TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
DECEMBER 31, 2014
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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members
of the Town Board
Town of New Windsor
New Windsor, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Windsor, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with accounting principles 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 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 auditor's 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 entity'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 entity'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.

MEMBERS: NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS • AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of New Windsor, as of December 31, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 46 through 50 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Windsor's basic financial statements. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 combining nonmajor fund financial statements are 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 May 8, 2015 on our consideration of the Town's internal control over financial reporting and out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Town of New Windsor's internal control over financial reporting and compliance.

Nugent + Haeussler, P.C.

May 8, 2015

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

The following is a discussion and analysis of the Town of New Windsor's financial performance for the year ended December 31, 2014. The Town of New Windsor discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This section is a summary of the Town's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Town's financial statements, which immediately follow this section.

HIGHLIGHTS

Financial Highlights:

- The assets of the Town of New Windsor exceeded its liabilities at the close of the 2014 year by $37,534,569.
- As of the close of the current year, the Town of New Windsor's governmental funds reported combined ending fund balances of $19,755,335 an increase of $647,135 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was $5,359,340 at 35.24% of the total General Fund expenditures.
- The Town of New Windsor's total outstanding debt increased by $2,776,058(28.11%) during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Town's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of M D & A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as general support, police protection, building code enforcement, planning and zoning, and various other services	Instances in which the Town administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits
Required financial statements	· Statement of net position · Statement of activities	· Balance Sheet · Statement of Revenues, Expenditures, and Changes in Fund Balances	· Statement of Fiduciary Net Position · Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital asset or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it changed. Net position, the difference between the Town's assets and liabilities, are one way to measure the Town's financial health or position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Town's activities are shown as governmental activities. Most of the Town's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.

- The Town establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The Town has two kinds of funds:

- Governmental Funds: Most of the Town's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Statement 4 and Statement 6) have been added to explain the relationship (or differences) between them.

- Fiduciary Funds-Agency Funds: The Town acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at the year end is $37,534,569. This is a $3,351,764 decrease over last year's net position of $40,886,333. The following table provides a summary of the Town's net position:

Figure A-2

Condensed Statement of Net Position	2014	2013	Total Dollar Change 2014 -2013
Current Assets	$ 27,782,341	$ 23,255,299	$ 4,527,042
Capital Assets	43,707,542	46,224,206	(2,516,665)
Total Assets	71,489,883	69,479,505	2,010,378
Long-Term Debt Outstanding	25,839,815	24,334,775	1,505,040
Other Liabilities	8,115,498	4,258,399	3,857,099
Total Liabilities	33,955,313	28,593,174	5,362,139
Investment in Capital Assets, Net of Debt	31,057,045	36,349,767	(5,292,722)
Restricted	3,064,198	3,042,091	22,107
Unassigned	3,413,326	1,494,475	1,918,851
Total Net Position	$ 37,534,569	$ 40,886,333	$ (3,351,764)

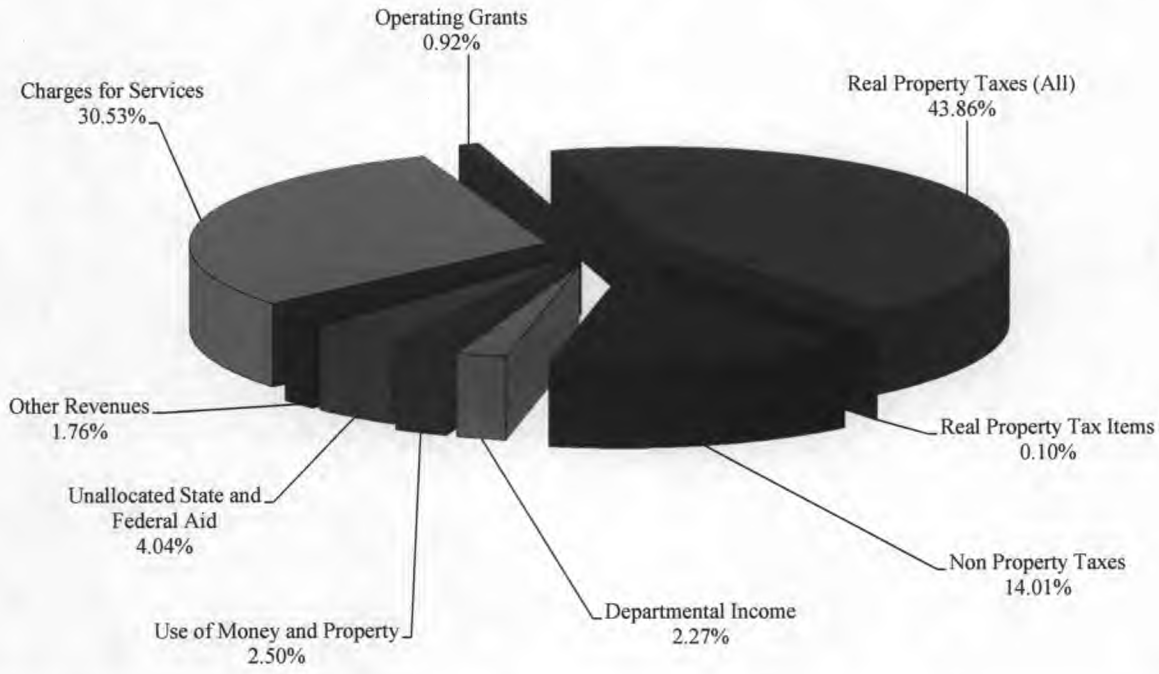
TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET ASSSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FIGURE A-3

