Town/Village of Harrison, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2013

Town/Village of Harrison, New York

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Independent Auditors' Report

The Honorable Supervisor/Mayor and Town/Village Board of the Town/Village of Harrison, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town/Village of Harrison, New York ("Town/Village") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town/Village'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town/Village, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General 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 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedules of Funding Progress and Contributions for the Service Awards Program and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town/Village's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town/Village's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 21, 2014

Introduction

As management of the Town/Village of Harrison, New York ("Town/Village"), we offer readers of the Town/Village's financial statements this narrative overview and analysis of the financial activities of the Town/Village for the fiscal year ended December 31, 2013. It should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements, which immediately follow this section, to enhance understanding of the Town/Village's financial performance.

Financial Highlights

- On the government-wide financial statements, the liabilities of the Town/Village exceeded its assets at the close of the most recent fiscal year by $19,524,399. Of this amount, a deficit of $53,625,976 is unrestricted. This deficit results primarily from the accrual of certain operating liabilities pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 34, which will be satisfied in future years, including retirement system obligations, compensated absences and the accrual of the Town/Village's annual other postemployment benefit cost in accordance with the provisions of GASB Statement No. 45.

- As of the close of the current fiscal year, the Town/Village's governmental funds reported combined ending fund balances of $26,851,312, an increase of $7,038,455 from a fund balance of $19,812,857 at the close of the previous fiscal year. This was primarily due to current year financing exceeding capital outlay as well as better than expected collections of building permit revenues. However, exclusive of the Capital Projects Fund, the combined ending fund balances were $16,221,265.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $6,697,219 or 13.55% of total General Fund expenditures and other financing uses for 2013. This is an increase of $2,580,705 from the previous year and was primarily caused by higher than anticipated building permit revenues.

- During the current fiscal year, the Town/Village issued $7,963,063 of public improvement and tax certiorari bonds and $15,775,000 in refunding bonds. The Town/Village also retired $5,802,335 of general obligation bonded debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town/Village's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town/Village's finances, in a manner similar to a private-sector business. The Harrison Parking Authority ("Authority") is a discretely presented component unit of the primary government. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authorities debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

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

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

The government-wide financial statements distinguish functions of the Town/Village that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Town/Village that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Town/Village include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town/Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town/Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

The Town/Village maintains seven individual governmental funds: the General Fund, Debt Service Fund, Capital Projects Fund, Special Districts Fund, Highway Fund, Public Library Fund and the Special Purpose Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund and the Special District's Fund, all of which are considered to be major funds. Data for the other three governmental funds, which are considered non-major funds is combined into a single, aggregated presentation. Individual information on each of these non-major governmental funds is provided in the form of combining and individual fund schedules and statements elsewhere in this report.

The Town/Village adopts annual budgets for the General Fund, Debt Service Fund, Special Districts Fund, Highway Fund, and Public Library Fund. A budgetary comparison statement has been provided for the General Fund and the Special Districts Fund (major funds) within the basic financial statements to demonstrate compliance with the respective budget.

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

Proprietary Fund

The Town/Village maintains an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the Town/Village's various functions. The Town/Village uses an internal service fund to account for its self-insured health benefits. These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type functions. The Internal Service Fund is combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of individual fund statements elsewhere in this report.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Town/Village programs. The Town/Village maintains an Agency Fund. The Town/Village holds resources in this fund 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 Town/Village also maintains a Pension Trust Fund to account for its Fire Service Awards Program.

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

Notes to the Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the Town/Village's Service Awards Program, other post employment benefit obligations, the combining statements for the non-major governmental funds and schedules of budgets to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town/Village, liabilities exceeded assets by $19,524,399 at the close of the most recent fiscal year. By far, the largest portion of the Town/Village's net position ($31,535,325) is its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction- in-progress), less any related debt outstanding that was used to acquire those assets. The Town/Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town/Village's investment in 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.

Net Position

	December 31, 2013	December 31, 2012 *
	Governmental Activities	Governmental Activities
Current Assets	$ 81,069,400	$ 70,100,471
Capital Assets, Net	84,419,729	84,550,320
Total Assets	165,489,129	154,650,791
Deferred Outflows of Resources	1,567,910	250,395
Current Liabilities	57,197,912	54,937,653
Long-term Liabilities	129,383,526	115,106,424
Total Liabilities	186,581,438	170,044,077
Net Position		
Net Investment in Capital Assets	31,535,325	31,568,603
Restricted	2,566,252	2,351,164
Unrestricted	(53,625,976)	(49,062,658)
Total Net Position	$ (19,524,399)	$ (15,142,891)

* Restated for the effects of GASB Statement No. 65

An additional portion of the Town/Village's net position, $2,566,252, represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

	December 31, 2013	2012
Law enforcement	554,473	400,000
Debt service	833,521	876,446
Trusts	684,967	629,216
Parklands	493,291	445,502
Total Net Position	$ 2,566,252	$ 2,351,164

The remaining balance of unrestricted net position, which is a deficit of $53,625,976, must be financed from future operations. This deficit does not mean that the Town/Village does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including retirement incentives and other pension obligations, compensated absences and other post employment benefit obligations that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payments are made.

Change in Net Position

	December 31, 2013	December 31, 2012
REVENUES		
Program Revenues		
Charges for Services	$ 9,972,947	$ 10,883,247
Operating Grants and Contributions	1,896,989	1,173,031
Capital Grants and Contributions	305,251	557,756
General Revenues:		
Real Property Taxes	48,193,381	47,235,082
Other Tax Items	1,943,803	2,025,813
Non-Property Taxes	4,427,923	4,158,171
Unrestricted Use of Money and Property	28,355	31,275
Sale of Property and Compensation for Loss	-	7,886
Unrestricted State Aid	1,377,762	1,276,647
Miscellaneous	604,675	631,272
sale of equipment	41,871	189,046
Insurance recoveries	10,890	626,418
Total Revenues	68,803,847	68,795,644
PROGRAM EXPENSES		
General Government Support	14,699,507	14,239,819
Public Safety	29,036,744	28,638,442
Health	551,176	537,276
Transportation	9,341,411	9,240,183
Economic Assistance and Opportunity	198,151	204,233
Culture and Recreation	9,206,757	9,400,279
Home and Community Services	8,332,122	8,530,400
Interest	1,819,487	2,070,427
Total Expenses	73,185,355	72,861,059
Change in Net Position	(4,381,508)	(4,065,415)
NET POSITION		
Beginning	(15,142,791)	(11,077,376)
Ending	$ (19,524,299)	$ (15,142,791)

Governmental Activities

Governmental activities increased the Town/Village's net position by $7,038,455.

For the fiscal year ended December 31, 2013, revenues from governmental activities totaled $68,803,847. Tax revenues ($54,565,107), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (79%). Last year tax revenues represented 78%, ($53,419,066) and total revenue was $68,795,644.

The largest components of governmental activities' expenses are public safety (40%), general government support (20%) and transportation (13%). This is comparative to last year when the largest components of governmental activities' expenses were public safety (39%), general government support (20%) and transportation (13%).

Financial Analysis of the Town/Village's Funds

As noted earlier, the Town/Village 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/Village's fiscal period ending December 31, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

Governmental Funds

The focus of the Town/Village'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/Village'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/Village itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town/Village Board.

As of the end of the current fiscal year, the Town/Village's governmental funds reported combined ending fund balances of $26,851,312, an increase of $7,038,455 from the prior year fund balance amount of $19,812,857. The nonspendable fund balance component is $2,382,127 and consists of amounts representing prepaid expenditures and long-term receivables. Prepaid expenditures have been established to account for a portion of the New York state retirement and health insurance payments made in advance. Long-term receivables, representing amounts due from the Authority, have been classified as nonspendable to indicate that the amounts will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. Fund balance of $12,816,162 is restricted for law enforcement, debt service, capital projects, trusts and parklands. Fund balance of $60,000 has been committed for building department consulting services. The assigned fund balance classification aggregates $4,895,804, consisting of purchases on order in the amount of $115,479 in the General Fund, $19,679 in the Special Districts Fund and $1,172 in the Non-Major governmental funds, amounts utilized to balance the fiscal 2014 budget ($380,137 in the Debt Service Fund and $54,000 in the Special District's Funds) and amounts available to be used at the Town/Village's discretion in funds other than the General Fund ($2,654,118 in the Special Districts Fund, $1,378,546 for transportation purposes and $292,673 for library purposes in the non-major funds). The remaining fund balance of $6,697,219 is unassigned and represents the remaining positive fund balance in the General Fund after the amounts have been restricted, committed or assigned for other purposes.

The General Fund is the primary operating fund of the Town/Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $6,697,219. This is an increase from last year where the unassigned fund balance was $4,613,016. Revenues and other financing sources were $51,998,659, which was $2,804,702 more than the final budget, primarily from building permit revenues which exceeded the final budget by approximately $1.56 million. Mortgage tax revenues also exceeded expectations by $414,428. The Town/Village also experienced favorable variances relating to storm reimbursements from the emergency management agency. Savings were also achieved in general government support expenditure category due to tight control on expenditures.

The Debt Service Fund reflects a restricted fun balance of $440,971 at the end of the current fiscal year, a decrease of $71,105 from the previous year. The Town/Village issued $7,363,065 in public improvement bonds for capital projects and $660,000 for tax certioraris. The Town/Village also retired $5,802,335 of long-term bonded indebtedness.

The Capital Projects Fund reflects a restricted fund balance of $16,630,047 at the end of the current fiscal year, an increase of $2,340,369 from the previous year. Total revenues aggregated $7,737,570. The Town/Village issued $7,363,063 in new bonds for capital projects, which are recognized as revenue when issued. Capital outlay expenditures totaled $5,308,420.

The Special Districts Fund's total fund balance at the end of the current fiscal year was $3,083,064, an increase of $1,202,181 from the previous year. This was primarily due to an increase in water rents in the Water District No. 2.

General Fund Budgetary Highlights

There was a difference between the original and final estimated revenue budget for the General Fund of $1,275,356. This difference is attributable to an increase in State and Federal aid of $190,292 primarily due to reimbursements for storm clean up costs from the emergency management agency and bonds issued of $600,000 for tax certiorari's.

The difference between the appropriations originally budgeted and the final appropriation budget for the General Fund was $1,147,414 ($48,433,085 vs. $49,580,499). The changes were mainly in the area of general government support and employee benefits.

Capital Assets and Debt Administration

Capital Assets

The Town/Village's net investment in capital assets for governmental activities at December 31, 2013, net of $82,507,817 of accumulated depreciation, was $84,419,729. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress.

Capital Assets
December 31,

Asset	2013	2012
Land	$ 2,331,480	$ 2,331,480
Buildings and improvements	38,459,818	37,782,814
Infrastructure	98,209,784	96,443,717
Vehicles	15,439,817	13,825,322
Machinery and equipment	4,462,058	4,384,986
Construction-in-progress	8,024,589	7,484,947
Less - accumulated depreciation	(82,507,817)	(77,702,946)
Total (net of depreciation)	$ 84,419,729	$ 84,550,320

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

Long-term Debt

During the current fiscal year, the Town/Village retired $5,802,335 of principal on general obligation bonds through budgetary appropriations. The Town/Village issued $7,963,063 of general obligation serial bonds for public improvements and tax certiorari's and also issued $15,775,000 in refunding bonds to advance refund $16,140,000 of outstanding 2003, 2004, 2005, 2006 and 2007 general obligation serial bonds thus reducing its total debt service payments over 16 years by $834,308.

At the end of the current fiscal year, the Town/Village had total bonded debt outstanding of $65,908,063 ($62,970,205 for capital construction and $2,937,858 for judgments and claims). As required by New York State Law, all bonds issued by the Town/Village are general obligation bonds, backed by the full faith and credit of the Town/Village.

Additional information on the Town/Village's long-term debt can be found in Note 3,H in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town/Village of Harrison, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Maureen MacKenzie, Comptroller, Town/Village of Harrison, 1 Heineman Place, Harrison, New York 10528.

