Town of Bedford, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2013

Town of Bedford, New York

Table of Contents

	Page No.
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Highway and Special Districts Funds	23
Statement of Assets and Liabilities - Fiduciary Fund	25
Notes to Financial Statements	26
Required Supplementary Information	
Other Post-Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	51
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	52
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	53
Schedule of Revenues and Other Financing Sources Compared to Budget	55
Schedule of Expenditures and Other Financing Uses Compared to Budget	58
Highway Fund	
Comparative Balance Sheet	62
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
Special Districts Fund	
Combining Balance Sheet - Sub-Funds	65
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds	67
Capital Projects Fund	
Comparative Balance Sheet	69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	70
Debt Service Fund	
Comparative Balance Sheet	71
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	72

Table of Contents (Concluded)

	Page No.
Non-Major Governmental Funds	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Joint Activity Fund - Drug Abuse Prevention	
Comparative Balance Sheet	76
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	77
Special Purpose Fund	
Comparative Balance Sheet	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	80
Federal Programs	
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*	81
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	83
Schedule of Expenditures of Federal Awards	85
Notes to Schedule of Expenditures of Federal Awards	86
Summary Schedule of Prior Audit Findings	87
Schedule of Findings and Questioned Costs	88

O'CONNOR DAVIES

PKF

Independent Auditors' Report

The Honorable Supervisor and Town Board of the
Town of Bedford, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bedford, New York ("Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2013, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

$	24,000	Tree/trail restoration
	30,000	Bathhouse construction
	35,200	Two police Tahoe's
	11,900	Purchase of a hybrid vehicle
	4,600	Building repairs at 425 Cherry Street
	4,300	Environmental testing – Milk Building
	12,300	Katonah Park Master plan
	1,300	Egress door 425 Cherry Street
	20,750	425 Cherry Street Recreation office renovation
	200,000	Acquisition of Land
	130,000	Backhoe
	15,750	Basketball court resurfacing
	10,750	Beaver Dam access paving-pathway
	40,750	Beaver Dam Driveway topcoat paving
	25,000	Beaver Dam Master Plan
	95,000	Community House renovations
	30,000	Dog Control Officer Vehicle
	617,000	Highway Trucks
	1,800	Equipment for Tahoes
	60,000	Historic Court House Roof
	40,000	Police Generator
	100,000	IT upgrades
	20,750	Pool and gutter upgrades
	80,000	Police Marked Vehicles
	61,721	MDT replacement/TRACS
	22,000	License plate reader
	30,500	Narrowband compliance
	50,000	Two electric PEO vehicles
	50,750	Parking/roadway improvements
	100,000	Parking meter replacement
	166,500	Platform Tennis renovations
	80,750	Playground Replacement
	119,250	Pool filter room electric system replacement
	38,900	Portable radios
	22,100	Record Scanning Project
	150,000	Re-pave lot # 3
	175,750	R&R day camp pavilion
	90,750	Replace Senior Bus
	19,000	Replace voice recorder
	170,000	Valley Road
	750,750	Road rehabilitation
	12,000	Roof Repair and Ventilation System
	50,000	Salt Dome
	135,050	Park equipment
	20,000	Solar Powered Speed Signs
	90,000	Unmarked Patrol cars
	1,000	Uplift for Patrol car
	47,754	W-2 Utility Truck
	57,250	Wade Pool-liner

- The Capital Projects fund reported an ending fund balance (deficit) of ($973,308), a decrease of $2,662,983.

Overview of the Financial Statements

The Town's financial statements are composed of this Management's Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves 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. This report also includes other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The *government-wide financial statements* are presented in a manner similar to private-sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Position and Statement of Activities. Fiduciary activities, whose resources are not available to the Town programs, are excluded from these statements.

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

The *Statement of Activities* presents information showing the change in the Town's net position during the current fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes, earned but unused vacation leave and other post employment benefit obligations ("OPEB"). The focus of this statement is on the net cost of providing various activities to the citizens of the Town.

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

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

<u>Governmental Funds</u>: 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 financing require-

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

The Town of Bedford has seven (7) individual governmental funds: General, Highway, Special Districts, Capital Projects, Debt Service, Drug Abuse Prevention and Special Purpose funds. Of these, the General, Highway, Special Districts, Capital Projects and Debt Service funds are reported as major funds, and are presented in separate columns on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major funds can be found on the *combining statements* elsewhere in this report.

The Town adopts an annual budget for its General, Highway and Special Districts funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the respective budgets.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. The types of Fiduciary Funds include nonexpendable, expendable, and agency funds. 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 of Bedford. The Town maintains one type of fiduciary fund that is known as an Agency fund. Resources are held in this fund by the Town purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization or government.

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

Notes to the Financial Statement

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 following the basic financial statements section of this report.

Other Information

Combining and individual fund statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the Town's other post employment benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-wide Financial Analysis

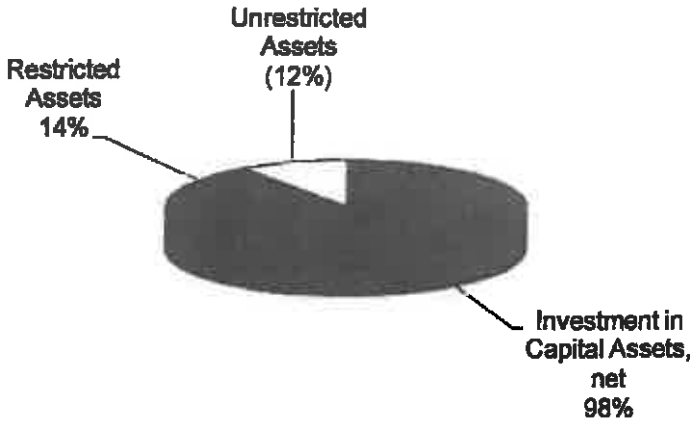
As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Bedford, assets exceeded liabilities by $32,715,476 for fiscal year 2013.

The following table reflects the condensed Statement of Net Position:

Statement of Net Position

	December 31, 2013	December 31, 2012
Current Assets	$ 64,494,577	$ 61,328,095
Capital Assets, net	67,496,344	66,254,868
Total Assets	131,990,921	127,582,963
Current Liabilities	50,326,825	45,318,988
Long-term Liabilities	49,047,323	49,748,715
Total Liabilities	99,374,148	95,067,703
Net Assets		
Invested in capital assets net of related debt	31,901,932	29,876,891
Restricted	4,848,461	2,910,320
Unrestricted	(4,034,917)	(271,951)
Total Net Position	$ 32,715,476	$ 32,515,260

Net Asset Distribution



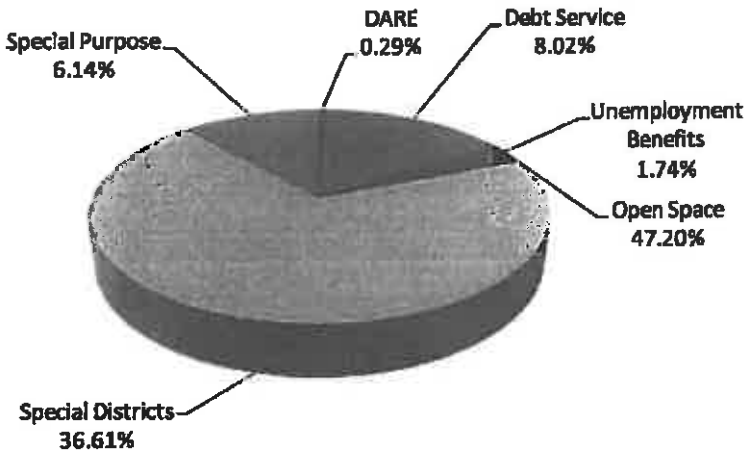
The largest component of the Town's net position is invested in Capital Assets (net of related debt) of $31,901,932 which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net assets of $4,848,461 represent resources that are subject to external restrictions on their use. The restrictions are:

	2013	2012
Unemployment Benefits	$ 84,211	$ 88,627
DARE	14,031	12,163
Open Space	2,288,546	-
Debt Service	388,675	384,291
Highway	-	394,565
Special Districts	1,775,183	1,733,042
Special Purpose	297,635	297,454
Joint Activity	180	178
Restricted Net Assets	$ 4,848,461	$ 2,910,320

The remaining balance is an unrestricted deficit of ($4,034,917). At the end of the current fiscal year, the Town is able to report positive net position balances for the government as a whole as well as for its governmental activities.