	2014 Amount	%	2013 Amount	%	$ Change	% Change
REVENUES (Chart Figure A-4)						
PROGRAM REVENUES						
Charges for Services	$ 9,622,529	30.53%	$ 9,143,319	26.46%	$ 479,210	5.24%
Operating Grants	291,081	0.92%	229,020	0.66%	62,061	27.10%
GENERAL REVENUES						
Real Property Taxes	13,818,759	43.86%	13,849,725	40.08%	(30,966)	-0.22%
Real Property Tax Items	31,400	0.10%	35,500	0.10%	(4,100)	-11.55%
Non Property Taxes	4,414,906	14.01%	4,389,253	12.70%	25,653	0.58%
Departmental Income	714,498	2.27%	668,215	1.93%	46,283	6.93%
Use of Money and Property	788,821	2.50%	360,544	1.04%	428,277	118.79%
Unallocated State and Federal Aid	1,272,487	4.04%	1,619,328	4.69%	(346,841)	-21.42%
Other Revenues	555,388	1.76%	4,258,156	12.32%	(3,702,768)	-86.96%
TOTAL REVENUES	31,509,869	100.00%	34,553,060	100.00%	(3,043,191)	-8.81%
EXPENDITURES (Chart Figure A-5)						
General Government	3,991,970	11.46%	3,149,164	8.45%	842,806	26.76%
Public Safety	5,717,952	16.40%	5,414,008	14.53%	303,944	5.61%
Health	376,936	1.08%	369,697	0.99%	7,239	1.96%
Transportation	2,156,900	6.19%	1,679,159	4.51%	477,741	28.45%
Economic Assistance and Opportunity	171,653	0.49%	47,936	0.13%	123,717	258.09%
Culture and Recreation	526,021	1.51%	434,273	1.17%	91,748	21.13%
Home and Community Services	8,121,490	23.30%	9,414,474	25.27%	(1,292,984)	-13.73%
Interest on Debt	308,081	0.88%	412,764	1.11%	(104,683)	-25.36%
Employee Benefits	9,097,149	26.10%	8,761,078	23.51%	336,071	3.84%
Depreciation	4,393,480	12.60%	7,579,937	20.34%	(3,186,457)	-42.04%
TOTAL EXPENDITURES	34,861,633	100.00%	37,262,490	100.00%	(2,400,857)	-6.44%
CHANGE IN NET POSITION	$ (3,351,764)		$ (2,709,430)		$ (642,334)	