Town/Village of Harrison, New York

Statement of Net Position
December 31, 2013

	Primary Government	Component Unit
	Governmental Activities	Harrison Parking Authority
ASSETS		
Cash and equivalents	$ 37,992,213	$ -
Receivables		
Taxes receivable	35,414,847	-
Accounts	4,075,047	-
State and Federal aid	1,196,651	-
Due from component unit	475,000	-
Due from other governments	8,515	-
Prepaid expenses	1,907,127	-
Capital assets		
Not being depreciated	10,356,069	551,953
Being depreciated, net	74,063,660	-
Total Assets	165,489,129	551,953
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	1,567,910	
LIABILITIES		
Accounts payable	3,314,632	-
Accrued liabilities	822,250	-
Due to other governments	15,970	-
Retainages payable	80,854	-
Due to school district	44,983,685	-
Unearned revenues	1,877,764	-
Due to primary government	-	475,000
Accrued interest payable	125,277	76,953
Non-current liabilities		
Due within one year	5,977,480	-
Due in more than one year	129,383,526	-
Total Liabilities	186,581,438	551,953
NET POSITION		
Net investment in capital assets	31,535,325	-
Restricted for		
Law enforcement	554,473	-
Debt service	833,521	-
Trusts	684,967	-
Parklands	493,291	-
Unrestricted	(53,625,976)	-
Total Net Position	$ (19,524,399)	$ -

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

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Town/Village of Harrison, 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	$ 14,699,507	$ 3,934,777	$ 53,415	$ -	$ (10,711,315)
Public safety	29,036,744	2,351,271	160,277	17,641	(26,507,555)
Health	551,176	-	-	-	(551,176)
Transportation	9,341,411	-	849,528	59,743	(8,432,140)
Economic assistance and opportunity	198,151	21,647	-	-	(176,504)
Culture and recreation	9,206,757	870,647	483,068	-	(7,853,042)
Home and community services	8,332,122	2,794,605	350,701	108,500	(5,078,316)
Interest	1,819,487	-	-	119,367	(1,700,120)
Total Governmental Activities	$ 73,185,355	$ 9,972,947	$ 1,896,989	$ 305,251	(61,010,168)
General revenues					
Real property taxes					48,193,381
Other tax items					
Payments in lieu of taxes					806,849
Interest and penalties on real property taxes					464,962
Utilities gross receipts taxes					671,992
Non-property taxes					
Non-property tax distribution from County					3,864,428
Franchise fees					563,495
Unrestricted use of money and property					28,355
Unrestricted State aid					1,377,762
Miscellaneous					604,675
Sale of equipment					41,871
Insurance recoveries					10,890
Total General Revenues					56,628,660
Change in Net Position					(4,381,508)
Net Position - Beginning					(15,142,891)
Net Position - Ending					$ (19,524,399)

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

Town/Village of Harrison, New York

Balance Sheet
Governmental Funds
December 31, 2013

	General	Debt Service	Capital Projects
ASSETS			
Cash and equivalents	$ 17,428,656	$ 797,103	$ 12,148,660
Taxes receivable	35,414,847	-	-
Other receivables			
Accounts	926,441	24,005	4,577
State and Federal aid	1,014,894	-	181,757
Due from component unit	475,000	-	-
Due from other governments	8,515	-	-
Due from other funds	576	-	-
	2,425,426	24,005	186,334
Prepaid expenditures	1,287,023	-	-
Total Assets	$ 56,555,952	$ 821,108	$ 12,334,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 965,203	$ -	$ 1,555,339
Due to other governments	15,970	-	-
Retainages payable	-	-	80,854
Due to school district	44,983,685	-	-
Unearned revenues	275,547	-	68,754
Due to other funds	-	-	-
Total Liabilities	46,240,405	-	1,704,947
Deferred inflows of resources			
Deferred tax revenues	1,113,940	-	-
Total Liabilities and Deferred Inflows of Resources	47,354,345	-	1,704,947
Fund balances			
Nonspendable	1,762,023	-	-
Restricted	566,886	440,971	10,630,047
Committed	60,000	-	-
Assigned	115,479	380,137	-
Unassigned	6,697,219	-	-
Total Fund Balances	9,201,607	821,108	10,630,047
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 56,555,952	$ 821,108	$ 12,334,994

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

Special Districts	Other Governmental Funds	Total
$ 1,764,181	$ 3,014,332	$ 35,152,932
-	-	35,414,847
2,905,065	2,724	3,862,812
-	-	1,196,651
-	-	475,000
-	-	8,515
-	-	576
2,905,065	2,724	5,543,554
355,267	264,837	1,907,127
$ 5,024,513	$ 3,281,893	$ 78,018,460
$ 407,410	$ 166,407	$ 3,094,359
-	-	15,970
-	-	80,854
-	-	44,983,685
1,533,463	-	1,877,764
576	-	576
1,941,449	166,407	50,053,208
-	-	1,113,940
1,941,449	166,407	51,167,148
355,267	264,837	2,382,127
-	1,178,258	12,816,162
-	-	60,000
2,727,797	1,672,391	4,895,804
-	-	6,697,219
3,083,064	3,115,486	26,851,312
$ 5,024,513	$ 3,281,893	$ 78,018,460

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Town/Village of Harrison, New York

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

Fund Balances - Total Governmental Funds	$ 26,851,312
Amounts Reported for Governmental Activities in the Statement of Net Position are Difference Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	84,419,729
Net position of the Internal Service Fund is included with government activities.	2,008,993
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	1,113,940
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	1,567,910
Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(125,277)
Bonds payable	(68,020,219)
Compensated absences	(1,196,563)
Retirement incentives and other pension obligations	(325,708)
Claims payable	(1,690,206)
Other post employment benefit obligations payable	(64,128,310)
	(135,486,283)
Net Position of Governmental Activities	$ (19,524,399)

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

Town/Village of Harrison, New York

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

	General	Debt Service	Capital Projects
REVENUES			
Real property taxes	$ 34,970,423	$ -	$ -
Other tax items	1,943,803	-	-
Non-property taxes	4,427,923	-	-
Departmental income	2,404,450	-	-
Use of money and property	132,681	7,054	-
Licenses and permits	3,478,861	-	-
Fines and forfeitures	1,573,417	-	-
Sale of property and compensation for loss	7,706	-	-
State aid	1,438,801	-	68,243
Federal aid	325,419	-	62,641
Miscellaneous	613,665	112,270	55,000
Total Revenues	51,317,149	119,324	185,884
EXPENDITURES			
Current			
General government support	7,815,576	-	-
Public safety	18,950,037	-	-
Health	551,176	-	-
Transportation	481,719	-	-
Economic assistance and opportunity	97,317	-	-
Culture and recreation	3,306,146	-	-
Home and community services	3,141,501	-	-
Employee benefits	8,842,320	-	-
Debt service			
Refunding bond issuance costs	-	95,212	-
Principal	-	5,802,335	-
Interest	-	2,039,434	-
Capital outlay	-	-	5,308,420
Total Expenditures	43,185,792	7,936,981	5,308,420
Excess (Deficiency) of Revenues Over Expenditures	8,131,357	(7,817,657)	(5,122,536)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	15,775,000	-
Issuance premium	-	1,893,677	-
Payment to refunded bond escrow agent	-	(17,573,465)	-
Bonds issued	600,000	-	7,363,063
Insurance recoveries	3,184	-	-
Sale of equipment	41,871	-	-
Transfers in	36,455	7,679,474	374,507
Transfers out	(6,232,162)	-	(284,540)
Total Other Financing Sources (Uses)	(5,550,652)	7,774,686	7,453,030
Net Change in Fund Balances	2,580,705	(42,971)	2,330,494
FUND BALANCES			
Beginning of Year	6,620,902	864,079	8,299,553
End of Year	$ 9,201,607	$ 821,108	$ 10,630,047

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

Special Districts	Other Governmental Funds	Total
$ 5,495,866	$ 7,492,154	$ 47,958,443
-	-	1,943,803
-	-	4,427,923
2,384,122	27,814	4,816,386
4,378	5,590	149,703
-	-	3,478,861
-	-	1,573,417
-	-	7,706
-	95,714	1,602,758
114,555	730,078	1,232,693
66,626	484,600	1,332,161
8,065,547	8,835,950	68,523,854
148,989	-	7,964,565
3,105,616	-	22,055,653
-	-	551,176
-	3,542,020	4,023,739
-	-	97,317
-	1,282,489	4,588,635
486,263	319,291	3,947,055
1,628,589	2,644,279	13,115,188
-	-	95,212
-	-	5,802,335
-	-	2,039,434
-	-	5,308,420
5,369,457	7,788,079	69,588,729
2,696,090	1,047,871	(1,064,875)
-	-	15,775,000
-	-	1,893,677
-	-	(17,573,465)
-	-	7,963,063
-	-	3,184
-	-	41,871
-	-	8,090,436
(1,493,909)	(79,825)	(8,090,436)
(1,493,909)	(79,825)	8,103,330
1,202,181	968,046	7,038,455
1,880,883	2,147,440	19,812,857
$ 3,083,064	$ 3,115,486	$ 26,851,312

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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	$ 7,038,455
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold.	
Capital outlay expenditures	4,674,280
Depreciation expense	(4,804,871)
	(130,591)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	234,938
Bond proceeds and other long-tem debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other long-term debt 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 issued, whereas these amounts are deferred and amortized on the statement of activities.	
Refunding bonds issued	(15,775,000)
Bonds issued	(7,963,063)
Payment to refunded bond escrow agent	17,573,465
Issuance premium	(1,893,677)
Principal paid on bonds	5,802,335
Principal paid on retirement incentives and other pension obligations	151,883
Amortization of loss on refunding and issuance premium	(48,928)
	(2,152,985)
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	61,964
Compensated absences	10,592
Claims	(17,007)
Other post employment benefit obligations	(10,477,015)
	(10,421,466)
Internal service funds are used by management to charge the cost of risk activities to individual funds. The net revenue of the internal service funds is reported with governmental activities	1,050,141
Change in Net Position of Governmental Activities	$ (4,381,508)

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

Town/Village of Harrison, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General 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	$ 35,173,581	$ 35,173,581	$ 34,970,423	$ (203,158)
Other tax items	2,016,366	2,016,366	1,943,803	(72,563)
Non-property taxes	3,972,865	3,972,865	4,427,923	455,058
Departmental income	2,053,900	2,053,900	2,404,450	350,550
Use of money and property	108,000	108,000	132,681	24,681
Licenses and permits	1,873,800	1,873,800	3,478,861	1,605,061
Fines and forfeitures	1,395,000	1,395,000	1,573,417	178,417
Sale of property and compensation for loss	5,000	5,667	7,706	2,039
State aid	1,244,055	1,266,015	1,438,801	172,786
Federal aid	-	60,175	325,419	265,244
Miscellaneous	478,830	608,947	613,665	4,718
Total Revenues	48,321,397	48,534,316	51,317,149	2,782,833
EXPENDITURES				
Current				
General government support	8,321,446	7,934,794	7,815,576	119,218
Public safety	18,381,664	18,956,101	18,950,037	6,064
Health	529,600	551,684	551,176	508
Transportation	416,324	481,726	481,719	7
Economic assistance and opportunity	112,178	98,853	97,317	1,536
Culture and recreation	3,351,038	3,313,511	3,306,146	7,365
Home and community services	3,093,618	3,155,472	3,141,501	13,971
Employee benefits	8,100,869	8,842,328	8,842,320	8
Total Expenditures	42,306,737	43,334,469	43,185,792	148,677
Excess of Revenues Over Expenditures	6,014,660	5,199,847	8,131,357	2,931,510
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	600,000	600,000	-
Insurance recoveries	20,000	3,186	3,184	(2)
Sale of equipment	-	20,000	41,871	21,871
Transfers in	-	36,455	36,455	-
Transfers out	(6,126,348)	(6,246,030)	(6,232,162)	13,868
Total Other Financing Uses	(6,106,348)	(5,586,389)	(5,550,652)	35,737
Net Change in Fund Balances	(91,688)	(386,542)	2,580,705	2,967,247
FUND BALANCES				
Beginning of Year	91,688	386,542	6,620,902	6,234,360
End of Year	$ -	$ -	$ 9,201,607	$ 9,201,607

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

Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 5,495,866	$ 5,495,866	$ 5,495,866	$ -
1,642,944	-	-	-
6,100	-	-	-
-	1,642,944	2,384,122	741,178
-	6,100	4,378	(1,722)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	35,997	114,555	78,558
31,790	32,639	66,626	33,987
7,176,700	7,213,546	8,065,547	852,001
71,097	166,309	148,989	17,320
3,017,538	3,203,137	3,105,616	97,521
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
619,373	676,790	486,263	190,527
1,759,456	1,654,265	1,628,589	25,676
5,467,464	5,700,501	5,369,457	331,044
1,709,236	1,513,045	2,696,090	1,183,045
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(1,754,883)	(1,754,883)	(1,493,909)	260,974
(1,754,883)	(1,754,883)	(1,493,909)	260,974
(45,647)	(241,838)	1,202,181	1,444,019
45,647	241,838	1,880,883	1,639,045
$ -	$ -	$ 3,083,064	$ 3,083,064

Town/Village of Harrison, New York

Statement of Net Position
Proprietary Fund
December 31, 2013

	Governmental Activities-Internal Service Fund
ASSETS	
Current assets	
Cash and equivalents	$ 2,839,281
Accounts receivable	212,235
Total Assets	3,051,516
LIABILITIES	
Current liabilities	
Accounts payable	220,273
Accrued liabilities	822,250
Total Current Liabilities	1,042,523
NET POSITION	
Unrestricted	$ 2,008,993

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

Town/Village of Harrison, New York

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

	Governmental Activities- Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 10,960,078
Miscellaneous - insurance recoveries	1,305,509
Total Operating Revenues	12,265,587
OPERATING EXPENSES	
Insurance	546,663
Employee benefits	10,346,893
Contractual	321,890
Total Operating Expenses	11,215,446
Income from Operations	1,050,141
NET POSITION	
Beginning of Year	958,852
End of Year	$ 2,008,993