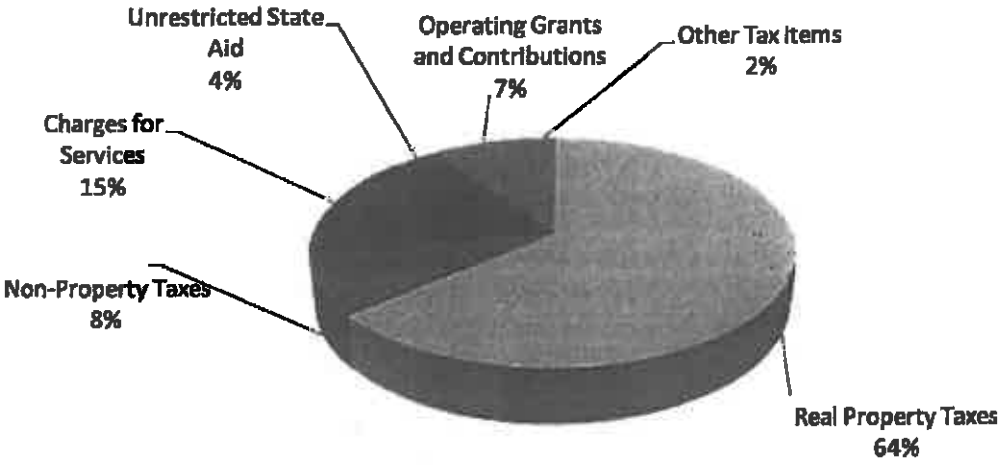
Restricted Net Assets



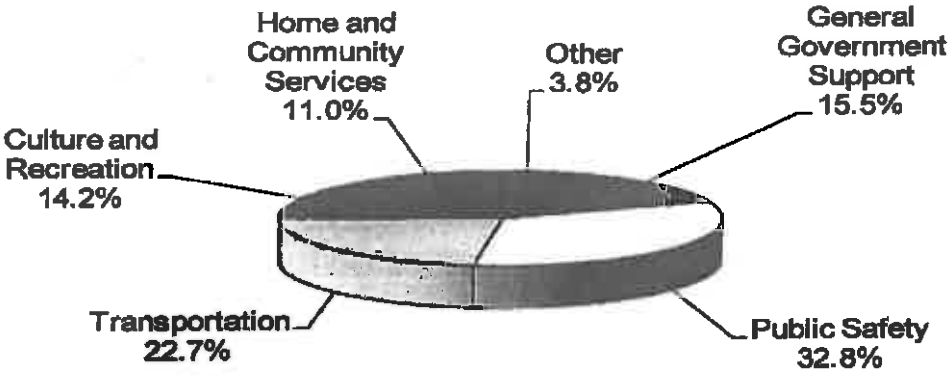
Changes in Net Position
December 31,

	2013	2012
Program Revenues		
Charges for Services	$ 5,105,762	$ 4,579,536
Operating Grants and Contributions	2,600,971	3,066,501
Capital Grants and Contributions	32,880	84,372
General Revenues		
Real Property Taxes	22,153,014	21,763,226
Other Tax items	701,651	584,011
Non-Property Taxes	2,790,201	2,598,294
Unresricted Use of Money and Property	25,900	19,632
Sale of Property and Compensation for Loss	48,794	-
Unrestricted State Aid	1,278,458	942,360
Miscellaneous	86,731	74,926
Insurance Recoveries	55,350	133,366
Total Revenues	34,879,712	33,846,224
Program Expenses		
General Government Support	5,367,509	4,948,881
Public Safety	11,358,410	11,434,285
Health	399,828	425,652
Transportation	7,877,470	6,784,934
Economic Opportunity and Development	3,852	4,019
Culture and Recreation	4,934,389	4,657,600
Home and Community Services	3,810,051	3,718,392
Interest	927,987	1,033,409
Total Expenses	34,679,496	33,007,172
Change in Net Position	200,216	839,052
Net Position - Beginning	32,515,260	31,676,208
Net Position - Ending	$ 32,715,476	$ 32,515,260

Sources of Revenue for Fiscal year 2013
Governmental Activities



Sources of Expenses for Fiscal Year 2013
Governmental Activities



Governmental Activities: Governmental activities increased the Town's net position by $200,216, a decrease of $638,836 as compared to the prior year. For the fiscal year ended December 31, 2013, revenues from governmental activities totaled $34.8 million. Tax revenues ($25.6 million), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources (74%). Collection of the current levy remains very strong, while averaging 99.02% over the past 10 years. Governmental activities expenses of the Town for the year ended December 31, 2013 totaled $34.7 million or $1,672,324 more than 2012. The largest components of these expenses are in the areas of public safety (32.8%), transportation (22.7%), culture and recreation (14.2%) and general government support (15.5%).

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.

Fund Balance Reporting

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

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

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

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

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

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

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

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town Board.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of $12,913,449, a decrease of $2,001,269 compared to last years ending balance of $14,914,718. This is now presented under the GASB Statement No. 54 fund balance classifications. The nonspendable fund balance component is $663,871, consisting of amounts representing prepaid expenditures, advances and long-term receivables. Fund Balance of $3,073,098 is restricted for unemployment benefits, D.A.R.E., Open Space, debt service and Trusts. The assigned fund balance portion of $5,019,016 is for encumbrances and amounts designated to balance the fiscal 2014 budget. The remaining fund balance of $4,157,464 is unassigned and represents the remaining positive fund balance in the General Fund of $5,131,855 and unassigned deficits in the Capital Projects fund ($973,308) and the Joint Activity fund ($1,083).

The **General Fund** is the primary operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $5,131,855 representing 62.2% of the total General Fund balance of $8,249,042. This is an increase from the prior year, when the total fund balance was $7,010,838.

General Fund Budgetary Highlights

When the fiscal 2013 budget was adopted, it anticipated the use of $325,000 of fund balance. However, actual results of operations resulted in an increase of $1,238,204 to fund balance. Overall, General Fund expenditures were $17,149,364 which was $1,412,990 less than the final budget and the General Fund revenues were $19,539,319 or $596,330 more than budget.

There were several factors that contributed to the increase in revenues in the current fiscal year:

- Use of money and property were higher than budgeted by $11,207.
- Real property tax collections were lower than budgeted by $227,255
- Fines and Forfeitures were higher than budgeted by $136,438
- Mortgage tax state aid was higher than budgeted by $339,239

The major areas where spending was below the budget, a favorable budgetary variance, were:

- Town Engineer services were less than budgeted by $40,026 this was achieved through greater management of these areas.
- Central Printing and Mailing had a savings of $44,020 due to more on-line notifications

- Judgements and claims had a budgetary savings of $45,801.

- Planning Board had a budgetary savings of $185,377 due to cost reductions by management and charging applicants for services performed on their behalf

- Employee Benefits were less than budget by $535,710 which is due to budgetary savings in the following Police Retirement, $251,296; Social Security and Medicare tax, $45,165; and Hospital and Medical coverage $164,898.

The Highway Fund's total fund balance at the end of the fiscal year was $1,757,172 which is a decrease of $770,436 from the prior year. This is due in large part to the use of fund balances to purchase major equipment and additional road paving as well as appropriations for the 2014 budget.

The Capital Projects Fund is used to account for capital project activity throughout the Town. The Capital Projects Fund's ending fund balance is a deficit of ($973,308) for fiscal year 2013, a decrease of $2,662,983 from prior year.

Non-major Governmental Funds consists of the Special Revenue Funds. The Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for certain defined purposes. The special revenue funds of the Town are the Joint Activity Fund established pursuant to Section 239-U of the General Municipal Law of the State of New York to provide educational and drug prevention counseling services and the Special Purpose fund, provided to account for assets held by the Town in accordance with the terms of a Trust Agreement.

For fiscal year ending December 31, 2013, the combined fund balances of these funds total $297,815.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental activities as of December 31, 2013, amounts to $67,496,344 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress.

Town of Bedford Capital Assets
(Net of Depreciation)
(in thousands)

	2013	2012
Land	$ 19,483,926	$ 19,483,926
Construction-in-Progress	30,187,309	28,899,970
Buildings and Improvements	11,400,399	11,184,088
Machinery and Equipment	2,679,453	2,473,898
Infrastructure	3,745,257	4,212,986
Total	$ 67,496,344	$ 66,254,868

The following highlights the amounts expended during the current fiscal year on major capital assets:

- Purchase of Highway equipment
- Ongoing road and sidewalk construction
- Continuing work on Storm Water Management projects
- Construction of a water filtration plant

Long-term Liabilities: At the end of the current fiscal year, the Town had total long-term liabilities outstanding of $49,047,323, inclusive of $34,719,807 of general obligation bonds debt. The Town's general obligation bond debt decreased by $3,520,212. All of this debt is backed by the full faith and credit of the Town of Bedford.

Through sound financial management and manageable debt levels, the Town of Bedford has been successful in maintaining its high-grade rating for its general obligation bonds, currently rated AAA/Stable by Moody's Investor Services and AAA/Stable by Standard and Poor's Rating Services. The Town has enjoyed a very favorable bond rating for more than sixteen years.

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 any 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.