Figure A-4

SOURCES OF REVENUES FOR YEAR 2014



SOURCES OF REVENUES FOR YEAR 2013

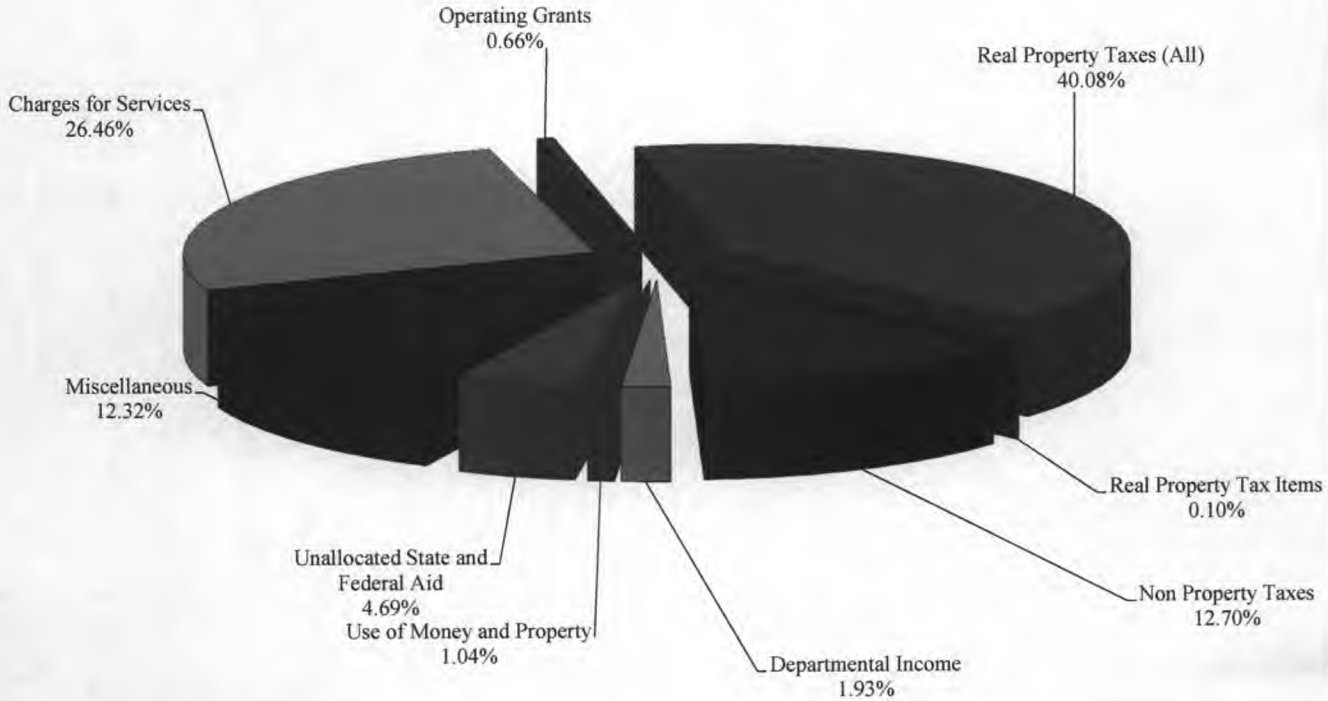
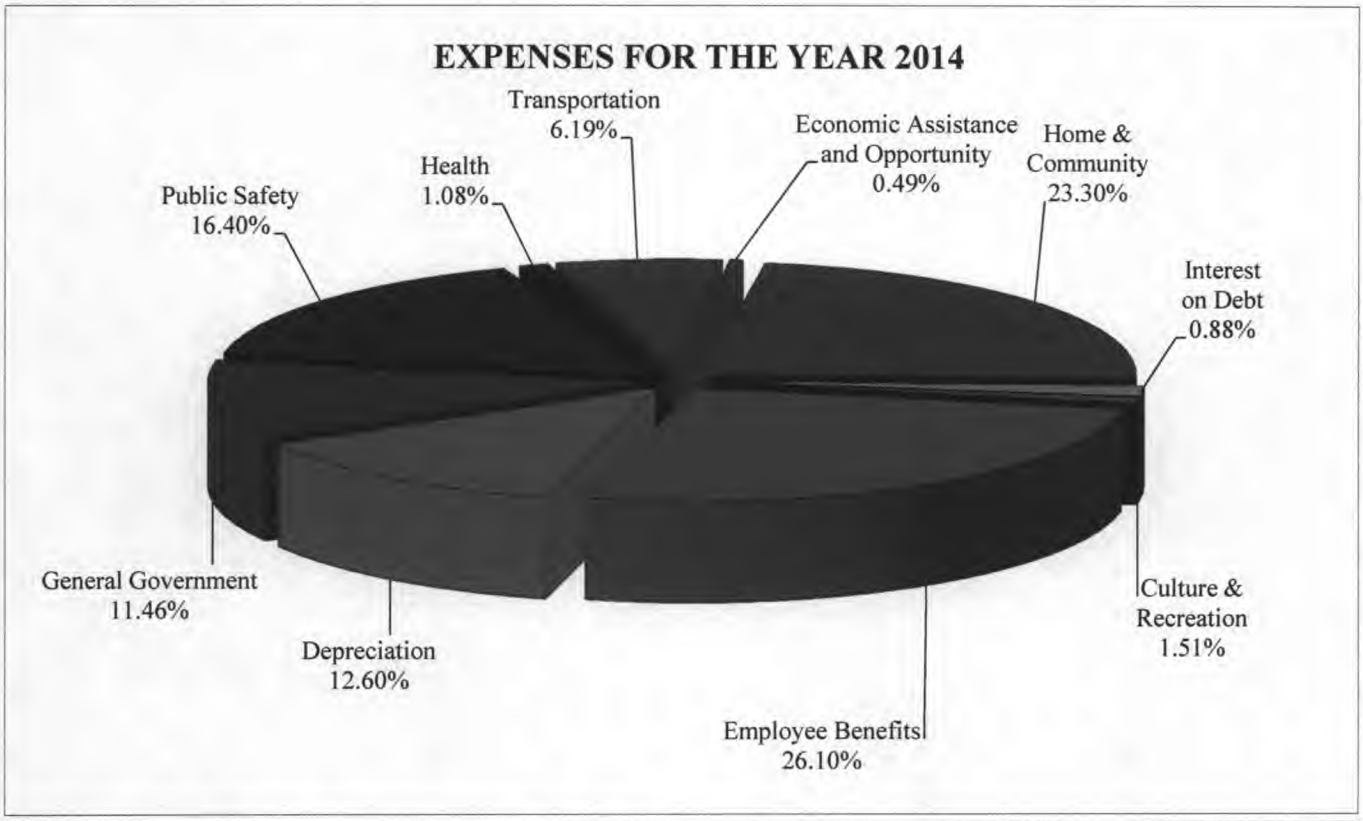