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

Town/Village of Harrison, New York

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

	Governmental Activities-Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	$ 10,960,078
Cash received from insurance reimbursements	1,133,403
Cash payments for goods and services	(276,477)
Cash payments to insurance carriers and claimants	(11,268,151)
Net Cash from Operating Activities	548,853
CASH AND EQUIVALENTS	
Beginning of Year	2,290,428
End of Year	$ 2,839,281
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	$ 1,050,141
Adjustments to reconcile income from operations to net cash from operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(172,106)
Prepaid expenses	45,413
Accounts payable	110,155
Accrued liabilities	(484,750)
Net Cash from Operating Activities	$ 548,853

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

Town/Village of Harrison, New York

Statement of Net Position
Fiduciary Funds
December 31, 2013

	Pension Trust Fund	Agency Fund
ASSETS		
Cash and equivalents	$ 45,675	$ 1,338,478
Investments		
Fixed income mutual funds	361,011	-
International equities	46,237	-
U.S. government obligations	27,813	-
Mixed assets	371,774	-
Other assets	45,447	-
	852,282	-
Accounts receivable	251,305	724
Total Assets	1,149,262	1,339,202
LIABILITIES		
Accounts payable	-	52,225
Employee payroll deductions	-	11,441
Guarantee and bid deposits	-	1,275,536
Total Liabilities	-	1,339,202
NET POSITION		
Held in trust for pension benefits (schedule of funding progress for the plan is presented in the required supplementary information)	$ 1,149,262	$ -

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

Town/Village of Harrison, New York

Statement of Changes In Plan Net Position
Pension Trust Fund
Year Ended December 31, 2013

ADDITIONS	
Earnings on investments	$ 48,487
Pension contribution	127,009
Net change in fair value of investments	(26,027)
Total Additions	149,469
DEDUCTIONS	
Pension benefits	53,692
Change in Plan Net Position	95,777
NET POSITION	
Beginning of Year	1,053,485
End of Year	$ 1,149,262

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

Note 1 - Summary of Significant Accounting Policies

The Town of Harrison, New York was established in 1696. The Village of Harrison, New York was established in 1975. The Village of Harrison is coterminous with the Town of Harrison and the Village Board is comprised of the members of the Town Board. New York State law has designated certain government functions as a Town responsibility, while other functions are the responsibility of Village government. For financial reporting purposes all references to the entity are captioned Town/Village. The Town/Village operates in accordance with both Town and Village Law and the various other applicable laws of the State of New York. The Town Board and the Village Board of Trustees are the legislative bodies responsible for overall operation. The Town Supervisor/Village Mayor serves as the chief executive and chief financial officer. The Town/Village provides the following services to its residents: public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town/Village 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/Village's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town/Village, b) organizations for which the Town/Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town/Village 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/Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town/Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component unit is included in the Town/Village's reporting entity because of its operational relationship with the Town/Village.

The Harrison Parking Authority ("Authority') was formed in 2006, for the purpose of constructing, operating and maintaining a parking structure in the Town/Village. The Authority is a public benefit corporation organized under the Laws of the State of New York. Members of the Authority are appointed by the Mayor for a specified term. These members are also members of the Town/Village Board. While the Town/Village will provide the accounting services, Authority members have complete responsibility of the Authority and accountability for fiscal matters. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authorities debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

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/Village 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. Governmental activities, which normally are supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town/Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments 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/Village does not allocate indirect expenses to functions in the Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the Internal Service Fund is charges to customers for services. Operating expenses include the cost of administrative expenses and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the Town/Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town/Village 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 and Proprietary 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

Note 1 - Summary of Significant Accounting Policies (Continued)

the fund based financial statements into the governmental activities column of the government-wide presentation. The Town/Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town/Village's major governmental funds.

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

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

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

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 fund of the Town/Village is as follows:

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

The Town/Village also reports the following non-major governmental funds:

Special Revenue Funds:

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.

Public Library Fund - The Public Library Fund is used to account for the activities of the Town/Village's Public Library.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

b. Proprietary Fund - Proprietary funds include internal service funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Town/Village has established its Health Benefits Fund as an internal service fund.

c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town/Village in an agency capacity on behalf of others. These include Pension Trust and Agency funds. The Pension Trust Fund accounts for the Town/Village's Fire Service Awards Program. The Agency Fund is primarily utilized to account for various 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*, as are the proprietary and pension trust funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

obligations, certain claims 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.

Component Unit

The component unit is presented on the basis of accounting that most accurately reflects its activities. The component unit is accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of this fund are included on the balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net position. The Authority is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. The component unit applies all applicable Financial Accounting Standards Board ("FASB") guidance.

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

Deposits, Investments and Risk Disclosure

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

The Town/Village's investment policies are governed by State statutes. The Town/Village 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/Village 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/Village 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/Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town/Village's name. The Town/Village's aggregate bank

Note 1 - Summary of Significant Accounting Policies (Continued)

balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2013.

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

Investments of the Pension Trust Fund are stated at fair value. The amounts are invested in various portfolios by the trustee of the Fund, who has been designated by the State Comptroller. These investments are unrated. The Town/Village has no formal policy relating to interest rate or credit risk for Pension Trust Fund investments.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town/Village collects town/village, highway, special districts, county and school district taxes. Town/Village taxes for the period January 1st to December 31st are levied on January 1st and are due on February 1st, with the first half payable without penalty until February 28th/29th and the second half payable without penalty until June 30th. County taxes are due April 1st and are payable without penalty to April 30th. School district taxes for the period July 1st to June 30th are levied on July 1st and are due September 1st, with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town/Village guarantees the full payment of the County and school district warrants and assumes the responsibility for uncollected taxes. The Town/Village also has the responsibility for conducting in-rem foreclosure proceedings.

The Town/Village functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts located within the Town/Village with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the Town/Village to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town/Village 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 district taxes, the Charter provides that the Town/Village satisfy the warrant of the school district by April 5th. Thus the Town's/Village's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town/Village 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/Village taxes. The collection of school district taxes is deemed a financing transaction until the warrants are satisfied.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds - During the course of its operations, the Town/Village 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.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, 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.

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

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town/Village chose to include all such items regardless of their acquisition date or amount. The Town/Village 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Class	Life in Years
Buildings and improvements	20-50
Infrastructure	15-50
Machinery and equipment	5-20
Vehicles	5-20

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of amounts received in advance and/or revenue 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/Village has reported unearned revenues of $275,547 for fees received in advance in the General Fund, $68,754 for State and Federal aid received in advance in the Capital Projects Fund and $1,533,463 for amounts not available in the current year in the Special Districts Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - The Town has reported deferred outflows of resources of $1,567,910 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. Of this balance $224,037 is a result of previous refunding bonds with the remaining amount of $1,343,873 resulting from the advance refunding in the current year. These amounts resulted from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town has reported deferred inflows of resources of $1,113,940 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.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

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

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town/Village 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 law enforcement, debt service, trusts and parklands. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town/Village 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 the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town/Village Board is the highest level of decision making authority for the Town/Village 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/Village 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/Village Board.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town/Village Board for amounts assigned for balancing the subsequent year's budget or the Town/Village Comptroller/Treasurer 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 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/Village'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, Special Districts, Highway and Public Library funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 21, 2014.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town/Village 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 advisory committee an estimate of revenues and expenditures for such administrative unit for the ensuing year.

b) The budget advisory committee, 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/Village Board.

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

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

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

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

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

i) Budgets for General, Highway, Special Districts, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Special Purpose and Proprietary funds.

j) The Town/Village 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/Village Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also requires a majority vote by the Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

k) Appropriations in General, Highway, Special Districts, Public Library 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/Village Board.

B. Property Tax Limitation

The Village component of the Town/Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2013, inclusive of exclusions, was $171,885,448, which exceeded the actual levy by $162,546,811.

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 the Town/Village 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/Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town/Village 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/Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town/Village. The Town/Village Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town/Village Board first enacts, by a vote of at least sixty percent of the total voting power of the Town/Village Board, a local law to override such limit for such coming fiscal year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Application of Accounting Standards

For the year ended December 31, 2013, the Town/Village implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Fund Deficits

The Special Districts Fund - Fire Protection District No. 5 reflects a deficit of $576 as of December 31, 2013. The Town/Village will address this deficit in the ensuing year.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2013 consisted of the following:

Town/Village taxes	$ 302,660
County taxes	199,538
School District taxes	33,997,081
Tax liens	915,568
	$ 35,414,847

School district taxes are offset by liabilities to the school district which will be paid no later than April 5, 2014. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of $1,113,940, 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 Component Unit

The due from component unit of $475,000 as of December 31, 2013 represents amounts advanced in 2006, 2007 and 2008 to the Authority. Interest at 4% is payable on the first day of each month. The note is due on demand.

C. 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	$ 576	$ -
Special Districts	-	576
	$ 576	$ 576

Note 3 - Detailed Notes on All Funds (Continued)

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.

D. Capital Assets

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

Class	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital Assets, not being depreciated				
Land	$ 2,331,480	$ -	$ -	$ 2,331,480
Construction-in-progress	7,484,947	790,601	(250,959)	8,024,589
Total Capital Assets, not being depreciated	$ 9,816,427	$ 790,601	$ (250,959)	$ 10,356,069
Capital Assets, being depreciated				
Buildings and improvements	$ 37,782,814	$ 677,004	$ -	$ 38,459,818
Infrastructure	96,443,717	1,766,067	-	98,209,784
Machinery and equipment	4,384,986	77,072	-	4,462,058
Vehicles	13,825,322	1,614,495	-	15,439,817
Total Capital Assets, being depreciated	152,436,839	4,134,638	-	156,571,477
Less Accumulated Depreciation for				
Buildings and improvements	8,063,581	899,485	-	8,963,066
Infrastructure	57,247,537	2,846,676	-	60,094,213
Machinery and equipment	3,167,027	217,043	-	3,384,070
Vehicles	9,224,801	841,667	-	10,066,468
Total Accumulated Depreciation	77,702,946	4,804,871	-	82,507,817
Total Capital Assets, being depreciated, net	$ 74,733,893	$ (670,233)	$ -	$ 74,063,660
Capital Assets, net	$ 84,550,320	$ 120,368	$ (250,959)	$ 84,419,729

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

Governmental Activities	
General Government Support	$ 441,573
Public Safety	755,591
Transportation	2,263,897
Culture and Recreation	493,983
Home and Community Services	849,827
Total Depreciation Expense - Governmental Activities	$ 4,804,871

Note 3 - Detailed Notes on All Funds (Continued)

Capital Assets - Component Unit

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

Class	Balance January 1, 2013	Additions	Balance December 31, 2013
Capital Assets, not being depreciated			
Construction-in-progress	$ 532,953	$ 19,000	$ 551,953

E. Accrued Liabilities - Unpaid Claim Liabilities

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

An analysis of the activity of unpaid claim liabilities in the Internal Service Fund is as follows:

	2013	2012
Balance - Beginning of Year	$ 1,307,000	$ 814,510
Provision for Claims and Claims Adjustment Expenses	10,346,893	9,991,214
Claims and Claims Adjustment Expenses Paid	(10,831,643)	(9,498,724)
Balance - End of Year	$ 822,250	$ 1,307,000

F. Pension Plans

The Town/Village 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.

Note 3 - Detailed Notes on All Funds (Continued)

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 a regular pension contribution. Contribution rates for the plans' year's ended March 31, 2014 are as follows:

	Tier/Plan/Option	Rate
ERS	1 75I	28.8 %
	2 75I	26.2
	3 A14	21.0
	4 A15	21.0
	5 A15	16.9
	6 A15	11.5
PFRS	2 384D	28.4
	5 384D	22.7
	6 384D	16.0

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

	ERS	PFRS
2013	$ 2,695,233	$ 2,663,673
2012	2,407,825	2,402,748
2011	1,960,677	1,770,431

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

Note 3 - Detailed Notes on All Funds (Continued)

The current ERS and PFRS contributions were charged to the funds identified below.

Fund	ERS	PFRS
General - Town	$ 1,519,601	$ 2,199,619
General - Village	487,804	-
Special Districts	65,601	464,054
Non-Major Governmental:		
Highway	437,968	-
Public Library	184,259	-
	$ 2,695,233	$ 2,663,673

Pension Trust - Service Awards Program

The Town/Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer firefighters of the West Harrison Fire Department. This program began in 2005. This Program is a single employer defined benefit plan. Active volunteer firefighters, upon attainment of age 18 and completion of one year of service, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or general disablement and after earning five years of service credit. A participant upon attainment of entitlement age and one year of plan participation shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The entitlement age is the later of age 62 or age after first earning a year of service credit under the point system. The monthly benefits are $20 for each year of service credit, up to a maximum of 20 years. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Town/Village's Board, are authorized to invest the funds in authorized investment vehicles. Separate financial statements are not issued by the program.