Economic Factors and Ensuing Budgets

According to the United States Bureau of Labor Statistics, the unemployment rate for Westchester County was 8.6% as of December 2013. This compares favorably with the rate of 8.5% for New York State and the 7.6% national unemployment rate. The Consumer Price Index for the area (New York-Northern New Jersey-Long Island, NY-NJ=CT-PA) from 2012 to 2013 was increased by 2.4% recorded for the U.S. city average for the same period.

Requests 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 Edward Ritter, Comptroller, Town of Bedford Finance Office, 425 Cherry Street, Bedford Hills, New York 10507. The telephone number is (914) 666-8283.

Town of Bedford, New York

Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	$ 28,131,046
Receivables	
Taxes, net	32,072,367
Accounts	555,500
Due from other governments	1,319,786
Prepaid expenses	663,871
Restricted assets	1,752,007
Capital assets (net of accumulated depreciation)	
Not being depreciated	49,671,235
Being depreciated, net	17,825,109
Total Assets	131,990,921
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding bonds	98,703
LIABILITIES	
Accounts payable	1,551,018
Retainages payable	333,870
Bond anticipation notes payable	4,420,725
Due to school districts	43,719,101
Due to other governments	72,464
Unearned revenues	111,112
Accrued interest payable	118,535
Non-current liabilities	
Due within one year	3,731,000
Due in more than one year	45,316,323
Total Liabilities	99,374,148
NET POSITION	
Net investment in capital assets	31,901,932
Restricted for	
Unemployment benefits	84,211
DARE	14,031
Open space	2,288,546
Debt service	388,675
Special districts	
Water	1,616,608
Lighting	119,125
Ambulance	25,122
Refuse and garbage	14,328
Trusts	297,635
Joint activity	180
Unrestricted	(4,034,917)
Total Net Position	$ 32,715,476

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

(This page intentionally left blank)

Town of Bedford, New York

Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities					
General government support	$ 5,367,509	$ 143,052	$ 5,753	$ -	$ (5,218,704)
Public safety	11,358,410	1,690,501	61,518	-	(9,606,391)
Health	399,828	40,500	32,408	-	(326,920)
Transportation	7,877,470	901,914	582,223	-	(6,393,333)
Economic opportunity and development	3,852	-	-	-	(3,852)
Culture and recreation	4,934,389	884,718	17,390	28,497	(4,003,784)
Home and community services	3,810,051	1,445,077	1,901,679	-	(463,295)
Interest	927,987	-	-	4,383	(923,604)
Total Governmental Activities	$ 34,679,496	$ 5,105,762	$ 2,600,971	$ 32,880	(26,939,883)

General revenues	
Real property taxes	22,153,014
Other tax items	
Payments in lieu of taxes	30,177
Interest and penalties on real property taxes	671,474
Non-property taxes	
Non-property tax distribution from County	2,438,478
Franchise fees	351,723
Unrestricted use of money and property	25,900
Sale of property and compensation for loss	48,794
Unrestricted State aid	1,278,458
Miscellaneous	86,731
Insurance recoveries	55,350
Total General Revenues	27,140,099
Change in Net Position	200,216
Net Position - Beginning	32,515,260
Net Position - Ending	$ 32,715,476

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

Town of Bedford, New York

Balance Sheet
Governmental Funds
December 31, 2013

	General	Highway	Special Districts
ASSETS			
Cash and equivalents	$ 20,154,761	$ 2,351,412	$ 2,580,239
Taxes receivable, net	32,072,367	-	-
Receivables			
Accounts	225,409	12,200	317,891
Due from other governments	755,857	-	558,929
Due from other funds	868,281	12,183	385,389
	1,849,547	24,383	1,262,209
Prepaid expenditures	469,393	108,216	84,999
Restricted assets	-	-	-
Total Assets	$ 54,546,068	$ 2,484,011	$ 3,927,447
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 615,793	$ 492,232	$ 146,485
Retainages payable	-	34,476	-
Bond anticipation notes payable	-	-	-
Due to school districts	43,719,101	-	-
Due to other governments	72,464	-	-
Due to other funds	507,995	200,131	484,632
Unearned revenues	8,835	-	102,277
Total Liabilities	44,924,188	726,839	733,394
Deferred inflows of resources			
Deferred tax revenues	1,372,838	-	-
Total Liabilities and Deferred Inflows of Resources	46,297,026	726,839	733,394
Fund balances (deficits)			
Nonspendable	469,393	108,216	84,999
Restricted	2,386,788	-	-
Assigned	261,006	1,648,956	3,109,054
Unassigned	5,131,855	-	-
Total Fund Balances (Deficits)	8,249,042	1,757,172	3,194,053
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 54,546,068	$ 2,484,011	$ 3,927,447

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

Capital Projects	Debt Service	Non-Major Governmental	Total Governmental Funds
$ 2,329,991	$ 417,008	$ 297,635	$ 28,131,046
-	-	-	32,072,367
-	-	-	555,500
-	-	5,000	1,319,786
913,430	-	-	2,179,283
913,430	-	5,000	4,054,569
-	-	1,263	663,871
1,752,007	-	-	1,752,007
$ 4,995,428	$ 417,008	$ 303,898	$ 66,673,860
$ 294,521	$ -	$ 1,987	$ 1,551,018
299,394	-	-	333,870
4,420,725	-	-	4,420,725
-	-	-	43,719,101
-	-	-	72,464
954,096	28,333	4,096	2,179,283
-	-	-	111,112
5,968,736	28,333	6,083	52,387,573
-	-	-	1,372,838
5,968,736	28,333	6,083	53,760,411
-	-	1,263	663,871
-	388,675	297,635	3,073,098
-	-	-	5,019,016
(973,308)	-	(1,083)	4,157,464
(973,308)	388,675	297,815	12,913,449
$ 4,995,428	$ 417,008	$ 303,898	$ 66,673,860

(This page intentionally left blank)

Town of Bedford, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government - Wide Statement of Net Position
December 31, 2013

Fund Balances - Total Governmental Funds	$ 12,913,449
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	67,496,344
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	1,372,838
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charges	98,703
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(118,535)
Bonds payable	(34,719,807)
Compensated absences	(1,607,516)
Other post employment benefit obligations payable	(12,720,000)
	(49,165,858)
Net Position of Governmental Activities	$ 32,715,476

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

Town of Bedford, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Highway	Special Districts
REVENUES			
Real property taxes	$ 11,168,969	$ 6,534,426	$ 4,246,375
Other tax items	701,651	-	-
Non-property taxes	2,790,201	-	-
Departmental income	2,482,867	-	1,650,859
Intergovernmental charges	-	45,112	-
Use of money and property	92,307	10,093	20,012
Licenses and permits	135,274	-	-
Fines and forfeitures	686,688	-	-
Sale of property and compensation for loss	48,794	6,203	-
State aid	1,296,139	285,687	-
Federal aid	49,698	189,056	1,138,364
Miscellaneous	86,731	90,821	786,230
Total Revenues	19,539,319	7,161,398	7,841,840
EXPENDITURES			
Current			
General government support	3,044,677	97,996	55,457
Public safety	5,654,327	-	72,566
Health	33,627	-	317,318
Transportation	481,047	5,142,354	95,205
Economic opportunity and development	3,852	-	-
Culture and recreation	2,249,200	-	1,402,513
Home and community services	485,341	-	2,535,307
Employee benefits	5,193,851	1,497,675	772,447
Debt service			
Principal	-	-	-
Interest	3,442	-	2,962
Refunding issuance costs	-	-	-
Capital outlay	-	-	-
Total Expenditures	17,149,364	6,738,025	5,253,775
Excess (Deficiency) of Revenues Over Expenditures	2,389,955	423,373	2,588,065
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	55,350	-	-
Refunding bonds issued	-	-	-
Issuance premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(1,207,101)	(1,193,809)	(2,398,686)
Total Other Financing Sources (Uses)	(1,151,751)	(1,193,809)	(2,398,686)
Net Change in Fund Balances	1,238,204	(770,436)	189,379
FUND BALANCES (DEFICITS)			
Beginning of Year	7,010,838	2,527,608	3,004,674
End of Year	$ 8,249,042	$ 1,757,172	$ 3,194,053

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

Capital Projects	Debt Service	Non-Major Governmental	Total Governmental Funds
$ -	$ -	$ -	$ 21,949,770
-	-	-	701,651
-	-	-	2,790,201
-	-	40,500	4,174,226
-	-	-	45,112
-	4,383	181	126,976
-	-	-	135,274
-	-	-	686,688
-	-	-	54,997
-	-	5,000	1,586,826
-	-	-	1,377,118
28,497	-	-	992,279
28,497	4,383	45,681	34,621,118
-	-	-	3,198,130
-	-	-	5,726,893
-	-	40,252	391,197
-	-	-	5,718,606
-	-	-	3,852
-	-	-	3,651,713
-	-	-	3,020,648
-	-	5,246	7,469,219
-	3,548,723	-	3,548,723
-	979,939	-	986,343
-	70,361	-	70,361
2,962,413	-	-	2,962,413
2,962,413	4,599,023	45,498	36,748,098
(2,933,916)	(4,594,640)	183	(2,126,980)
-	-	-	55,350
-	3,540,000	-	3,540,000
-	197,192	-	197,192
-	(3,666,831)	-	(3,666,831)
270,933	4,528,663	-	4,799,596
-	-	-	(4,799,596)
270,933	4,599,024	-	125,711
(2,662,983)	4,384	183	(2,001,269)
1,689,675	384,291	297,632	14,914,718
$ (973,308)	$ 388,675	$ 297,815	$ 12,913,449