Figure A-5


EXPENSES FOR THE YEAR 2014
Transportation 6.19%
Economic Assistance and Opportunity 0.49%
Home & Community 23.30%
Health 1.08%
Public Safety 16.40%
Interest on Debt 0.88%
General Government 11.46%
Depreciation 12.60%
Employee Benefits 26.10%
Culture & Recreation 1.51%

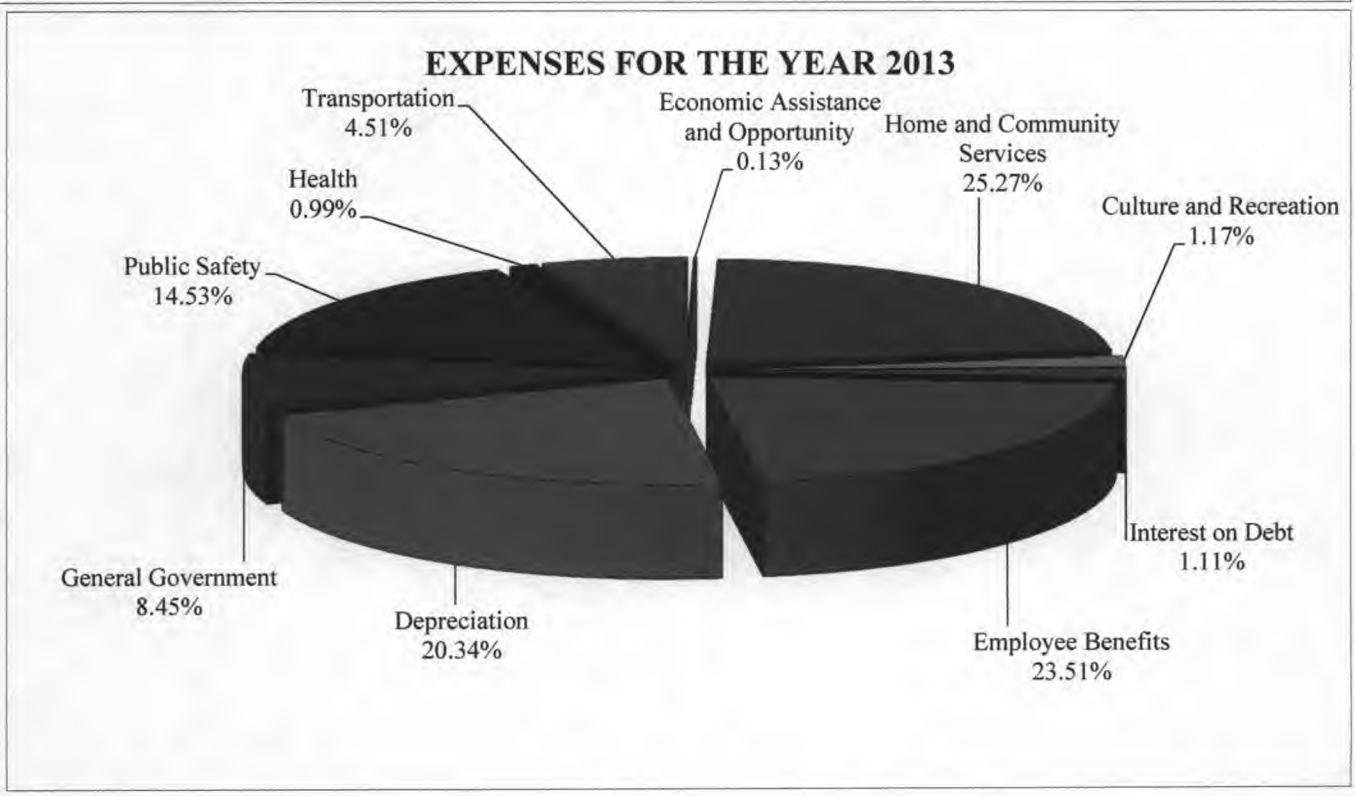
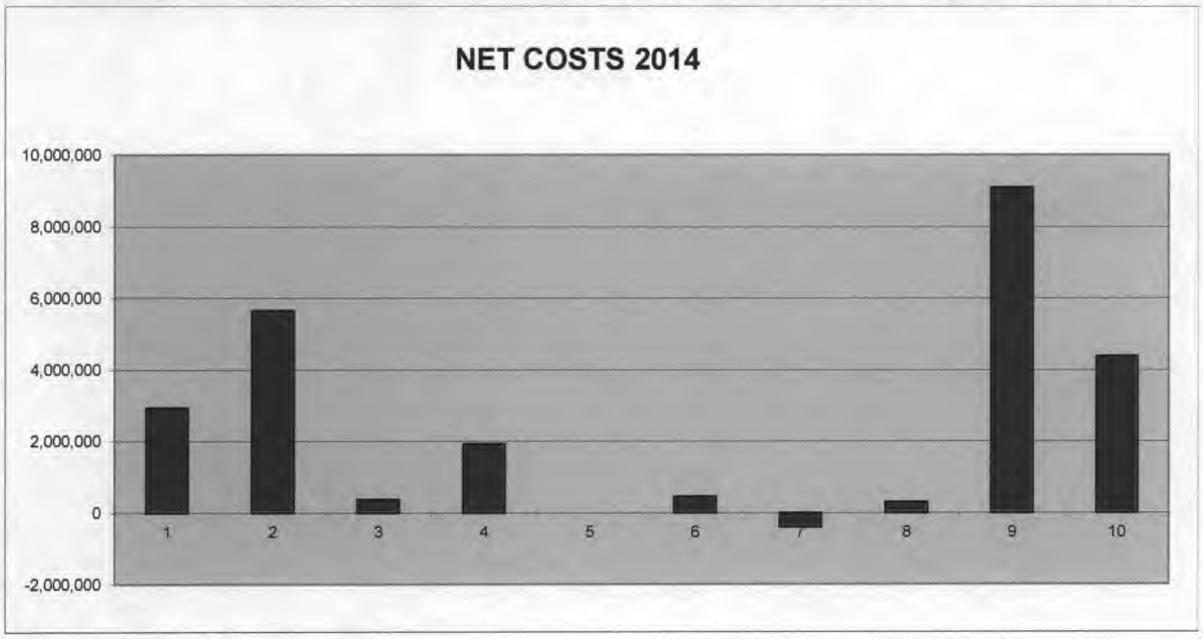

EXPENSES FOR THE YEAR 2013
Transportation 4.51%
Economic Assistance and Opportunity 0.13%
Home and Community Services 25.27%
Health 0.99%
Culture and Recreation 1.17%
Public Safety 14.53%
Interest on Debt 1.11%
General Government 8.45%
Depreciation 20.34%
Employee Benefits 23.51%

