	\$ 14,579,796	\$ (28,399)
2,300,000	-	675,000	2,975,000	185,519
-	50,000	-	50,000	4,656
-	127,240	-	127,240	(8,221)
-	82,620	-	82,620	(4,208)
-	443,122	-	443,122	(54,714)
-	105,893	-	105,893	54,653
-	386,034	-	386,034	-
-	39,247	-	39,247	(9,864)
-	-	500,000	500,000	53,207
-	-	400,000	400,000	25,547
<u>\$ 12,689,400</u>	<u>\$ 3,234,156</u>	<u>\$ 3,765,396</u>	<u>\$ 19,688,952</u>	<u>\$ 218,176</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HAVERSTRAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
AND EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/2009	\$ --	\$ 42,287,116	\$ 42,287,116	0.0%	\$ 13,616,970	310.55%
12/31/2010	\$ -	\$ 46,886,516	\$ 46,886,516	0.0%	\$ 13,676,767	342.82%
12/31/2011	\$ -	\$ 44,582,488	\$ 44,582,488	0.0%	\$ 15,354,934	290.35%

Schedule of Employer Contributions

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	N.A. - Transition Date is 1/1/2009	
2009	\$ 4,081,915	15.19%
2010	\$ 4,458,012	15.65%
2011	\$ 4,322,323	16.73%

The accompanying notes are an integral part of the financial statements.



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SUPPLEMENTAL SCHEDULES

Our examination of the financial statements included in the preceding section of this report was directed to the expression of an opinion of those statements taken as a whole. The supplemental material presented in the following section of this report is not necessary for a fair presentation of the financial statements but is presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.


Korn Rosenbaum LLP

June 19, 2012

TOWN OF HAVERSTRAW
TOWN JUSTICE
CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>CASH BALANCE - JANUARY 1, 2011</u>	\$ 26,445
Receipts:	
Bail Money	\$ <u>49,590</u>
	\$ 76,035
Disbursements:	
Bail Money Returned	<u>50,020</u>
<u>CASH BALANCE - DECEMBER 31, 2011</u>	<u>\$ 26,015</u>
<u>CASH - BALANCE COMPRISED OF THE FOLLOWING:</u>	
Bail Money Held in Pending Cases	<u>26,015</u>
	<u>\$ 26,015</u>

TOWN OF HAVERSTRAW
TOWN JUSTICE
CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>CASH BALANCE - JANUARY 1, 2011</u>	\$ 22,642
Receipts:	
Bail Money	\$ <u>64,915</u>
	\$ 87,557
Disbursements:	
Bail Money Returned	<u>54,882</u>
<u>CASH BALANCE - DECEMBER 31, 2011</u>	<u>\$ 32,675</u>
<u>CASH - BALANCE COMPRISED OF THE FOLLOWING:</u>	
Bail Money Held in Pending Cases	<u>32,675</u>
	<u>\$ 32,675</u>