(This page intentionally left blank)

Town of Bedford, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2013

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

Net Change in Fund Balances - Total Governmental Funds	$ (2,001,269)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. This amount may be less than total capital outlay since capital outlay includes amounts under the capitalization threshold.	
Capital outlay expenditures	2,878,590
Depreciation expense	(1,637,114)
	1,241,476
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	203,244
Bond proceeds provide current financial resources to governmental funds but issuing debt increase long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.	
Refunding bonds issued	(3,540,000)
Issuance premium	(197,192)
Payment to refunded bond escrow agent	3,666,831
Principal paid on bonds	3,548,723
Amortization of issuance premium and loss on refunding bonds	(31,814)
	3,446,548
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	23,420
Compensated absences	(53,203)
Other post employment benefit obligations	(2,660,000)
	(2,689,783)
Change in Net Position of Governmental Activities	$ 200,216

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

Town of Bedford, New York

Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 11,396,224	$ 11,396,224	$ 11,168,969	$ (227,255)
Other tax items	580,000	580,000	701,651	121,651
Non-property taxes	2,700,000	2,700,000	2,790,201	90,201
Departmental income	2,346,450	2,421,537	2,482,867	61,330
Intergovernmental charges	-	-	-	-
Use of money and property	81,100	81,100	92,307	11,207
Licenses and permits	98,000	98,000	135,274	37,274
Fines and forfeitures	550,250	550,250	686,688	136,438
Sale of property and compensation for loss	61,000	61,000	48,794	(12,206)
State aid	948,800	956,900	1,296,139	339,239
Federal aid	-	-	49,698	49,698
Miscellaneous	91,050	97,978	86,731	(11,247)
Total Revenues	18,852,874	18,942,989	19,539,319	596,330
EXPENDITURES				
Current				
General government support	3,239,810	3,319,288	3,044,677	274,611
Public safety	5,551,708	5,639,474	5,654,327	(14,853)
Health	65,500	65,500	33,627	31,873
Transportation	405,104	410,529	481,047	(70,518)
Economic opportunity and development	9,900	9,900	3,852	6,048
Culture and recreation	2,308,132	2,312,616	2,249,200	63,416
Home and community services	641,662	698,485	485,341	213,144
Employee benefits	5,725,052	5,729,561	5,193,851	535,710
Debt service				
Interest	377,001	377,001	3,442	373,559
Total Expenditures	18,323,869	18,562,354	17,149,364	1,412,990
Excess of Revenues Over Expenditures	529,005	380,635	2,389,955	2,009,320
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	170,000	204,692	55,350	(149,342)
Transfers out	(1,280,075)	(1,280,075)	(1,207,101)	72,974
Total Other Financing Uses	(1,110,075)	(1,075,383)	(1,151,751)	(76,368)
Net Change in Fund Balances	(581,070)	(694,748)	1,238,204	1,932,952
FUND BALANCES				
Beginning of Year	581,070	694,748	7,010,838	6,316,090
End of Year	$ -	$ -	$ 8,249,042	$ 8,249,042

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 6,545,409	$ 6,545,409	$ 6,534,426	$ (10,983)	$ 4,260,304	$ 4,260,304	$ 4,246,375	$ (13,929)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,695,456	1,695,456	1,650,859	(44,597)
35,000	35,000	45,112	10,112	-	-	-	-
8,000	8,000	10,093	2,093	5,624	5,624	20,012	14,388
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,400	51,400	6,203	(45,197)	-	-	-	-
202,734	202,734	285,687	82,953	-	-	-	-
100,000	100,000	189,056	89,056	-	-	1,138,364	1,138,364
90,000	90,000	90,821	821	890,799	892,799	786,230	(106,569)
7,032,543	7,032,543	7,161,398	128,855	6,852,183	6,854,183	7,841,840	987,657
100,539	100,539	97,996	2,543	62,382	62,382	55,457	6,925
-	-	-	-	69,040	69,040	72,566	(3,526)
-	-	-	-	289,316	289,316	317,318	(28,002)
4,303,190	5,147,299	5,142,354	4,945	88,250	88,250	95,205	(6,955)
-	-	-	-	-	-	-	-
-	-	-	-	1,374,726	1,446,726	1,402,513	44,213
-	-	-	-	1,868,172	1,903,672	2,535,307	(631,635)
1,475,477	1,475,477	1,497,675	(22,198)	789,495	789,495	772,447	17,048
135,895	135,895	-	135,895	244,337	244,337	2,962	241,375
6,015,101	6,859,210	6,738,025	121,185	4,785,718	4,893,218	5,253,775	(360,557)
1,017,442	173,333	423,373	250,040	2,066,465	1,960,965	2,588,065	627,100
-	-	-	-	-	-	-	-
(1,407,592)	(1,407,592)	(1,193,809)	213,783	(2,099,860)	(2,099,860)	(2,398,686)	(298,826)
(1,407,592)	(1,407,592)	(1,193,809)	213,783	(2,099,860)	(2,099,860)	(2,398,686)	(298,826)
(390,150)	(1,234,259)	(770,436)	463,823	(33,395)	(138,895)	189,379	328,274
390,150	1,234,259	2,527,608	1,293,349	33,395	138,895	3,004,674	2,865,779
$ -	$ -	$ 1,757,172	$ 1,757,172	$ -	$ -	$ 3,194,053	$ 3,194,053

Town of Bedford, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2013

	Agency
ASSETS	
Cash and equivalents	$ 480,961
Accounts receivable	118,196
Total Assets	$ 599,157
LIABILITIES	
Accounts payable	$ 10,869
Employee payroll deductions	100,272
Deposits	488,016
Total Liabilities	$ 599,157

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

Note 1 - Summary of Significant Accounting Policies

The Town of Bedford, New York ("Town") was established in 1700 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

The following organizations are related to the Town:

The Blue Mountain Housing Development Corporation, Inc. ("Corporation") was formed for the public purpose of improving the availability of residential housing in Westchester County, New York. This goal would be achieved through the production of governmentally assisted housing for eligible individuals. The Corporation, in cooperation with local governments and civic agencies, will undertake studies and other activities necessary to demonstrate the need for such housing to eliminate or prevent slums or blighting influence. The Town Board is responsible for all of the board appointments; however, the Town has no further accountability for the Corporation.

The Energy Improvement Corporation was incorporated in July 2011 as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law and is a Type C corporation under Section 201 of the Not-for-Profit Corporation Law. The mission of the Corporation is to save money and energy and reduce greenhouse gas emissions in Northern Westchester, and perhaps beyond, by enabling energy related improvements that meet or exceed State standards through innovative community based outreach and marketing efforts. In addition, it will be a purpose of the Corporation to facilitate and finance qualified energy efficiency improvement projects and renewable energy system projects for residents, organizations, institutions and businesses in participating municipalities in New York while operating in a financially self sufficient manner. The Corporation is managed by a Board of Directors consisting of nine Members. The Town shall be a permanent member of the Corporation for 10 years from the effective date of the Corporation, and the chief executive officer of the Town shall be a member of the Board of Directors of the Corporation while the Town is a member.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

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

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

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

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of

Note 1 - Summary of Significant Accounting Policies (Continued)

expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, parks, lighting, fire protection, ambulance and refuge and garbage districts. The major revenues of this fund are real property taxes and departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

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

Special Revenue Funds:

Joint Activity Fund - The Joint Activity Fund was established pursuant to Section 239-U of the General Municipal Law of the State of New York to account for educational and drug prevention counseling services.

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

b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Town's Fiduciary Fund consists of an Agency

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

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

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

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

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

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

Deposits and Risk Disclosure

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2013.

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

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special district taxes, which are due April 1st and payable without penalty to April 30th. School districts taxes are levied on July 1st and are due on September 1st with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town guarantees the full payment of the County and school districts warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting in-rem foreclosure proceedings.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Restricted Assets - Restricted assets of the Capital Projects Fund consist of bond proceeds held by a State Agency. These funds are to be used for the Town's water reconstruction project.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Class	Life in Years
Buildings and Improvements	20-50
Machinery and equipment	5-20
Infrastructure	50

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues of $8,835 for water shed funds received in advance in the General Fund and $102,277 for grant revenue received in advance in the Special District Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The Town reported deferred outflows of resources of $98,703 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town reported deferred inflows of resources of $1,372,838 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for unemployment benefits, DARE, Open Space, debt service, special districts, trusts and joint activity. The balance is classified as unrestricted.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Comptroller for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Highway and Special Districts funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 31, 2014.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.

b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.

c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.

d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with the law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.

e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.

f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.

g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.

h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts, Joint Activity and Debt Service funds.

i) Budgets for General, Highway, Special Districts, Joint Activity, and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.