Current membership in the Program is comprised of the following:

Group	December 31, 2013
Active - Vested	40
Active - Non-vested	1
Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	9

Note 3 - Detailed Notes on All Funds (Continued)

The governing board of the sponsor has retained and designated Penflex, Inc to assist in the administration of the program. The designated program administrator's functions include all necessary operations to administer the program as well as actuarial type services. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the board.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated August 17, 2006 and the trustee is RBC Wealth Management. All investments are made in accordance with the Town/Village's approved investment policy.

The financial condition of the plan and projected unfunded liability is as follows:

Actuarial Present Value of Benefits at December 31, 2013			$ 980,843
Less: Assets Available for Benefits			
	% of total		
Cash	4 %	$ 45,675	
Fixed income mutual funds	35	361,011	
International equities	5	46,237	
US government obligations	3	27,813	
Mixed assets	36	371,774	
Other assets	4	45,447	
Accounts receivable	12	124,296	
Less: Liabilities		-	
Total Net Assets Available for Benefits			(1,022,253)
Total Funded Benefits			(41,410)
Less: Unfunded Liability for Prior Service			(55,929)
Funded Normal benefits			$ (97,339)

Prior service costs are being amortized over ten years at a discount rate of 5.5%

The Post-Entitlement age mortality table used was based on the 1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007.

The Town/Village is required to contribute the amounts necessary to finance the Program as actuarially determined using the entry age normal frozen initial liability cost method. The net pension obligation is not amortized on a separate basis. The assumed investment rate of return is 5.5% and there are no cost of living adjustments.

Note 3 - Detailed Notes on All Funds (Continued)

The Town/Village's annual Program cost, the percentage of the annual Program cost contributed to the plan and the net pension obligation for the current and two preceding fiscal years were as follows:

	Annual Required Contribution	Actual Contribution	Percentage of Annual Program Cost Contributed	Net Pension Obligation
2013	$ 127,009	$ 127,009	100.00 %	$ -
2012	124,296	124,296	100.00	-
2011	130,293	130,293	100.00	-

The schedule of funding progress for the defined benefit pension plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

The current contributions were charged to the Special District's Fund-Fire Protection District No.1. Administrative fees of $4,368 were also charged to the fund in connection with administration of the plan.

G. Joint Venture

The Town/Village, together with the Town of Mamaroneck and Village of Mamaroneck, participate in the Westchester Joint Water Works. The purpose of the joint venture is to acquire, construct, provide, maintain and operate a water works system.

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

Balance Sheet Date - December 31, 2013

Total Assets	$ 10,724,242
Total Liabilities	26,839,783
Net Deficit	(16,115,541)
Total Revenues	25,144,249
Total Expenses	23,723,654
Increase in Net Position	1,420,595

Note 3 - Detailed Notes on All Funds (Continued)

H. Long-Term Liabilities

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

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Bonds Payable - Capital Construction	$ 61,246,164	$ 23,138,063	$ 21,414,022	$ 62,970,205	$ 5,174,683
Bonds Payable - Judgments and claims	2,866,171	600,000	528,313	2,937,858	355,317
Plus - Unamortized premium on bonds	376,462	1,893,677	157,983	2,112,156	-
	64,488,797	25,631,740	22,100,318	68,020,219	5,530,000
Other Non-Current Liabilities					
Compensated absences	1,207,155	109,408	120,000	1,196,563	119,000
Retirement incentives and other pension obligations	477,591	-	151,883	325,708	159,480
Claims payable	1,673,199	2,208,112	2,191,105	1,690,206	169,000
Other post employment benefit obligations payable	53,651,295	15,630,759	5,153,744	64,128,310	-
Total Other Non-Current Liabilities	57,009,240	17,948,279	7,616,732	67,340,787	447,480
Total Long-Term Liabilities	$ 121,498,037	$ 43,580,019	$ 29,717,050	$ 135,361,006	$ 5,977,480

Liabilities for bonds are liquidated by the Debt Service Fund. Each fund's liability for compensated absences, retirement incentives and other pension obligations, claims and other post employment benefit obligations are liquidated by the respective fund.

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Public Improvements	1995	$ 3,042,000	December, 2015	5.100-5.250	$ 180,000
Fire Protection District No. 1	1996	475,000	December, 2016	5.250-5.375	75,000
Fire Protection District No. 2	1998	300,000	September, 2018	4.750-4.800	75,000
Fire Protection District No. 1	2000	650,000	August, 2020	5.200-5.500	245,000
Pension System Bonds	2004	800,000	December, 2014	5.000	105,000
Public Improvements	2005	6,684,500	December, 2020	3.750-3.875	480,000
Public Improvements	2006	8,894,940	December, 2021	3.750-4.000	1,915,000
Public Improvements	2007	6,415,310	December, 2028	4.000-4.375	1,090,000
Public Improvements	2008	6,905,000	June, 2021	3.500-4.000	4,745,000
Public Improvements	2008	5,733,820	June, 2027	4.125-4.400	4,815,000
EFC Refunding Bonds	2010	235,132	October, 2015	1.295-2.325	80,000
Refunding Bonds	2011	10,280,000	May, 2022	3.000-4.000	6,015,000
Public Improvements and Tax Certiorari	2011	10,696,070	March, 2025	2.500-4.000	9,635,000
Public Improvements	2012	3,804,700	March, 2032	2.500-3.000	3,705,000
Public Improvements	2012	9,970,135	December, 2032	2.000-2.500	9,575,000
Public Improvements and Tax Certiorari	2013	7,963,063	December, 2033	2.000-4.000	7,963,063
Refunding Bonds	2013	15,775,000	December, 2028	2.000-5.000	15,210,000
					$ 65,908,063

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of $2,039,434 were recorded in the fund financial statements in the Debt Service Fund.

Interest expense of $1,819,487 was recorded in the government-wide financial statements for governmental activities.

Retirement Incentives and Other Pension Obligations

The ERS and PFRS charges to participating governments increased significantly in 2003. Consequently, the State Legislature enacted Chapter 49 of the Laws of 2003. This Chapter authorized local governments to amortize the portion of their respective contribution which exceeded 7% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

Additionally, the State Legislature enacted Chapter 260 of the Laws of 2004 for ERS and PFRS. This Chapter authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

Additionally, the State Legislature enacted Chapter 260 of the Laws of 2005 for PFRS. This Chapter authorized local governments to amortize the portion of their respective 2006 contribution which exceeded 10.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

The Town/Village has elected to amortize the maximum allowable ERS and PFRS contributions as follows:

	Amount Amortized - Village	Amount Amortized - Town		Current Year Principal	Current Year Interest		Due Within
	ERS	ERS	PFRS	Payments	Payments	Balance Due	One Year
2003	$ -	$ 420,695	$ -	$ 49,417	$ 5,592	$ 51,888	$ 51,888
2004	-	84,075	-	9,405	1,483	20,246	9,876
2004	-	-	406,641	45,491	7,171	97,920	47,766
2004	13,992	-	-	1,565	248	3,370	1,644
2005	-	-	431,799	46,005	9,915	152,284	48,306
	$ 13,992	$ 504,770	$ 838,440	$ 151,883	$ 24,409	$ 325,708	$ 159,480

The current year principal and interest payments were charged to retirement expenditures in the General Fund.

The obligations have been reflected as a liability in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt and retirement incentives and other pension obligations outstanding as of December 31, 2013, including interest payments of $17,214,202 are as follows:

Year Ending December 31,	Bonds		Retirement Incentives and Other Pension Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 5,530,000	2,335,189	$ 159,480	$ 16,811	$ 5,689,480	$ 2,352,000
2015	5,403,063	2,115,441	166,228	10,974	5,569,291	2,126,415
2016	5,255,000	1,929,381	-	-	5,255,000	1,929,381
2017	5,320,000	1,743,924	-	-	5,320,000	1,743,924
2018	5,345,000	1,558,366	-	-	5,345,000	1,558,366
2019-2023	21,345,000	5,045,865	-	-	21,345,000	5,045,865
2024-2028	11,715,000	1,925,895	-	-	11,715,000	1,925,895
2029-2033	5,995,000	532,356	-	-	5,995,000	532,356
	$ 65,908,063	$ 17,186,417	$ 325,708	$ 27,785	$ 66,233,771	$ 17,214,202

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

Advance Refunding

During the 2013 fiscal year, the Town/Village issued $15,775,000 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to advance refund $945,000 of outstanding 2003 public improvement serial bonds bearing interest at rates ranging from 3.300% to 3.450%, depending on maturity, $3,830,000 of outstanding 2004 public improvement serial bonds, bearing interest at rates ranging from 3.625% to 4.000%, depending on maturity, $3,360,000 of outstanding 2005 public improvement serial bonds bearing interest at rates ranging from 3.750% to 3.875%, depending on maturity, $3,805,000 of outstanding 2006 public improvement serial bonds bearing interest at rates ranging from 3.750% to 4.000%, depending on maturity and $4,200,000 of outstanding 2007 public improvement serial bonds bearing interest at rates ranging from 4.000% to 4.375%, depending on maturity. The net proceeds of $17,573,465 (including $1,893,677 of issuance premium and after $95,212 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 bonds. As a result, the 2003, 2004, 2005, 2006 and 2007 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 $1,433,465. This amount and the premium are being amortized over the remaining life of the refunded debt. The Town/Village advance refunded the 2003, 2004, 2005, 2006 and 2007 serial bonds to reduce its total debt service payments over 16 years by $834,308 and to obtain a net present value economic gain of $752,104. As of December 31, 2013, $16,140,000 of the bonds are considered defeased.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

The Town/Village is obligated to pay accumulated sick leave to CSEA employees who retire from the Town/Village in good standing. Bargaining unit members shall be paid for accumulated sick days exceeding 165, to a maximum of 215. The Town/Village is also obligated to pay accrued vacation leave up to a maximum of 30 days to CSEA employees and 21 days for firefighters. Police Officers and Teamsters must take vacation in the year it is earned. It may not be accumulated, except at management's convenience. The value of the compensated absences has been reflected in the government-wide financial statements.

Claims Payable

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

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31,	
	2013	2012
Balance - Beginning of Year	$ 1,673,199	$ 2,262,139
Provision for Claims and Claims Adjustment Expenses	2,208,112	2,772,450
Claims and Claims Adjustment Expenses Paid	(2,191,105)	(3,361,390)
Balance - End of Year	$ 1,690,206	$ 1,673,199
Due Within One Year	$ 169,000	$ 167,000

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town/Village 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/Village may vary according to length of service. Substantially all of the Town/Village's employee's may become eligible for those benefits if they reach normal retirement age while working for the Town/Village. The cost of retiree health care benefits is recognized as an

Note 3 - Detailed Notes on All Funds (Continued)

expenditure/expense as claims are paid. The Town/Village has recognized revenues and expenditures of $156,114 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Town/Village'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.

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/Village 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 expected rate of return on the Town/Village's general assets. Funding has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

Year Ended December 31,	Pre-65 Medical	Post-65 Medical	Prescription Drug
2013	8.50 %	8.00 %	8.00 %
2014	7.75	7.50	7.50
2015	7.00	7.00	7.00
2016	6.50	6.50	6.50
2017	6.00	6.00	6.00
2018	5.50	5.50	5.50
2019	5.00	5.00	5.00
2020+	5.00	5.00	5.00

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 24 years remaining in the amortization period. The actuarial assumptions included a 3.0% investment rate of return, a 3.0% inflation rate and a 3.0 % annual

Note 3 - Detailed Notes on All Funds (Continued)

payroll growth 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	242
Retired Employees and Dependents	546
	788

Amortization Component:	
Actuarial Accrued Liability as of 1/1/13	$ 212,125,276
Assets at Market Value	-
Unfunded Actuarial Accrued Liability	$ 212,125,276
Covered Payroll (active plan members)	$ 21,322,028
UAAL as a Percentage of Covered Payroll	994.86%
Annual Required Contribution	$ 16,758,468
Interest on Net OPEB Obligation	1,609,539
Adjustment to Annual Required Contribution	(2,737,248)
Annual OPEB Cost	15,630,759
Contributions Made	(5,153,744)
Increase in Net OPEB Obligation	10,477,015
Net OPEB Obligation - Beginning of Year	53,651,295
Net OPEB Obligation - End of Year	$ 64,128,310

The Town/Village'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 year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 15,630,759	24.41 %	$ 64,128,310
2012	15,055,758	25.34	53,651,295
2011	16,883,387	23.27	42,411,252

Note 3 - Detailed Notes on All Funds (Continued)

I. Revenues and Expenditures

Interfund Transfers

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

	Transfers In			
Transfers Out	General - Town	Debt Service Fund	Capital Projects Fund	Total
General Fund - Town	$ -	$ -	$ 119,682	$ 119,682
General Fund - Village	-	6,112,480	-	6,112,480
Capital Projects Fund	36,455	248,085	-	284,540
Special Districts Fund	-	1,318,909	175,000	1,493,909
Other Governmental Funds	-	-	79,825	79,825
	$ 36,455	$ 7,679,474	$ 374,507	$ 8,090,436

Transfers are used to 1) move funds from the operating funds 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 and other fund expenditures.