Note 2 - Stewardship, Compliance and Accountability (Continued)

j) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

k) Appropriations in General, Highway, Special Districts, Joint Activity, and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Property Tax Limitation

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

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Note 3 - Detailed Notes on All Funds (Continued)

School district taxes are offset by liabilities to the school districts, which will be paid no later than April 5, 2014. Taxes receivable are also partially offset by deferred tax revenues of $1,372,838 which represents an estimate of the taxes receivable, which will not be collected within the first sixty days of the subsequent year.

B. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2013 were as follows:

Fund	Due From	Due To
General	$ 868,281	$ 507,995
Highway	12,183	200,131
Special Districts	385,389	484,632
Capital Projects	913,430	954,096
Debt Service	-	28,333
Non-Major Governmental	-	4,096
	$ 2,179,283	$ 2,179,283

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

C. Capital Assets

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

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital Assets, not being depreciated				
Land	$ 19,483,926	$ -	$ -	$ 19,483,926
Construction-in-progress	28,899,970	1,502,076	214,737	30,187,309
Total Capital Assets, not being depreciated	$ 48,383,896	$ 1,502,076	$ 214,737	$ 49,671,235
Capital Assets, being depreciated				
Buildings and improvements	$ 17,886,055	$ 743,602	$ -	$ 18,629,657
Machinery and equipment	7,238,032	686,999	179,162	7,745,869
Infrastructure	12,685,864	160,650	-	12,846,514
Total Capital Assets, being depreciated	37,809,951	1,591,251	179,162	39,222,040
Less Accumulated Depreciation for				
Buildings and improvements	6,701,967	527,291	-	7,229,258
Machinery and equipment	4,764,134	481,444	179,162	5,066,416
Infrastructure	8,472,878	628,379	-	9,101,257
Total Accumulated Depreciation	19,938,979	1,637,114	179,162	21,396,931
Total Capital Assets, being depreciated, net	$ 17,870,972	$ (45,863)	$ -	$ 17,825,109
Capital Assets, net	$ 66,254,868	$ 1,456,213	$ 214,737	$ 67,496,344

Note 3 - Detailed Notes on All Funds (Continued)

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

General Government Support	$ 374,244
Public Safety	978,012
Transportation	68,432
Culture and Recreation	165,512
Home and Community Services	50,914
Total Depreciation Expense	$ 1,637,114

D. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary; employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2014 are as follows:

	Tier/Plan	Rate
ERS	2 75I	26.2 %
	3 A14	21.0
	4 A15	21.0
	5 A15	16.9
	6 A15	11.4
PFRS	1 384D	33.7
	2 375I	20.3
	2 384D	28.4

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

	ERS	PFRS
2013	$ 1,313,444	$ 1,064,379
2012	1,090,883	1,111,161
2011	913,660	866,363

Note 3 - Detailed Notes on All Funds (Continued)

The ERS and PFRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

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

Fund	Amount
General	$ 633,959
Highway	391,512
Special Districts	284,006
Non-Major Governmental	3,967
	$ 1,313,444

E. Short-Term Capital Borrowings

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

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2013	New Issues	Redemptions	Balance December 31, 2013
Various Capital Projects	2009	06/14	0.78 %	$ 690,133	$ -	$ 270,933	$ 419,200
Various Capital Projects	2013	12/14	1.00	-	4,001,525	-	4,001,525
				$ 690,133	$ 4,001,525	$ 270,933	$ 4,420,725

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

Interest expense/expenditures of $6,404 were recorded in the government-wide financial statements and in the fund financial statements in the funds identified below.

Fund	Amount
General	$ 3,442
Special Districts	2,962
	$ 6,404

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2013:

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Bonds Payable	$ 38,008,723	$ 3,540,000	$ 7,198,723	$ 34,350,000	$ 3,570,000
Plus - unamortized premium on bonds	231,296	197,192	58,681	369,807	-
	38,240,019	3,737,192	7,257,404	34,719,807	3,570,000
Compensated Absences	1,554,313	208,203	155,000	1,607,516	161,000
Other Post Employment Benefit Obligations Payable	10,060,000	3,870,000	1,210,000	12,720,000	-
	$ 49,854,332	$ 7,815,395	$ 8,622,404	$ 49,047,323	$ 3,731,000

Each governmental fund's liability for compensated absences and other post employment benefit obligations are liquidated by the General, Highway and Special Districts funds. The Town's indebtedness for bonds is satisfied by the Debt Service Fund, which is primarily funded by the General, Highway and Special Districts funds.

Bonds Payable

Bonds payable at December 31, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Public Improvements	2005	$ 4,830,000	December, 2020	3.750 - 3.850 %	$ 2,150,000
Public Improvements	2007	5,330,000	December, 2022	3.750	2,550,000
Refunding Bonds	2010	5,125,000	November, 2017	4.000	1,925,000
Public Improvements	2011	22,255,159	May, 2031	0.807 - 4.403	20,355,000
Public Improvements	2011	198,564	May, 2024	0.833 - 3.721	170,000
Public Improvements	2011	4,360,000	June, 2025	2.000 - 3.250	3,660,000
Refunding Bonds	2013	3,540,000	September, 2019	2.000 - 4.000	3,540,000
					$ 34,350,000

Interest expenditures of $979,939 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $956,519 was recorded in the government-wide financial statements for governmental activities.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2013, including interest payments of $6,663,906 are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	$ 3,570,000	$ 866,649	$ 4,436,649
2015	3,260,000	785,151	4,045,151
2016	3,120,000	700,903	3,820,903
2017	2,785,000	614,127	3,399,127
2018	2,340,000	544,366	2,884,366
2019-2023	8,715,000	1,960,784	10,675,784
2024-2028	6,490,000	1,017,192	7,507,192
2029-2031	4,070,000	174,734	4,244,734
	$ 34,350,000	$ 6,663,906	$ 41,013,906

The above general obligation bonds are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Advanced Refunding

During the current fiscal year, the Town issued $3,540,000 in serial bonds with interest rates ranging from 2.0% to 4.0%, depending on maturity. The proceeds were used to refund $3,650,000 of 2004 public improvement serial bonds bearing interest at rates ranging from 3.375% to 3.750%. The net proceeds of $3,667,377 (net of a $197,192 re-offering premium and after payment of $69,815 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 public improvement serial bonds. As a result, the 2004 public improvement serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $17,377 and the premium received as $197,192. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

In accordance with the various collective bargaining agreements, all employees, with the exception of the police bargaining unit, may accumulate sick leave. Payment for accumulated sick leave is at rates in accordance with the provisions enumerated below:

Teamsters - White Collar		Teamsters - Blue Collar	
Sick Leave Accumulation	Rate of Reimbursement	Sick Leave Accumulation	Rate of Reimbursement
0 to 50 days	10% of all days	0 to 50 days	20% of all days
51 to 100 days	60% of all days	51 to 100 days	40% of all days
101 to 150 days	80% of all days	101 to 150 days	60% of all days
151 to 260 days	100% of all days	151 to 250 days	80% of all days

Vacation time for teamsters and non-union employees may be accumulated to a maximum of thirty days and ten days, respectively. The value of all compensated absences has been recorded in the government-wide financial statements.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employee. Substantially all of the Town's employee's may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements. The Town has recognized revenues and expenditures of $23,072 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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

Year Ended December 31,	Medical Rates
2014	9.50 %
2015	9.00
2016	8.50
2017	8.00
2018	7.50
2019	7.00
2020	6.50
2021	6.00
2022	5.50
2023+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 24 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return and a 0% inflation rate. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of December 31, 2013 was as follows:

Active Employees	122
Retired Employees	94
	216

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2013	$ 48,720,000
Assets at Market Value	-
Unfunded Actuarial Accrued Liability	$ 48,720,000
Funded Ratio	0.00%
Covered Payroll (active plan members)	$ 11,190,000
UAAL as a Percentage of Covered Payroll	435%
Annual Required Contribution	$ 4,010,000
Interest on Net OPEB Obligation	450,000
Adjustments to Annual Required Contribution	(590,000)
Annual OPEB Cost	3,870,000
Contributions Made	(1,210,000)
Increase in Net OPEB Obligation	2,660,000
Net OPEB Obligation - Beginning of Year	10,060,000
Net OPEB Obligation - End of Year	$ 12,720,000

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

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 3,870,000	31.27 %	$ 12,720,000
2012	3,740,000	30.75	10,060,000
2011	3,280,000	32.62	7,470,000

G. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

	Transfer In		
Transfers Out	Capital Projects Fund	Debt Service Fund	Total
General Fund	$ 158,685	$ 1,048,416	1,207,101
Highway Fund	-	1,193,809	1,193,809
Special Districts Fund	112,248	2,286,438	2,398,686
	$ 270,933	$ 4,528,663	$ 4,799,596

Transfers are used to 1) move amounts from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures.

H. Net Position

The components of net position are detailed below:

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

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of General Municipal Law of the State of New York.

Restricted for DARE - the component of net position that has been established pursuant to State authorization for unexpended gifts and donations restricted to use for the Town's drug resistance education program.

Restricted for Open Space - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-h of General Municipal Law of the State of New York.

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

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

Restricted for Trusts - the component of net position that has been established to set aside funds in accordance with the terms of the grants.

Restricted for Joint Activity - the component of net position that represents funds restricted for educational and drug prevention counseling services.

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

Note 3 - Detailed Notes on All Funds (Continued)

Fund Balances

	2013							2012						
	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable														
Prepaid expenditures	$ 469,393	$ 108,216	$ 84,999	$ -	$ -	$ 1,263	$ 663,871	$ 610,083	$ 126,284	$ 80,459	$ -	$ -	$ 176	$ 816,984
Restricted														
Unemployment benefits	84,211	-	-	-	-	-	84,211	88,627	-	-	-	-	-	88,627
DARE	14,031	-	-	-	-	-	14,031	12,163	-	-	-	-	-	12,163
Open space	2,288,546	-	-	-	-	-	2,288,546	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	1,689,675	-	-	1,689,675
Debt service	-	-	-	-	388,675	-	388,675	-	-	-	-	384,291	-	384,291
Trusts	-	-	-	-	-	297,635	297,635	-	-	-	-	-	297,454	297,454
Total Restricted	2,383,788	-	-	-	388,675	297,635	3,073,098	100,790	-	-	1,689,675	384,291	297,454	2,472,210
Committed														
Open space	-	-	-	-	-	-	-	2,609,077	-	-	-	-	-	2,609,077
Assigned														
Purchases on order														
General government support	457	-	-	-	-	-	457	5,984	-	-	-	-	-	5,984
Public safety	424	-	-	-	-	-	424	-	-	-	-	-	-	-
Transportation	-	29,960	-	-	-	-	29,960	-	140,150	-	-	-	-	140,150
Culture and recreation	9,508	-	-	-	-	-	9,508	-	-	-	-	-	-	-
Home and community services	531	-	8,400	-	-	-	8,931	-	-	2,045	-	-	-	2,045
	10,920	29,960	8,400	-	-	-	49,260	5,984	140,150	2,045	-	-	-	148,179
Subsequent year's expenditures	250,086	250,000	114,460	-	-	-	614,566	575,086	250,000	11,363	-	-	-	836,449
Major funds	-	1,398,998	2,986,174	-	-	-	4,355,170	-	2,011,194	2,910,807	-	-	-	4,922,001
Total Assigned	261,006	1,648,958	3,109,054	-	-	-	5,019,018	581,070	2,401,344	2,924,215	-	-	-	5,908,629
Unassigned	5,131,855	-	-	(973,308)	-	(1,083)	4,157,464	3,109,818	-	-	-	-	-	3,109,818
Total Fund Balances	$ 8,249,042	$ 1,757,172	$ 3,194,053	$ (973,308)	$ 388,675	$ 297,815	$ 12,913,449	$ 7,010,838	$ 2,527,608	$ 3,004,674	$ 1,689,675	$ 384,291	$ 297,632	$ 14,914,718

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions. The amounts are reflected as assigned fund balance except where the assignment would cause a negative unassigned fund balance.

Subsequent year's expenditures represent that at December 31, 2013, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balances in the Joint Activity and Capital Projects funds represent the deficit balances in those funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Town, if adversely settled.

The Town is a defendant in numerous tax certiorari proceedings, the results of which cannot be determined at the present time. Any future refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases various conventional insurance policies to reduce its exposure to loss. The general liability, public officials liability and police professional liability policies provide for coverage up to $3 million, $2 million and $10 million, respectively. The Town also maintains an excess liability policy with a limit of $30 million. The Town purchases health insurance and conventional workers' compensation insurance with coverage at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Contingencies

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

*****

Town of Bedford, New York

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
January 1, 2011	$ -	$ 40,550,000	$ 40,550,000	- %	$ 12,080,000	336 %
January 1, 2012	-	47,120,000	47,120,000	-	12,170,000	387
January 1, 2013	-	48,720,000	48,720,000	-	11,190,000	435

Town of Bedford, New York

General Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 20,154,761	$ 18,381,106
Taxes receivable		
Town and County taxes	439,951	492,172
School districts taxes	30,598,399	29,273,710
Tax liens	1,034,017	795,951
Property acquired for taxes	188,766	188,766
	32,261,133	30,750,599
Allowance for uncollectible taxes	(188,766)	(188,766)
	32,072,367	30,561,833
Other receivables		
Accounts	225,409	312,190
Due from other governments	755,857	674,838
Due from other funds	868,281	714,528
	1,849,547	1,701,556
Prepaid expenditures	469,393	610,083
Total Assets	$ 54,546,068	$ 51,254,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 615,793	$ 372,979
Due to school districts	43,719,101	42,115,562
Due to other governments	72,464	44,163
Due to other funds	507,995	532,607
Unearned revenues	8,835	8,835
Total Liabilities	44,924,188	43,074,146
Deferred inflows of resources		
Deferred tax revenues	1,372,838	1,169,594
Total Liabilities and Deferred Inflows of Resources	46,297,026	44,243,740
Fund balance		
Nonspendable	469,393	610,083
Restricted	2,386,788	100,790
Committed	-	2,609,077
Assigned	261,006	581,070
Unassigned	5,131,855	3,109,818
Total Fund Balance	8,249,042	7,010,838
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 54,546,068	$ 51,254,578

Town of Bedford, New York

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

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 11,396,224	$ 11,396,224	$ 11,168,969	$ (227,255)
Other tax items	580,000	580,000	701,651	121,651
Non-property taxes	2,700,000	2,700,000	2,790,201	90,201
Departmental income	2,346,450	2,421,537	2,482,867	61,330
Use of money and property	81,100	81,100	92,307	11,207
Licenses and permits	98,000	98,000	135,274	37,274
Fines and forfeitures	550,250	550,250	686,688	136,438
Sale of property and compensation for loss	61,000	61,000	48,794	(12,206)
State aid	948,800	956,900	1,296,139	339,239
Federal aid	-	-	49,698	49,698
Miscellaneous	91,050	97,978	86,731	(11,247)
Total Revenues	18,852,874	18,942,989	19,539,319	596,330
EXPENDITURES				
Current				
General government support	3,239,810	3,319,288	3,044,677	274,611
Public safety	5,551,708	5,639,474	5,654,327	(14,853)
Health	65,500	65,500	33,627	31,873
Transportation	405,104	410,529	481,047	(70,518)
Economic opportunity and development	9,900	9,900	3,852	6,048
Culture and recreation	2,308,132	2,312,616	2,249,200	63,416
Home and community services	641,662	698,485	485,341	213,144
Employee benefits	5,725,052	5,729,561	5,193,851	535,710
Debt service				
Interest	377,001	377,001	3,442	373,559
Total Expenditures	18,323,869	18,562,354	17,149,364	1,412,990
Excess of Revenues Over Expenditures	529,005	380,635	2,389,955	2,009,320
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	170,000	204,692	55,350	(149,342)
Transfers out	(1,280,075)	(1,280,075)	(1,207,101)	72,974
Total Other Financing Uses	(1,110,075)	(1,075,383)	(1,151,751)	(76,368)
Net Change in Fund Balance	(581,070)	(694,748)	1,238,204	1,932,952
FUND BALANCE				
Beginning of Year	581,070	694,748	7,010,838	6,316,090
End of Year	$ -	$ -	$ 8,249,042	$ 8,249,042

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 11,268,955	$ 11,268,955	$ 10,942,647	$ (326,308)
530,000	530,000	584,011	54,011
2,560,000	2,560,000	2,598,294	38,294
2,040,605	2,138,659	2,274,835	136,176
97,100	97,100	85,229	(11,871)
82,000	82,000	85,537	3,537
560,250	560,250	586,523	26,273
1,000	1,000	-	(1,000)
951,200	951,200	1,006,645	55,445
-	-	21,197	21,197
81,050	82,980	74,926	(8,054)
18,172,160	18,272,144	18,259,844	(12,300)
3,153,523	3,320,548	2,976,012	344,536
5,570,787	5,577,851	5,897,307	(319,456)
96,500	96,500	85,225	11,275
537,487	537,487	536,433	1,054
9,900	9,900	4,019	5,881
2,218,023	2,222,200	2,210,110	12,090
606,555	628,273	453,474	174,799
5,427,307	5,431,367	4,774,369	656,998
4,725	4,725	4,722	3
17,624,807	17,828,851	16,941,671	887,180
547,353	443,293	1,318,173	874,880
145,000	145,000	133,366	(11,634)
(1,114,286)	(1,114,286)	(1,090,186)	24,100
(969,286)	(969,286)	(956,820)	12,466
(421,933)	(525,993)	361,353	887,346
421,933	525,993	6,649,485	6,123,492
$ -	$ -	$ 7,010,838	$ 7,010,838