J. Net Position

The components of net position are detailed below:

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

Restricted for Law Enforcement - the component of net position that represents the proceeds of seized funds which are restricted by New York State for use in law enforcement activities.

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 Trusts - the component of net position that reports the amounts set aside in accordance with the terms of the grants.

Restricted for Parklands - the component of net position established pursuant to Section 277 of Town Law to report funds received by the Town/Village in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

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)

K. Fund Balances

	2013						2012					
	General Fund	Debt Service Fund	Capital Projects Fund	Special Districts Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Special Districts Fund	Non-Major Governmental Funds	Total
Nonspendable												
Prepaid expenditures	$ 1,287,023	$ -	$ -	$ 355,267	$ 264,837	$ 1,907,127	$ 1,028,831	$ -	$ 9,875	$ 249,399	$ 261,331	$ 1,549,436
Long-term receivables	475,000	-	-	-	-	475,000	475,000	-	-	-	-	475,000
Total Nonspendable	1,762,023	-	-	355,267	264,837	2,382,127	1,503,831	-	9,875	249,399	261,331	2,024,436
Restricted												
Law enforcement	554,473	-	-	-	-	554,473	400,000	-	-	-	-	400,000
Debt service	12,413	440,971	-	-	-	453,384	12,367	512,076	-	-	-	524,443
Capital Projects	-	-	10,630,047	-	-	10,630,047	-	-	8,289,678	-	-	8,289,678
Trusts	-	-	-	-	684,967	684,967	-	-	-	-	629,216	629,216
Parklands	-	-	-	-	493,291	493,291	-	-	-	-	445,502	445,502
Total Restricted	566,886	440,971	10,630,047	-	1,178,258	12,816,162	412,367	512,076	8,289,678	-	1,074,718	10,288,839
Committed												
Building department consulting	60,000	-	-	-	-	60,000	-	-	-	-	-	-
Assigned												
Purchases on order												
General government support	62,824	-	-	-	-	62,824	46,058	-	-	-	-	46,058
Public safety	37,792	-	-	19,679	-	57,471	35,434	-	-	7,087	-	42,521
Transportation	1,533	-	-	-	1,172	2,705	1,880	-	-	-	1,200	3,080
Culture and recreation	9,416	-	-	-	-	9,416	7,700	-	-	-	-	7,700
Home and community services	3,914	-	-	-	-	3,914	616	-	-	-	-	616
	115,479	-	-	19,679	1,172	136,330	91,688	-	-	7,087	1,200	99,975
Subsequent year's expenditures	-	380,137	-	54,000	-	434,137	-	352,003	-	38,559	40,000	430,562
Major funds	-	-	-	2,654,118	-	2,654,118	-	-	-	1,585,838	-	1,585,838
Transportation purposes	-	-	-	-	1,378,546	1,378,546	-	-	-	-	660,234	660,234
Library purposes	-	-	-	-	292,673	292,673	-	-	-	-	109,957	109,957
Total Assigned	115,479	380,137	-	2,727,797	1,672,391	4,895,804	91,688	352,003	-	1,631,484	811,391	2,886,566
Unassigned	6,697,219	-	-	-	-	6,697,219	4,613,016	-	-	-	-	4,613,016
Total Fund Balances	$ 9,201,607	$ 821,108	$ 10,630,047	$ 3,083,064	$ 3,115,486	$ 26,791,312	$ 6,620,902	$ 864,079	$ 8,299,553	$ 1,880,883	$ 2,147,440	$ 19,812,857

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of net position 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 employee retirement and other costs paid in advance. The amount is classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-term Receivables have been classified as nonspendable to indicate the long-term nature of receivables due from the component unit which will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. These funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Purchases on order are assigned and represent the Town/Village'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.

Subsequent year's expenditures represent that at December 31, 2013, the Town/Village 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.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town/Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. There are also numerous tort claims pending against the Town/Village. Town/Village management has indicated there are individual tort claims for amounts in excess of insurance coverage. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town/Village. The Town/Village's claims administrator has reviewed the status of pending general liability and workers' compensation actions and has determined that the amounts reflected as liabilities in the Statement of Net Position are sufficient to satisfy any payments arising therefrom.

There are currently certiorari proceedings pending, the results of which could require the payment of future tax refunds by the Town/Village if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The Town/Village is a defendant in an action filed by a resident seeking damages and personal injury claims regarding residential structural damage and other personal property caused by a water/sewer drain rupture located beneath the foundation of his home during the rainstorms occurring in March 2007. Plaintiff asserts that the foundation in the garage and basement living area will require extensive excavation and repair. Pre-trial examinations are in the process of being scheduled. No provision for loss has been reflected in the financial statements.

The Town/Village is a defendant in an action filed by a plaintiff alleging the use of excessive force upon arrest in July 2006. The plaintiff commenced an action against the Town/Village, the Police Department and several police officers. While the Town/Village was dismissed out of the case by Court Order, there remains a pending claim against a police officer. No provisions for loss have been reflected in the financial statements.

The Town/Village is a defendant in an action filed by a claimant alleging environmental contamination as a result of the Town/Village's ownership, operation and subsequent closure of an incinerator on the property now owned by the claimant. The claim is currently held in abeyance by mutual consent while remediation is underway, although either party upon twenty (20) day written notice may recommence the action. No provision for loss has been reflected in the financial statements.

B. Risk Management

The Town/Village purchases various conventional insurance policies to reduce its exposure to loss. The Town/Village is self-insured for workers' compensation and general liability claims to the extent of $350,000 and $150,000, respectively, per occurrence, with a maximum potential annual liability of $2 million for 2013. Claims in excess of this amount are insured to a limit of $775,000 for general liability, $1 million for workers' compensation and $10 million for property damage. There is also an excess liability policy for an additional $5 million. Public officials' liability insurance coverage is also maintained with a policy limit of $1 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The Town/Village is self-insured for health benefits. A plan administrator has been retained to review and approve all claims. The Town/Village has specific stop-loss insurance, which establishes a maximum exposure limit of $175,000 for each individual covered in the plan up to a maximum of $825,000. At December 31, 2013, the Town/Village has recorded a liability of $822,250 in the Internal Service Fund, which represents claims incurred and claims incurred but not reported.

C. Contingencies

Westchester Joint Water Works ("WJWW"), a joint venture of the Town/Village as reported in Note 3.G., is currently being fined by the New York State Health Department for not meeting a Supreme Court of the State of New York ruling requiring the construction of a filtration plant by December 3, 2008. These fines amount to $24,490,000 as of December 31, 2013 and continue to accrue at $13,750 a day. The Town/Village's share of these fines is approximately 55.4 % of the total.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Management of the WJWW has indicated that the State is holding in abeyance the imposition of these fines although they continue to be accrued by the WJWW. The Town/Village has not accrued their share in the Special District Fund – Water District as the expectation of management is that the fines will be suspended or replaced with a negotiated settlement as the WJWW signed an intermunicipal agreement with the county for a filtration plant alternative.

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Town/Village of Harrison, New York

Schedule of Funding Progress
Service Awards Program
Last Six Fiscal Years

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio
2008	$ 506,786	$ 628,392	$ 121,606	80.65 %
2009	664,213	703,676	39,463	94.39
2010	810,269	775,758	(34,511)	104.45
2011	765,275	842,405	77,130	90.84
2012	933,006	905,907	(27,099)	102.99
2013	902,137	980,843	78,706	91.98

Town/Village of Harrison, New York

Schedule of Contributions
Service Awards Program
Last Six Fiscal Years

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2008	$ 135,356	100.00 %
2009	133,635	100.00
2010	132,180	100.00
2011	130,293	100.00
2012	124,296	100.00
2013	127,009	100.00

Town/Village of Harrison, 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	$ -	$ 199,911,056	$ 199,911,056	- %	$ 22,675,470	881.62 %
January 1, 2012	-	186,057,560	186,057,560	-	23,666,397	786.17
January 1, 2013	-	212,125,276	212,125,276	-	21,322,028	994.86

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Town/Village of Harrison, New York

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

	Town	Village	Totals 2013	Totals 2012
ASSETS				
Cash and equivalents	$ 5,873,142	$ 11,555,514	$ 17,428,656	$ 12,135,062
Taxes receivable	-	35,414,847	35,414,847	35,673,939
Other receivables				
Accounts	814,836	111,605	926,441	955,710
State and Federal aid	1,014,894	-	1,014,894	1,347,551
Due from component unit	-	475,000	475,000	475,000
Due from other governments	-	8,515	8,515	-
Due from other funds	-	576	576	719,624
	1,829,730	595,696	2,425,426	3,497,885
Prepaid expenditures	1,163,754	123,269	1,287,023	1,028,831
Total Assets	$ 8,866,626	$ 47,689,326	$ 56,555,952	$ 52,335,717
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 734,031	$ 231,172	$ 965,203	$ 1,033,202
Due to other governments	-	15,970	15,970	11,001
Due to school district	-	44,983,685	44,983,685	43,539,097
Unearned revenues	275,547	-	275,547	252,513
Total Liabilities	1,009,578	45,230,827	46,240,405	44,835,813
Deferred inflows of resources				
Deferred tax revenues	-	1,113,940	1,113,940	879,002
Total Liabilities and Deferred Inflows of Resources	1,009,578	46,344,767	47,354,345	45,714,815
Fund balances				
Nonspendable	1,163,754	598,269	1,762,023	1,503,831
Restricted	554,473	12,413	566,886	412,367
Committed	60,000	-	60,000	-
Assigned	106,258	9,221	115,479	91,688
Unassigned	5,972,563	724,656	6,697,219	4,613,016
Total Fund Balances	7,857,048	1,344,559	9,201,607	6,620,902
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,866,626	$ 47,689,326	$ 56,555,952	$ 52,335,717

Town/Village of Harrison, New York

General Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub Funds
Year Ended December 31, 2013
(With Comparative Totals for 2012)

	Town	Village	Totals 2013	Totals 2012
REVENUES				
Real property taxes	$ 25,721,108	$ 9,249,315	$ 34,970,423	$ 34,616,354
Other tax items	-	1,943,803	1,943,803	2,025,813
Non-property taxes	4,427,923	-	4,427,923	4,158,171
Departmental income	2,012,391	392,059	2,404,450	2,395,776
Use of money and property	118,830	13,851	132,681	132,622
Licenses and permits	3,478,861	-	3,478,861	4,561,767
Fines and forfeitures	1,533,767	39,650	1,573,417	1,781,690
Sale of property and compensation for loss	-	7,706	7,706	7,786
State aid	762,796	676,005	1,438,801	1,348,210
Federal aid	325,419	-	325,419	81,029
Miscellaneous	454,492	159,173	613,665	638,647
Total Revenues	38,835,587	12,481,562	51,317,149	51,747,865
EXPENDITURES				
Current				
General government support	6,510,533	1,305,043	7,815,576	7,911,130
Public safety	18,950,037	-	18,950,037	18,253,406
Health	551,176	-	551,176	537,276
Transportation	481,719	-	481,719	431,791
Economic assistance and opportunity	97,317	-	97,317	98,871
Culture and recreation	3,306,146	-	3,306,146	3,347,202
Home and community services	224,161	2,917,340	3,141,501	3,159,600
Employee benefits	5,996,942	2,845,378	8,842,320	8,622,089
Debt service				
Bond anticipation notes				
Interest	-	-	-	50,137
Total Expenditures	36,118,031	7,067,761	43,185,792	42,411,502
Excess of Revenues Over Expenditures	2,717,556	5,413,801	8,131,357	9,336,363
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	600,000	600,000	460,000
Insurance recoveries	3,184	-	3,184	576,418
Sale of equipment	41,871	-	41,871	189,046
Transfers in	36,455	-	36,455	9,674
Transfers out	(119,682)	(6,112,480)	(6,232,162)	(5,797,203)
Total Other Financing Uses	(38,172)	(5,512,480)	(5,550,652)	(4,562,065)
Net Change in Fund Balances	2,679,384	(98,679)	2,580,705	4,774,298
FUND BALANCES				
Beginning of Year	5,177,664	1,443,238	6,620,902	1,846,604
End of Year	$ 7,857,048	$ 1,344,559	$ 9,201,607	$ 6,620,902

Town/Village of Harrison, New York

General Fund - Town
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 5,873,142	$ 3,249,775
Receivables		
Accounts	814,836	803,516
State and Federal aid	1,014,894	1,347,551
	1,829,730	2,151,067
Prepaid expenditures	1,163,754	846,947
Total Assets	$ 8,866,626	$ 6,247,789
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 734,031	$ 818,037
Unearned revenues	275,547	252,088
Total Liabilities	1,009,578	1,070,125
Fund balance		
Nonspendable	1,163,754	846,947
Restricted	554,473	400,000
Committed	60,000	-
Assigned	106,258	81,221
Unassigned	5,972,563	3,849,496
Total Fund Balance	7,857,048	5,177,664
Total Liabilities and Fund Balance	$ 8,866,626	$ 6,247,789