Town of Bedford, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REAL PROPERTY TAXES	$ 11,396,224	$ 11,396,224	$ 11,168,969	$ (227,255)	$ 10,942,647
OTHER TAX ITEMS					
Payments in lieu of taxes	30,000	30,000	30,177	177	-
Interest and penalties on real property taxes	550,000	550,000	671,474	121,474	584,011
	580,000	580,000	701,651	121,651	584,011
NON-PROPERTY TAXES					
Non-property tax distribution from County	2,400,000	2,400,000	2,438,478	38,478	2,287,017
Franchise fees	300,000	300,000	351,723	51,723	311,277
	2,700,000	2,700,000	2,790,201	90,201	2,598,294
DEPARTMENTAL INCOME					
Police fees	77,500	77,500	94,349	16,849	6,911
Safety inspection fees	540,000	540,000	757,648	217,648	662,666
Planning Board fees	32,000	107,087	106,687	(400)	136,335
Dog pound fees	1,500	1,500	1,888	388	2,321
Parking lot fees	930,000	930,000	856,802	(73,198)	817,935
Parks and recreation charges	615,300	615,300	534,075	(81,225)	541,865
Performing arts	31,950	31,950	4,560	(27,390)	-
Town Clerk fees	50,200	50,200	29,927	(20,273)	27,408
Zoning fees	16,000	16,000	27,370	11,370	20,950
DWI fees	7,500	7,500	11,102	3,602	11,757
Traffic law enforcement	4,000	4,000	3,552	(448)	2,804
Charges for tax advertising	3,000	3,000	2,763	(237)	3,221
Refuse and recycling	13,500	13,500	11,046	(2,454)	9,411
Other	24,000	24,000	41,098	17,098	31,251
	2,346,450	2,421,537	2,482,867	61,330	2,274,835

USE OF MONEY AND PROPERTY					
Earnings on investments	22,100	22,100	25,993	3,893	19,726
Rentals	59,000	59,000	66,314	7,314	65,503
	81,100	81,100	92,307	11,207	85,229
LICENSES AND PERMITS					
Dog license apportionment	13,000	13,000	20,054	7,054	17,712
Alarm permits and charges	85,000	85,000	115,220	30,220	67,825
	98,000	98,000	135,274	37,274	85,537
FINES AND FORFEITURES					
Fines and forfeited bail	550,000	550,000	686,438	136,438	586,398
Fines and penalties - Dog cases	250	250	250	-	125
	550,250	550,250	686,688	136,438	586,523
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	61,000	61,000	48,794	(12,206)	-
STATE AID					
Per capita	81,000	81,000	79,494	(1,506)	79,494
Mortgage tax	850,000	850,000	1,198,964	348,964	862,866
Substance abuse	5,000	5,000	-	(5,000)	5,272
Archive grant	-	-	-	-	7,508
Records management grants	-	8,100	4,050	(4,050)	-
Emergency management assistance	-	-	-	-	5,492
Police grants	12,800	12,800	11,820	(980)	7,342
Theatre arts grant	-	-	1,811	1,811	-
Environmental restoration grant	-	-	-	-	38,671
	948,800	956,900	1,296,139	339,239	1,006,645
FEDERAL AID					
Emergency management assistance	-	-	49,698	49,698	18,456
Asset forfeiture grant	-	-	-	-	2,741
	-	-	49,698	49,698	21,197

(Continued)

(This page intentionally left blank)

Town of Bedford, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
MISCELLANEOUS					
Historical books	$ 2,000	$ 2,000	$ 1,995	$ (5)	$ 1,155
Refund of prior year's expenditures	-	-	10,508	10,508	-
Medicare part D reimbursement	35,500	35,500	23,072	(12,428)	37,104
Other	53,550	60,478	51,156	(9,322)	36,667
	91,050	97,978	86,731	(11,247)	74,926
TOTAL REVENUES	18,852,874	18,942,989	19,539,319	596,330	18,259,844
OTHER FINANCING SOURCES					
Insurance recoveries	170,000	204,692	55,350	(149,342)	133,366
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 19,022,874	$ 19,147,681	$ 19,594,669	$ 446,988	$ 18,393,210

Town of Bedford, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	$ 117,548	$ 117,548	$ 116,704	$ 844	$ 81,694
Town Justices	514,912	518,822	505,101	13,721	489,154
Supervisor	245,854	245,854	247,320	(1,466)	247,827
Finance	357,478	362,478	362,412	66	327,197
Audit	50,000	50,000	50,000	-	49,000
Receiver of Taxes	103,958	103,958	91,754	12,204	94,107
Assessor	178,748	178,748	178,040	708	201,795
Board of Assessors	1,375	1,375	2,642	(1,267)	3,557
Town Clerk	185,172	185,172	201,059	(15,887)	194,992
Town Attorney	324,000	324,000	316,889	7,111	306,488
Personnel	75,150	75,150	75,298	(148)	72,909
Engineer	92,500	148,150	108,124	40,026	96,147
Elections	32,200	32,200	31,053	1,147	30,221
Records management	4,000	12,100	12,135	(35)	3,956
Buildings	99,481	100,481	96,129	4,352	79,714
Central printing and mailing	81,000	81,000	36,980	44,020	36,275
Central data processing	91,556	94,374	87,724	6,650	81,847
Municipal association dues	5,000	5,000	4,965	35	3,015
Judgments and claims	50,000	50,000	4,199	45,801	21,275
Metropolitan commuter transportation mobility tax	27,230	27,230	25,577	1,653	28,930
Unallocated insurance	186,680	186,680	172,636	14,044	180,706
Taxes on town property	-	-	653	(653)	1,181
Town House	256,168	264,168	317,283	(53,115)	344,025
Contingent account	159,800	154,800	-	154,800	-
	3,239,810	3,319,288	3,044,677	274,611	2,976,012

PUBLIC SAFETY					
Police	5,095,022	5,178,471	5,204,341	(25,870)	5,446,432
DARE	1,500	2,685	1,185	1,500	816
Control of animals	40,215	38,215	34,224	3,991	41,197
Safety inspection	390,558	395,690	393,650	2,040	385,180
School crossing guards	24,413	24,413	20,927	3,486	23,682
	5,551,708	5,639,474	5,654,327	(14,853)	5,897,307
HEALTH					
Nursing association	500	500	-	500	-
Registrar of Vital Statistics	4,000	4,000	2,030	1,970	3,320
Environmental health program	20,000	20,000	690	19,310	40,905
Drug abuse prevention	26,000	26,000	15,907	10,093	26,000
Ambulance	15,000	15,000	15,000	-	15,000
	65,500	65,500	33,627	31,873	85,225
TRANSPORTATION					
Superintendent of Highways	148,535	184,307	226,431	(42,124)	273,568
Off-street parking	256,569	226,222	254,616	(28,394)	262,865
	405,104	410,529	481,047	(70,518)	536,433
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Blue Mountain Development	6,400	6,400	1,156	5,244	1,319
Veteran's services	3,500	3,500	2,696	804	2,700
	9,900	9,900	3,852	6,048	4,019
CULTURE AND RECREATION					
Programs for the aging	19,900	19,900	19,671	229	17,113
Performing arts	31,950	31,950	16,015	15,935	-
Recreation administration	338,803	338,803	341,684	(2,881)	335,491
Recreation programs	544,316	544,941	515,804	29,137	500,658
Parks	12,005	15,877	14,074	1,803	5,983
Senior citizen recreation	62,168	62,168	54,568	7,600	60,342
Libraries	1,254,662	1,254,662	1,253,652	1,010	1,254,662
Historical property	19,650	19,638	21,429	(1,791)	18,829
Historian	24,678	24,677	12,303	12,374	17,032
	2,308,132	2,312,616	2,249,200	63,416	2,210,110

(Continued)

Town of Bedford, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
HOME AND COMMUNITY SERVICES					
Cemeteries	$ 7,250	$ 15,300	$ 8,951	$ 6,349	$ 3,902
Zoning Board	43,046	43,046	41,905	1,141	40,474
Planning Board	425,990	455,325	269,948	185,377	256,180
Tree Advisory Board	7,000	7,000	2,312	4,688	1,567
Conservation Board	1,000	1,000	392	608	278
Energy Advisory Panel	5,000	5,000	5,000	-	4,000
Recycling	32,911	32,911	25,363	7,548	24,697
Wetlands Commission	91,145	110,583	113,074	(2,491)	94,278
Refuse and garbage	2,200	2,200	3,108	(908)	3,108
Community beautification	26,120	26,120	15,288	10,832	24,990
	641,662	698,485	485,341	213,144	453,474
EMPLOYEE BENEFITS					
State retirement	632,264	632,264	633,959	(1,695)	536,385
Police retirement	1,315,675	1,315,675	1,064,379	251,296	1,111,161
Social security	501,441	501,441	456,276	45,165	485,057
Medicare	111,222	111,222	118,153	(6,931)	121,651
Workers' compensation benefits	152,333	155,883	140,261	15,622	173,336
Hospital and medical insurance	2,784,644	2,781,094	2,616,196	164,898	2,191,262
Welfare fund	23,873	23,873	3,900	19,973	2,600
Police welfare fund	16,885	16,885	(2,353)	19,238	11,496
Dental and optical plan	181,715	181,715	155,297	26,418	152,814
Unemployment benefits	-	4,509	4,509	-	4,060
Employee assistance plan	5,000	5,000	3,274	1,726	4,547
	5,725,052	5,729,561	5,193,851	535,710	4,774,369
DEBT SERVICE					
Interest					
Bond anticipation notes	377,001	377,001	3,442	373,559	4,722
TOTAL EXPENDITURES	18,323,869	18,562,354	17,149,364	1,412,990	16,941,671

OTHER FINANCING USES					
Transfers out					
Debt Service Fund	1,280,075	1,280,075	1,048,416	231,659	931,501
Capital Projects Fund	-	-	158,685	(158,685)	158,685
TOTAL OTHER FINANCING USES	1,280,075	1,280,075	1,207,101	72,974	1,090,186
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 19,603,944	$ 19,842,429	$ 18,356,465	$ 1,485,964	$ 18,031,857

(This page intentionally left blank)

Town of Bedford, New York

Highway Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 2,351,412	$ 2,083,170
Receivables		
Accounts	12,200	16,565
Due from other governments	-	814,307
Due from other funds	12,183	4,048
	24,383	834,920
Prepaid expenditures	108,216	126,264
Total Assets	$ 2,484,011	$ 3,044,354
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 492,232	$ 316,615
Retainages payable	34,476	-
Due to other funds	200,131	200,131
Total Liabilities	726,839	516,746
Fund balance		
Nonspendable	108,216	126,264
Assigned	1,648,956	2,401,344
Total Fund Balance	1,757,172	2,527,608
Total Liabilities and Fund Balance	$ 2,484,011	$ 3,044,354

Town of Bedford, New York

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

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 6,545,409	$ 6,545,409	$ 6,534,426	$ (10,983)
Intergovernmental charges	35,000	35,000	45,112	10,112
Use of money and property	8,000	8,000	10,093	2,093
Sale of property and compensation for loss	51,400	51,400	6,203	(45,197)
State aid	202,734	202,734	285,687	82,953
Federal aid	100,000	100,000	189,056	89,056
Miscellaneous	90,000	90,000	90,821	821
Total Revenues	7,032,543	7,032,543	7,161,398	128,855
EXPENDITURES				
Current				
General government support	100,539	100,539	97,996	2,543
Transportation	4,303,190	5,147,299	5,142,354	4,945
Employee benefits	1,475,477	1,475,477	1,497,675	(22,198)
Debt service				
Interest	135,895	135,895	-	135,895
Total Expenditures	6,015,101	6,859,210	6,738,025	121,185
Excess of Revenues Over Expenditures	1,017,442	173,333	423,373	250,040
OTHER FINANCING USES				
Transfers out	(1,407,592)	(1,407,592)	(1,193,809)	213,783
Net Change in Fund Balance	(390,150)	(1,234,259)	(770,436)	463,823
FUND BALANCE				
Beginning of Year	390,150	1,234,259	2,527,608	1,293,349
End of Year	$ -	$ -	$ 1,757,172	$ 1,757,172

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 6,176,240	$ 6,176,240	$ 6,176,240	$ -
35,000	35,000	43,279	8,279
8,000	8,000	5,650	(2,350)
51,400	51,400	25,510	(25,890)
202,734	202,734	345,346	142,612
-	-	1,082,121	1,082,121
90,000	90,000	54,593	(35,407)
6,563,374	6,563,374	7,732,739	1,169,365
93,539	93,539	67,085	26,454
4,346,741	4,346,741	3,775,677	571,064
1,411,371	1,411,371	1,522,416	(111,045)
-	-	-	-
5,851,651	5,851,651	5,365,178	486,473
711,723	711,723	2,367,561	1,655,838
(1,290,323)	(1,290,323)	(1,276,232)	14,091
(578,600)	(578,600)	1,091,329	1,669,929
578,600	578,600	1,436,279	857,679
$ -	$ -	$ 2,527,608	$ 2,527,608

(This page intentionally left blank)

Town of Bedford, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 417,008	$ 108,499
Due from other funds	-	275,792
Total Assets	$ 417,008	$ 384,291
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	$ 28,333	$ -
Fund balance		
Restricted	388,675	384,291
Total Liabilities and Fund Balance	$ 417,008	$ 384,291

(This page intentionally left blank)

Town of Bedford, New York

Joint Activity Fund - Drug Abuse Prevention
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ -	$ 1,634
Due from other governments	5,000	-
Prepaid expenditures	1,263	178
Total Assets	$ 6,263	$ 1,812
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 1,987	$ 1,634
Due to other funds	4,096	-
Total Liabilities	6,083	1,634
Fund balance (deficit)		
Nonspendable	1,263	178
Unassigned	(1,083)	-
Total Fund Balance	180	178
Total Liabilities and Fund Balance	$ 6,263	$ 1,812

Town of Bedford, New York

Joint Activity Fund - Drug Abuse Prevention
Comparative Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Years Ended December 31,

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	$ 45,500	$ 40,500	$ 40,500	$ -
State aid	-	5,000	5,000	-
Total Revenues	45,500	45,500	45,500	-
EXPENDITURES				
Current				
Health	38,145	40,254	40,252	2
Employee benefits	7,355	5,246	5,246	-
Total Expenditures	45,500	45,500	45,498	2
Excess of Revenues Over Expenditures	-	-	2	2
FUND BALANCE				
Beginning of Year	-	-	178	178
End of Year	$ -	$ -	$ 180	$ 180

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 45,500	$ 45,500	$ 45,500	$ -
-	-	-	-
45,500	45,500	45,500	-
40,733	40,733	42,860	(2,127)
4,767	4,767	2,462	2,305
45,500	45,500	45,322	178
-	-	178	178
-	-	-	-
$ -	$ -	$ 178	$ 178

Town of Bedford, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 297,635	$ 297,454
FUND BALANCE		
Restricted	$ 297,635	$ 297,454

Town of Bedford, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	2013	2012
REVENUES		
Use of money and property	$ 181	$ 260
Departmental income	-	52,540
Total Revenues	181	52,800
EXPENDITURES	-	-
Excess of Revenues Over Expenditures	181	52,800
FUND BALANCE		
Beginning of Year	297,454	244,654
End of Year	$ 297,635	$ 297,454

(This page intentionally left blank)

O'CONNOR DAVIES

PKF

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

Independent Auditors' Report

The Honorable Supervisor and Town Board of the Town of Bedford, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Bedford, New York ("Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

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

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

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

O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com
O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Compliance and Other Matters

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

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

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 31, 2014

O'CONNOR DAVIES

PKF

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Supervisor and the Town Board of the Town of Bedford, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Bedford, New York's ("Town") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2013. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 31, 2014

Town of Bedford, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor Program Title	Federal CFDA Number (1)	Federal Program Expenditures
U.S. Department of Energy		
Direct Program		
Better Building Grant - Topic II - ARRA	81.128	$ 588,092
Indirect Programs - Passed through New York State Energy Research and Development Authority		
Better Building Grant - Topic I - ARRA	81.128	118,831
RFP 10 - ARRA	81.128	399,441
RFP 228	81.128	32,000
Total U.S. Department of Energy		1,138,364
U.S. Department of Homeland Security		
Indirect Program		
Passed through New York State Emergency Management Office		
Disaster Assistance Projects	97.036	238,754
		$ 1,377,118

(1) Catalog of Federal Domestic Assistance number.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Bedford ("Town") under programs of the federal government for the year ended December 31, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* which established principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

None

Town of Bedford, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ___ yes _X_ no
- Significant deficiency(ies) identified? ___ yes _X_ none reported
- Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes _X_ no
- Significant deficiency(ies) identified? ___ yes _X_ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ yes _X_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
81.128	Energy Efficiency and Conservation Block Grant Program (ARRA)

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? _X_ Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None