Town/Village of Harrison, New York

General Fund - Town
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	$ 25,721,108	$ 25,721,108	$ 25,721,108	$ -
Non-property taxes	3,972,865	3,972,865	4,427,923	455,058
Departmental income	1,768,900	1,768,900	2,012,391	243,491
Use of money and property	98,000	98,000	118,830	20,830
Licenses and permits	1,873,800	1,873,800	3,478,861	1,605,061
Fines and forfeitures	1,365,000	1,365,000	1,533,767	168,767
State aid	662,852	684,812	762,796	77,984
Federal aid	-	60,175	325,419	265,244
Miscellaneous	353,530	483,647	454,492	(29,155)
Total Revenues	35,816,055	36,028,307	38,835,587	2,807,280
EXPENDITURES				
Current				
General government support	7,443,740	6,534,573	6,510,533	24,040
Public safety	18,381,664	18,956,101	18,950,037	6,064
Health	529,600	551,684	551,176	508
Transportation	416,324	481,726	481,719	7
Economic assistance and opportunity	112,178	98,853	97,317	1,536
Culture and recreation	3,351,038	3,313,511	3,306,146	7,365
Home and community services	210,791	230,610	224,161	6,449
Employee benefits	5,471,941	5,996,946	5,996,942	4
Total Expenditures	35,917,276	36,164,004	36,118,031	45,973
Excess (Deficiency) of Revenues Over Expenditures	(101,221)	(135,697)	2,717,556	2,853,253
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	20,000	3,186	3,184	(2)
Sale of equipment	-	20,000	41,871	21,871
Transfers in	-	36,455	36,455	-
Transfers out	-	(119,682)	(119,682)	-
Total Other Financing Sources (Uses)	20,000	(60,041)	(38,172)	21,869
Net Change in Fund Balance	(81,221)	(195,738)	2,679,384	2,875,122
FUND BALANCE				
Beginning of Year	81,221	195,738	5,177,664	4,981,926
End of Year	$ -	$ -	$ 7,857,048	$ 7,857,048

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 24,932,297	$ 24,932,297	$ 24,932,297	$ -
3,959,500	3,959,500	4,158,171	198,671
1,749,300	1,749,300	1,970,781	221,481
113,000	113,000	117,260	4,260
1,771,800	1,771,800	4,561,767	2,789,967
1,365,000	1,365,000	1,730,640	365,640
657,575	674,042	724,445	50,403
-	49,587	53,230	3,643
381,150	388,525	486,082	97,557
34,929,622	35,003,051	38,734,673	3,731,622
7,182,282	7,325,501	7,309,514	15,987
17,896,248	18,288,216	18,253,406	34,810
539,600	560,900	537,276	23,624
415,050	431,817	431,791	26
108,028	99,123	98,871	252
3,310,264	3,357,296	3,347,202	10,094
248,348	254,127	252,462	1,665
5,325,486	5,912,355	5,912,351	4
35,025,306	36,229,335	36,142,873	86,462
(95,684)	(1,226,284)	2,591,800	3,818,084
20,000	576,418	576,418	-
-	138,770	189,046	50,276
-	9,674	9,674	-
-	(118,769)	(118,769)	-
20,000	606,093	656,369	50,276
(75,684)	(620,191)	3,248,169	3,868,360
75,684	620,191	1,929,495	1,309,304
$ -	$ -	$ 5,177,664	$ 5,177,664

Town/Village of Harrison, New York

General Fund - Town
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	$ 25,721,108	$ 25,721,108	$ 25,721,108	$ -	$ 24,932,297
NON-PROPERTY TAXES					
Non-property tax distribution from County	3,450,000	3,450,000	3,864,428	414,428	3,624,398
Franchise fees	522,865	522,865	563,495	40,630	533,773
	3,972,865	3,972,865	4,427,923	455,058	4,158,171
DEPARTMENTAL INCOME					
Clerk fees	2,500	2,500	9,773	7,273	7,983
Police fees	453,000	453,000	536,568	83,568	549,813
Fire inspection fees	160,000	160,000	209,755	49,755	216,185
Safety inspection fees	9,000	9,000	9,000	-	11,617
Parking meters and permit fees	340,000	340,000	341,860	1,860	342,584
Parks and recreation charges	755,000	755,000	839,730	84,730	791,443
Recreation commissions	1,900	1,900	3,103	1,203	2,858
Zoning fees	7,000	7,000	6,475	(525)	6,836
Community services	1,000	1,000	745	(255)	1,386
Planning Board fees	19,000	19,000	14,885	(4,115)	18,305
Planning Board parking fees	-	-	18,850	18,850	-
Senior lunch program fees	20,500	20,500	21,647	1,147	21,771
	1,768,900	1,768,900	2,012,391	243,491	1,970,781
USE OF MONEY AND PROPERTY					
Earnings on investments	17,500	17,500	14,547	(2,953)	15,972
Rentals of real property	80,500	80,500	104,283	23,783	101,288
	98,000	98,000	118,830	20,830	117,260

LICENSES AND PERMITS					
Street opening permits	55,000	55,000	70,413	15,413	62,523
Building permits	1,800,000	1,800,000	3,356,733	1,556,733	4,429,377
Wetlands permits	-	-	4,156	4,156	4,767
Bingo licenses	300	300	126	(174)	200
Dog license fund apportionment	3,500	3,500	4,679	1,179	5,289
Other licenses and permits	15,000	15,000	42,754	27,754	59,611
	1,873,800	1,873,800	3,478,861	1,605,061	4,561,767
FINES AND FORFEITURES					
Fines and forfeited bail	1,365,000	1,365,000	1,533,767	168,767	1,730,640
STATE AID					
Per capita	113,852	113,852	113,852	-	113,852
Mortgage tax	515,000	515,000	587,905	72,905	548,296
Youth programs	10,000	10,000	7,624	(2,376)	11,285
Bus shelters	24,000	24,000	31,455	7,455	33,269
Archive grant	-	21,960	21,960	-	-
Emergency management agency	-	-	-	-	17,743
	662,852	684,812	762,796	77,984	724,445
FEDERAL AID					
Emergency management agency	-	60,175	325,419	265,244	53,230
MISCELLANEOUS					
Refunds of prior year's expenditures	130,000	130,000	131,080	1,080	210,928
Gifts and donations	-	9,350	8,990	(360)	7,375
Medicare Part D reimbursement	200,000	200,000	156,114	(43,886)	197,524
Unclassified	23,530	144,297	158,308	14,011	70,255
	353,530	483,647	454,492	(29,155)	486,082
TOTAL REVENUES	35,816,055	36,028,307	38,835,587	2,807,280	38,734,673

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Town/Village of Harrison, New York

General Fund - Town
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
OTHER FINANCING SOURCES					
Insurance recoveries	$ 20,000	$ 3,186	$ 3,184	$ (2)	$ 576,418
Sale of equipment	-	20,000	41,871	21,871	189,046
Transfers in					
Capital Projects Fund	-	36,455	36,455	-	9,674
TOTAL OTHER FINANCING SOURCES	20,000	59,641	81,510	21,869	775,138
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 35,836,055	$ 36,087,948	$ 38,917,097	$ 2,829,149	$ 39,509,811

Town/Village of Harrison, New York

General Fund - Town
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	$ 72,336	$ 72,336	$ 72,336	$ -	$ 72,336
Town Justice	675,372	588,879	583,722	5,157	640,159
Supervisor	298,596	298,596	297,706	890	296,279
Finance	381,421	381,421	380,478	943	376,825
Auditor	36,725	32,725	32,725	-	36,725
Receiver of Taxes	218,999	218,999	218,342	657	217,613
Purchasing	166,788	154,545	153,884	661	159,859
Assessor	203,879	196,137	193,383	2,754	189,416
Town Clerk	235,602	234,725	234,719	6	226,630
Archive Grant	5,400	3,198	3,196	2	4,651
Town Attorney	982,772	752,588	751,607	981	1,474,288
Engineer	388,395	353,140	349,266	3,874	335,393
Elections	43,000	37,636	37,636	-	36,579
Commissioner of Public Works	287,526	285,002	284,472	530	281,166
Central services	250,075	242,591	241,137	1,454	238,616
Buildings	1,295,463	1,290,759	1,287,486	3,273	1,365,133
Central garage	690,948	689,728	688,592	1,136	707,020
Central data processing	371,370	371,370	369,649	1,721	291,723
Special items					
Special services	104,402	70,374	70,374	-	114,840
General code	6,000	3,462	3,461	1	5,895
Youth Council	950	-	-	-	-
Unallocated insurance	120,000	125,080	125,080	-	109,472
Taxes and assessments on property	105,750	103,536	103,536	-	100,522
Metropolitan commuter transportation mobility tax	27,563	27,246	27,246	-	27,374
Membership dues	1,000	500	500	-	1,000
Contingent account	473,408	-	-	-	-
	7,443,740	6,534,573	6,510,533	24,040	7,309,514

PUBLIC SAFETY					
Police	9,265,077	9,556,065	9,556,049	16	9,357,717
Employee benefits - Police	7,969,553	8,266,672	8,266,659	13	7,797,285
Youth forum	90,701	90,881	90,855	26	97,272
Traffic control	187,740	172,964	171,339	1,625	155,969
Fire inspection	124,444	121,596	118,918	2,678	115,794
Control of animals	45,000	42,834	42,834	-	42,080
Safety inspection	699,149	705,089	703,383	1,706	687,289
	18,381,664	18,956,101	18,950,037	6,064	18,253,406
HEALTH					
Ambulance	529,600	551,684	551,176	508	537,276
TRANSPORTATION					
Street lighting	416,324	481,726	481,719	7	431,791
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Community services	112,178	98,853	97,317	1,536	98,871
CULTURE AND RECREATION					
Parks, playgrounds and recreation	3,130,238	3,083,361	3,078,792	4,569	3,125,243
Celebrations	2,000	11,350	10,990	360	9,500
Historian	3,700	3,700	1,264	2,436	1,635
Public library	215,100	215,100	215,100	-	211,277
	3,351,038	3,313,511	3,306,146	7,365	3,347,655
HOME AND COMMUNITY SERVICES					
Zoning	2,860	2,860	160	2,700	153
Planning	122,331	142,330	138,581	3,749	166,426
Council for the arts	82,500	82,500	82,500	-	82,500
ETPA administrative charge	3,100	2,920	2,920	-	2,930
	210,791	230,610	224,161	6,449	252,009

(Continued)

Town/Village of Harrison, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
EMPLOYEE BENEFITS					
State retirement	$ 1,125,946	$ 1,585,499	$ 1,585,498	$ 1	$ 1,411,766
Social security	620,162	633,341	633,341	-	632,064
Workers' compensation benefits	375,000	489,517	489,517	-	518,244
Disability benefits	9,500	8,327	8,326	1	8,635
Unemployment benefits	20,000	7,384	7,384	-	18,584
Welfare benefits	29,000	24,463	24,463	-	27,313
Health, dental and life insurance	3,292,333	3,248,415	3,248,413	2	3,295,745
	5,471,941	5,996,946	5,996,942	4	5,912,351
TOTAL EXPENDITURES	35,917,276	36,164,004	36,118,031	45,973	36,142,873
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	-	119,682	119,682	-	-
Debt Service Fund	-	-	-	-	118,769
TOTAL OTHER FINANCING USES	-	119,682	119,682	-	118,769
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 35,917,276	$ 36,283,686	$ 36,237,713	$ 45,973	$ 36,261,642

Town/Village of Harrison, New York

General Fund - Village
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 11,555,514	$ 8,885,287
Taxes receivable	35,414,847	35,673,939
Receivables		
Accounts	111,605	152,194
Due from component unit	475,000	475,000
Due from other governments	8,515	-
Due from other funds	576	719,624
	595,696	1,346,818
Prepaid expenditures	123,269	181,884
Total Assets	$ 47,689,326	$ 46,087,928
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 231,172	$ 215,165
Due to other governments	15,970	11,001
Due to school district	44,983,685	43,539,097
Unearned revenues	-	425
Total Liabilities	45,230,827	43,765,688
Deferred inflows of resources		
Deferred tax revenues	1,113,940	879,002
Total Liabilities and Deferred Inflows of Resources	46,344,767	44,644,690
Fund balance		
Nonspendable	598,269	656,884
Restricted	12,413	12,367
Assigned	9,221	10,467
Unassigned	724,656	763,520
Total Fund Balance	1,344,559	1,443,238
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 47,689,326	$ 46,087,928

Town/Village of Harrison, New York

General Fund - Village
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	$ 9,452,473	$ 9,452,473	$ 9,249,315	$ (203,158)
Other tax items	2,016,366	2,016,366	1,943,803	(72,563)
Departmental income	285,000	285,000	392,059	107,059
Use of money and property	10,000	10,000	13,851	3,851
Fines and forfeitures	30,000	30,000	39,650	9,650
Sale of property and compensation for loss	5,000	5,667	7,706	2,039
State aid	581,203	581,203	676,005	94,802
Federal aid	-	-	-	-
Miscellaneous	125,300	125,300	159,173	33,873
Total Revenues	12,505,342	12,506,009	12,481,562	(24,447)
EXPENDITURES				
Current				
General government support	877,706	1,400,221	1,305,043	95,178
Home and community services	2,882,827	2,924,862	2,917,340	7,522
Employee benefits	2,628,928	2,845,382	2,845,378	4
Debt service				
Bond anticipation notes				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	6,389,461	7,170,465	7,067,761	102,704
Excess of Revenues Over Expenditures	6,115,881	5,335,544	5,413,801	78,257
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	600,000	600,000	-
Transfers out	(6,126,348)	(6,126,348)	(6,112,480)	13,868
Total Other Financing Sources Uses	(6,126,348)	(5,526,348)	(5,512,480)	13,868
Net Change in Fund Balance	(10,467)	(190,804)	(98,679)	92,125
FUND BALANCE (DEFICIT)				
Beginning of Year	10,467	190,804	1,443,238	1,252,434
End of Year	$ -	$ -	$ 1,344,559	$ 1,344,559

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 9,280,938	$ 9,280,938	$ 9,684,057	$ 403,119
1,952,665	1,952,665	2,025,813	73,148
285,000	285,000	424,995	139,995
20,000	20,000	15,362	(4,638)
30,000	30,000	51,050	21,050
4,000	4,000	7,786	3,786
579,879	589,145	623,765	34,620
-	27,799	27,799	-
125,300	125,300	152,565	27,265
12,277,782	12,314,847	13,013,192	698,345
925,056	925,165	601,616	323,549
2,885,614	2,922,679	2,907,138	15,541
2,491,051	2,709,745	2,709,738	7
-	460,000	-	460,000
50,138	50,138	50,137	1
6,351,859	7,067,727	6,268,629	799,098
5,925,923	5,247,120	6,744,563	1,497,443
-	460,000	460,000	-
(5,914,257)	(5,695,454)	(5,678,434)	17,020
(5,914,257)	(5,235,454)	(5,218,434)	17,020
11,666	11,666	1,526,129	1,514,463
(11,666)	(11,666)	(82,891)	(71,225)
$ -	$ -	$ 1,443,238	$ 1,443,238

Town/Village of Harrison, New York

General Fund - Village
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	$ 9,452,473	$ 9,452,473	$ 9,249,315	$ (203,158)	$ 9,684,057
OTHER TAX ITEMS					
Payments in lieu of taxes	806,366	806,366	806,849	483	748,765
Interest and penalties on real property taxes	475,000	475,000	464,962	(10,038)	584,448
Utilities gross receipts taxes	735,000	735,000	671,992	(63,008)	692,600
	2,016,366	2,016,366	1,943,803	(72,563)	2,025,813
DEPARTMENTAL INCOME					
Public works fees	70,000	70,000	128,325	58,325	159,170
Commercial garbage fees	205,000	205,000	253,050	48,050	254,500
Composting fees	10,000	10,000	10,684	684	11,325
	285,000	285,000	392,059	107,059	424,995
USE OF MONEY AND PROPERTY					
Earnings on investments	10,000	10,000	13,851	3,851	15,362
FINES AND FORFEITURES					
Fines and forfeited bail	30,000	30,000	39,650	9,650	51,050
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of recycled materials	5,000	5,667	7,706	2,039	7,786

STATE AID					
Per capita	66,203	66,203	66,203	-	66,203
Mortgage tax	515,000	515,000	587,905	72,905	548,296
Disaster assistance	-	-	21,897	21,897	9,266
	581,203	581,203	676,005	94,802	623,765
FEDERAL AID					
Emergency management agency	-	-	-	-	27,799
MISCELLANEOUS					
Refunds of prior year's expenditures	125,000	125,000	156,217	31,217	151,136
Miscellaneous	300	300	2,956	2,656	1,429
	125,300	125,300	159,173	33,873	152,565
TOTAL REVENUES	12,505,342	12,506,009	12,481,562	(24,447)	13,013,192
OTHER FINANCING SOURCES					
Bonds issued	-	600,000	600,000	-	460,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 12,505,342	$ 13,106,009	$ 13,081,562	$ (24,447)	$ 13,473,192

Town/Village of Harrison, New York

General Fund - Village
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					
Auditor	$ 20,525	$ 20,525	$ 19,775	$ 750	$ 18,775
Law	117,551	117,551	115,243	2,308	118,544
Special items					
Special services	1,499	1,499	1,440	59	1,400
Stormwater management plan	9,851	9,852	630	9,222	690
Bond and note issuance costs	6,200	13,520	13,519	1	8,264
Unallocated insurance	56,337	58,722	58,722	-	56,356
Taxes and assessments on property	104,000	104,000	102,288	1,712	99,330
Judgments and claims	425,000	1,021,939	985,568	36,371	289,948
Metropolitan commuter transportation mobility tax	8,007	7,858	7,858	-	8,309
Contingency	128,736	44,755	-	44,755	-
	877,706	1,400,221	1,305,043	95,178	601,616
HOME AND COMMUNITY SERVICES					
Refuse and garbage collection	2,882,827	2,924,862	2,917,340	7,522	2,907,138
EMPLOYEE BENEFITS					
State retirement	363,253	489,617	489,617	-	391,711
Social security	180,157	180,157	180,156	1	189,928
Workers' compensation benefits	550,000	658,726	658,726	-	597,299
Disability benefits	3,171	2,769	2,768	1	2,984
Unemployment benefits	17,600	6,906	6,905	1	2,628
Welfare benefits	29,000	27,313	27,313	-	27,431
Health, dental and life insurance	1,485,747	1,479,894	1,479,893	1	1,497,757
	2,628,928	2,845,382	2,845,378	4	2,709,738

DEBT SERVICE					
Bond anticipation notes					
Interest	-	-	-	-	50,137
TOTAL EXPENDITURES	6,389,461	7,170,465	7,067,761	102,704	6,268,629
OTHER FINANCING USES					
Transfers out					
Debt Service Fund	6,126,348	6,126,348	6,112,480	13,868	5,638,434
Capital Projects Fund	-	-	-	-	40,000
TOTAL OTHER FINANCING USES	6,126,348	6,126,348	6,112,480	13,868	5,678,434
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 12,515,809	$ 13,296,813	$ 13,180,241	$ 116,572	$ 11,947,063

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Town/Village of Harrison, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 797,103	$ 790,460
Accounts receivable	24,005	76,574
Total Assets	$ 821,108	$ 867,034
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ -	$ 2,955
Fund balance		
Restricted	440,971	512,076
Assigned	380,137	352,003
Total Fund Balance	821,108	864,079
Total Liabilities and Fund Balance	$ 821,108	$ 867,034

Town/Village of Harrison, New York

Debt Service 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				
Use of money and property	$ -	$ -	$ 7,054	$ 7,054
Miscellaneous	-	-	112,270	112,270
Total Revenues	-	-	119,324	119,324
EXPENDITURES				
Debt service				
Refunding bond issuance costs	-	95,212	95,212	-
Bonds				
Principal	5,661,813	5,909,898	5,802,335	107,563
Interest	2,135,447	2,135,447	2,039,434	96,013
Total Expenditures	7,797,260	8,140,557	7,936,981	203,576
Deficiency of Revenues Over Expenditures	(7,797,260)	(8,140,557)	(7,817,657)	322,900
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	15,775,000	15,775,000	-
Issuance premium	-	1,893,677	1,893,677	-
Payment to refunded bond escrow agent	-	(17,573,465)	(17,573,465)	-
Transfers in	7,445,257	7,693,342	7,679,474	(13,868)
Total Other Financing Sources	7,445,257	7,788,554	7,774,686	(13,868)
Net Change in Fund Balance	(352,003)	(352,003)	(42,971)	309,032
FUND BALANCE				
Beginning of Year	352,003	352,003	864,079	512,076
End of Year	$ -	$ -	$ 821,108	$ 821,108

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ 8,479	$ 8,479
-	-	184,529	184,529
-	-	193,008	193,008
-	-	-	-
4,958,570	4,958,570	4,958,570	-
2,214,459	2,214,459	2,213,495	964
7,173,029	7,173,029	7,172,065	964
(7,173,029)	(7,173,029)	(6,979,057)	193,972
-	-	-	-
-	-	-	-
-	-	-	-
6,862,130	6,862,130	6,885,076	22,946
6,862,130	6,862,130	6,885,076	22,946
(310,899)	(310,899)	(93,981)	216,918
310,899	310,899	958,060	647,161
$ -	$ -	$ 864,079	$ 864,079

Town/Village of Harrison, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 12,148,660	$ 8,514,456
Receivables		
Accounts	4,577	-
State and Federal aid	181,757	403,071
	186,334	403,071
Prepaid expenditures	-	9,875
Total Assets	$ 12,334,994	$ 8,927,402
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 1,555,339	$ 479,556
Retainages payable	80,854	45,539
Unearned revenues	68,754	102,754
Total Liabilities	1,704,947	627,849
FUND BALANCE		
Nonspendable	-	9,875
Restricted	10,630,047	8,289,678
Total Fund Balance	10,630,047	8,299,553
Total Liabilities and Fund Balance	$ 12,334,994	$ 8,927,402

Town/Village of Harrison, New York

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

	2013	2012
REVENUES		
State aid	$ 68,243	$ 160,754
Federal aid	62,641	79,121
Miscellaneous	55,000	45,000
Total Revenues	185,884	284,875
EXPENDITURES		
Capital outlay	5,308,420	4,511,619
Deficiency of Revenues Over Expenditures	(5,122,536)	(4,226,744)
OTHER FINANCING SOURCES (USES)		
Bonds issued	7,363,063	13,314,835
Transfers in	374,507	604,587
Transfers out	(284,540)	(9,674)
Total Other Financing Sources	7,453,030	13,909,748
Net Change in Fund Balance	2,330,494	9,683,004
FUND BALANCES (DEFICITS)		
Beginning of Year	8,299,553	(1,383,451)
End of Year	$ 10,630,047	$ 8,299,553

Town/Village of Harrison, New York

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

	Water District No. 2	Sewer Districts	
		No. 1	Maintenance
ASSETS			
Cash and equivalents	$ 57,107	$ 6,442	$ 185,826
Accounts receivable	2,905,065	-	-
Prepaid expenditures	-	-	49,632
Total Assets	$ 2,962,172	$ 6,442	$ 235,458
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 332	$ -	$ 17,344
Unearned revenues	1,533,313	-	-
Due to other funds	-	-	-
Total Liabilities	1,533,645	-	17,344
Fund balances (deficits)			
Nonspendable	-	-	49,632
Assigned	1,428,527	6,442	168,482
Total Fund Balances (Deficits)	1,428,527	6,442	218,114
Total Liabilities and Fund Balances (Deficits)	$ 2,962,172	$ 6,442	$ 235,458

Fire Protection Districts				Totals	
No. 1	No. 2	No. 3	No. 5	2013	2012
$ 637,565	$ 875,839	$ 1,402	$ -	$ 1,764,181	$ 1,819,831
-	-	-	-	2,905,065	1,958,531
109,939	195,696	-	-	355,267	249,399
$ 747,504	$ 1,071,535	$ 1,402	$ -	$ 5,024,513	$ 4,027,761
$ 290,602	$ 99,132	$ -	$ -	$ 407,410	$ 450,869
-	150	-	-	1,533,463	976,385
-	-	-	576	576	719,624
290,602	99,282	-	576	1,941,449	2,146,878
109,939	195,696	-	-	355,267	249,399
346,963	776,557	1,402	(576)	2,727,797	1,631,484
456,902	972,253	1,402	(576)	3,083,064	1,880,883
$ 747,504	$ 1,071,535	$ 1,402	$ -	$ 5,024,513	$ 4,027,761

Town/Village of Harrison, New York

Special Districts Fund
Combining Schedule of Revenues, Expenditures and Changes
in Fund Balances - Sub Funds
Year Ended December 31, 2013
(With Comparative Totals for 2012)

	Water District No. 2	Sewer Districts	
		No. 1	Maintenance
REVENUES			
Real property taxes	$ 28,246	$ -	$ 635,516
Departmental income	2,347,991	-	-
Use of money and property	200	-	440
State aid	-	-	-
Federal aid	-	-	24,642
Miscellaneous	-	-	127
Total Revenues	2,376,437	-	660,725
EXPENDITURES			
Current			
General government support	-	-	-
Public safety	-	-	-
Home and community services	39,981	-	446,282
Employee benefits	1,259	-	164,720
Debt service			
Interest			
Bond anticipation notes	-	-	-
Total Expenditures	41,240	-	611,002
Excess (Deficiency) of Revenues Over Expenditures	2,335,197	-	49,723
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	-	-
Transfers out	(1,163,480)	(2,559)	(53,264)
Total Other Financing Uses	(1,163,480)	(2,559)	(53,264)
Net Change in Fund Balances	1,171,717	(2,559)	(3,541)
FUND BALANCES (DEFICITS)			
Beginning of Year	256,810	9,001	221,655
End of Year	$ 1,428,527	$ 6,442	$ 218,114

Fire Protection Districts				Totals	
No. 1	No. 2	No. 3	No. 5	2013	2012
$ 840,041	$ 3,925,595	$ 32,273	$ 34,195	$ 5,495,866	$ 5,455,283
34,195	1,936	-	-	2,384,122	2,013,919
960	2,766	12	-	4,378	5,116
-	-	-	-	-	26,605
-	89,913	-	-	114,555	79,814
-	66,499	-	-	66,626	66,062
875,196	4,086,709	32,285	34,195	8,065,547	7,646,799
2,730	146,217	42	-	148,989	30,060
667,084	2,372,553	31,625	34,354	3,105,616	3,120,169
-	-	-	-	486,263	508,502
11,504	1,451,106	-	-	1,628,589	1,639,072
-	-	-	-	-	55,989
681,318	3,969,876	31,667	34,354	5,369,457	5,353,792
193,878	116,833	618	(159)	2,696,090	2,293,007
-	-	-	-	-	50,000
(155,308)	(119,298)	-	-	(1,493,909)	(1,692,460)
(155,308)	(119,298)	-	-	(1,493,909)	(1,642,460)
38,570	(2,465)	618	(159)	1,202,181	650,547
418,332	974,718	784	(417)	1,880,883	1,230,336
$ 456,902	$ 972,253	$ 1,402	$ (576)	$ 3,083,064	$ 1,880,883

Town/Village of Harrison, New York

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

	Highway	Public Library	Special Purpose
ASSETS			
Cash and equivalents	$ 1,509,595	$ 313,959	$ 1,190,778
Receivables			
Accounts	-	714	2,010
State and Federal aid	-	-	-
	-	714	2,010
Prepaid expenditures	196,737	68,100	-
Total Assets	$ 1,706,332	$ 382,773	$ 1,192,788
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 129,877	$ 22,000	$ 14,530
Fund balances			
Nonspendable	196,737	68,100	-
Restricted	-	-	1,178,258
Assigned	1,379,718	292,673	-
Total Fund Balances	1,576,455	360,773	1,178,258
Total Liabilities and Fund Balances	$ 1,706,332	$ 382,773	$ 1,192,788

Total Non-Major Governmental Funds	
2013	2012
$ 3,014,332	$ 2,181,614
2,724	2,468
-	232
2,724	2,700
264,837	261,331
$ 3,281,893	$ 2,445,645
$ 166,407	$ 298,205
264,837	261,331
1,178,258	1,074,718
1,672,391	811,391
3,115,486	2,147,440
$ 3,281,893	$ 2,445,645

Town/Village of Harrison, New York

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

	Highway	Public Library	Special Purpose
REVENUES			
Real property taxes	$ 5,199,695	$ 2,292,459	$ -
Departmental income	-	27,814	-
Use of money and property	3,452	1,255	883
State aid	87,382	8,332	-
Federal aid	730,078	-	-
Miscellaneous	28,616	4,549	451,435
Total Revenues	6,049,223	2,334,409	452,318
EXPENDITURES			
Current			
Transportation	3,542,020	-	-
Culture and recreation	-	1,253,002	29,487
Home and community services	-	-	319,291
Employee benefits	1,696,595	947,684	-
Total Expenditures	5,238,615	2,200,686	348,778
Excess of Revenues Over Expenditures	810,608	133,723	103,540
OTHER FINANCING USES			
Transfers out	(79,825)	-	-
Net Change in Fund Balances	730,783	133,723	103,540
Fund Balances			
Beginning of Year	845,672	227,050	1,074,718
End of Year	$ 1,576,455	$ 360,773	$ 1,178,258

Total Non-Major Governmental Funds	
2013	2012
$ 7,492,154	$ 7,441,763
27,814	28,807
5,590	6,225
95,714	147,567
730,078	187,010
484,600	574,479
8,835,950	8,385,851
3,542,020	3,489,886
1,282,489	1,412,012
319,291	323,781
2,644,279	2,659,684
7,788,079	7,885,363
1,047,871	500,488
(79,825)	-
968,046	500,488
2,147,440	1,646,952
$ 3,115,486	$ 2,147,440

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Town/Village of Harrison, New York

Highway Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 1,509,595	$ 922,653
State and Federal aid receivable	-	232
Prepaid expenditures	196,737	184,238
Total Assets	$ 1,706,332	$ 1,107,123
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 129,877	$ 261,451
Fund balance		
Nonspendable	196,737	184,238
Assigned	1,379,718	661,434
Total Fund Balance	1,576,455	845,672
Total Liabilities and Fund Balance	$ 1,706,332	$ 1,107,123

Town/Village of Harrison, 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	$ 5,199,695	$ 5,199,695	$ 5,199,695	$ -
Use of money and property	4,499	4,499	3,452	(1,047)
State aid	88,000	88,000	87,382	(618)
Federal aid	-	104,106	730,078	625,972
Miscellaneous	15,000	15,000	28,616	13,616
Total Revenues	5,307,194	5,411,300	6,049,223	637,923
EXPENDITURES				
Current				
Transportation	3,535,299	3,559,580	3,542,020	17,560
Employee benefits	1,773,095	1,773,095	1,696,595	76,500
Total Expenditures	5,308,394	5,332,675	5,238,615	94,060
Excess (Deficiency) of Revenues Over Expenditures	(1,200)	78,625	810,608	731,983
OTHER FINANCING USES				
Transfers out	-	(79,825)	(79,825)	-
Net Change in Fund Balance	(1,200)	(1,200)	730,783	731,983
FUND BALANCE				
Beginning of Year	1,200	1,200	845,672	844,472
End of Year	$ -	$ -	$ 1,576,455	$ 1,576,455

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 5,194,227	$ 5,194,227	$ 5,194,227	$ -
7,500	7,500	3,878	(3,622)
114,000	176,337	139,576	(36,761)
-	187,010	187,010	-
15,000	25,338	147,793	122,455
5,330,727	5,590,412	5,672,484	82,072
3,664,823	3,839,524	3,489,886	349,638
1,666,345	1,751,329	1,751,324	5
5,331,168	5,590,853	5,241,210	349,643
(441)	(441)	431,274	431,715
-	-	-	-
(441)	(441)	431,274	431,715
441	441	414,398	413,957
$ -	$ -	$ 845,672	$ 845,672

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Town/Village of Harrison, New York

Public Library Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 313,959	$ 185,500
Accounts receivable	714	-
Prepaid expenditures	68,100	77,093
Total Assets	$ 382,773	$ 262,593
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 22,000	$ 35,543
Fund balance		
Nonspendable	68,100	77,093
Assigned	292,673	149,957
Total Fund Balance	360,773	227,050
Total Liabilities and Fund Balance	$ 382,773	$ 262,593

Town/Village of Harrison, New York

Public Library 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	$ 2,292,459	$ 2,292,459	$ 2,292,459	$ -
Departmental income	29,600	29,600	27,814	(1,786)
Use of money and property	2,500	2,500	1,255	(1,245)
State aid	8,000	8,000	8,332	332
Miscellaneous	-	-	4,549	4,549
Total Revenues	2,332,559	2,332,559	2,334,409	1,850
EXPENDITURES				
Current				
Culture and recreation	1,385,137	1,385,137	1,253,002	132,135
Employee benefits	987,422	987,422	947,684	39,738
Total Expenditures	2,372,559	2,372,559	2,200,686	171,873
Excess (Deficiency) of Revenues Over Expenditures	(40,000)	(40,000)	133,723	173,723
FUND BALANCE				
Beginning of Year	40,000	40,000	227,050	187,050
End of Year	$ -	$ -	$ 360,773	$ 360,773

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 2,247,536	$ 2,247,536	$ 2,247,536	$ -
29,600	29,600	28,807	(793)
3,000	3,000	1,531	(1,469)
8,000	8,000	7,991	(9)
-	-	13,131	13,131
2,288,136	2,288,136	2,298,996	10,860
1,389,549	1,389,549	1,376,675	12,874
984,587	984,587	908,360	76,227
2,374,136	2,374,136	2,285,035	89,101
(86,000)	(86,000)	13,961	99,961
86,000	86,000	213,089	127,089
$ -	$ -	$ 227,050	$ 227,050

Town/Village of Harrison, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 1,190,778	$ 1,073,461
Accounts receivable	2,010	2,468
Total Assets	$ 1,192,788	$ 1,075,929
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 14,530	$ 1,211
Fund balance		
Restricted	1,178,258	1,074,718
Total Liabilities and Fund Balance	$ 1,192,788	$ 1,075,929

Town/Village of Harrison, 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	$ 883	$ 816
Miscellaneous	451,435	413,555
Total Revenues	452,318	414,371
EXPENDITURES		
Current		
Culture and recreation	29,487	35,337
Home and community services	319,291	323,781
Total Expenditures	348,778	359,118
Excess of Revenues Over Expenditures	103,540	55,253
FUND BALANCE		
Beginning of Year	1,074,718	1,019,465
End of Year	$ 1,178,258	$ 1,074,718

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund
Comparative Statement of Net Position
December 31,

	2013	2012
ASSETS		
Cash and equivalents	$ 2,839,281	$ 2,290,428
Accounts receivable	212,235	40,129
Prepaid expenses	-	45,413
Total Assets	3,051,516	2,375,970
LIABILITIES		
Current liabilities		
Accounts payable	220,273	110,118
Accrued liabilities	822,250	1,307,000
Total Liabilities	1,042,523	1,417,118
NET POSITION		
Unrestricted	$ 2,008,993	$ 958,852

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund
Comparative Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31,

	2013	2012
OPERATING REVENUES		
Charges for services	$ 10,960,078	$ 10,939,806
Miscellaneous - insurance reimbursements	1,305,509	520,160
Total Operating Revenues	12,265,587	11,459,966
OPERATING EXPENSES		
Insurance	546,663	362,396
Employee benefits	10,346,893	9,991,214
Contractual	321,890	310,820
Total Operating Expenses	11,215,446	10,664,430
Income from Operations	1,050,141	795,536
NET POSITION		
Beginning of Year	958,852	163,316
End of Year	$ 2,008,993	$ 958,852

Town/Village of Harrison, New York

Internal Service Fund - Health Benefits Fund
Comparative Statement of Cash Flows
Years Ended December 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	$ 10,960,078	$ 10,939,806
Cash received from insurance reimbursements	1,133,403	681,711
Cash payments to vendors	(276,477)	(356,233)
Cash payments to insurance carriers and claimants	(11,268,151)	(9,869,887)
Net Cash from Operating Activities	548,853	1,395,397
CASH AND EQUIVALENTS		
Beginning of Year	2,290,428	895,031
End of Year	$ 2,839,281	$ 2,290,428
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ 1,050,141	$ 795,536
Adjustments to reconcile income from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts receivable	(172,106)	161,551
Prepaid expenses	45,413	(45,413)
Accounts payable	110,155	(8,767)
Accrued liabilities	(484,750)	492,490
Net Cash from Operating Activities	$ 548,853	$ 1,395,397

O'CONNOR DAVIES

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

Independent Auditors' Report

The Honorable Supervisor/Mayor and Town/Village Board of the Town/Village of Harrison, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town/Village of Harrison, New York ("Town/Village") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town/Village's basic financial statements, and have issued our report thereon dated April 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town/Village'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/Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town/Village'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/Village'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town/Village'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/Village 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/Village'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/Village'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
April 21, 2014

O'CONNOR DAVIES

PKF

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

Independent Auditors' Report

The Honorable Supervisor/Mayor and Town/Village Board of the Town/Village of Harrison, New York

Report on Compliance for Each Major Federal Program

We have audited the Town/Village of Harrison, New York ("Town/Village") 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/Village's major federal programs for the year ended December 31, 2013. The Town/Village'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/Village'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/Village'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/Village's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Town/Village 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/Village 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/Village'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/Village'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
April 21, 2014

Town/ Village of Harrison, New York

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

Federal Grantor Program Title	Federal CFDA Number (1)	Federal Program Expenditures
Department of Justice		
Direct Program		
Byrne Justice Assistance Grant	16.738	$ 17,641
Department of Homeland Security		
Indirect Program		
Passed through New York State Division of Homeland Security and Emergency Services		
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	1,215,052
Total Expenditures of Federal Awards		$ 1,232,693

(1) Catalog of Federal Domestic Assistance Number

The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town/Village of Harrison, New York ("Town/Village") 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/Village, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town/Village.

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 establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Town/Village of Harrison, New York

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

None

Town/Village of Harrison, 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 OMB Circular A-133?	____Yes __X__No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Disaster Assistance Projects

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	____Yes __X__No

Town/Village of Harrison, New York

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None