Figure A-6

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
1 General Government	$ 3,991,970	$ 2,938,066	$ 3,149,163	$ 2,122,509
2 Public Safety	5,717,952	5,662,886	5,414,008	5,344,099
3 Health	376,936	376,936	369,697	369,697
4 Transportation	2,156,900	1,928,572	1,679,159	1,487,099
5 Economic Assistance and Opportunity	171,653	171,653	47,936	47,936
6 Culture and Recreation	526,021	463,268	434,273	397,313
7 Home and Community Services	8,121,490	(392,069)	9,414,474	1,367,719
8 Interest on Debt	308,081	308,081	412,764	412,764
9 Employee Benefits	9,097,149	9,097,149	8,761,078	8,761,078
10 Depreciation	4,393,480	4,393,480	7,579,937	7,579,937
Total Costs	$ 34,861,633	$ 24,948,023	$ 37,262,489	$ 27,890,151



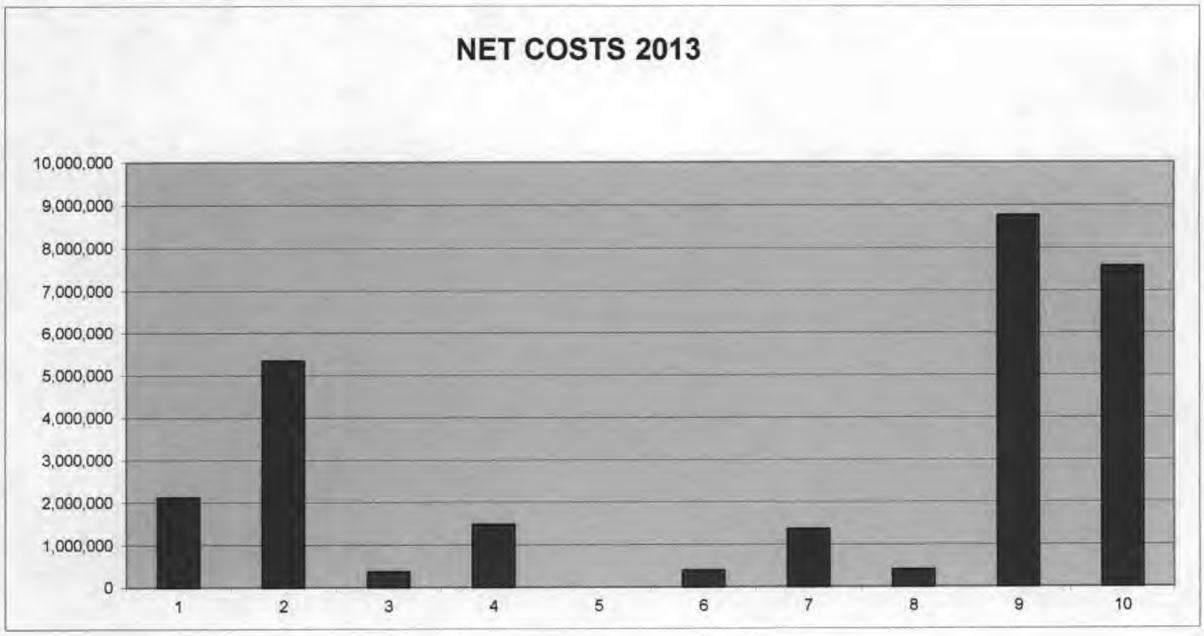


Figure A-6 (Continued)

Total costs of services provided by the Town (Figure A-6) for the years ended December 31, 2014 and 2013 were $34,847,890 and $37,262,489, respectively. These charges in 2014 were offset by grants and contributions of $291,081 and charges for services of $9,622,529, resulting in net cost of services of $24,934,280. This is a $2,955,871 decrease over last year's net costs of $27,890,151.

The Town's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Town consist of the General Fund, Highway Fund, Water Fund, Sewer Fund, Capital Fund, Debt Service Fund, and Non-Major Funds. The total fund balances allocated between restricted, assigned, and unassigned fund balance for each of these funds is as follows:

Figure A-7

	December 31, 2014		
	Restricted	Assigned	Unassigned
General Fund	$ 0	$ 0	$ 5,359,340
Highway Fund	0	886,884	0
Water Fund	0	5,579,664	0
Sewer Fund	0	3,439,508	0
Capital Fund	0	526,388	0
Debt Service Fund	3,064,198	100	0
Non-Major Funds	0	899,253	0
Total	$ 3,064,198	$ 11,331,797	$ 5,359,340

	December 31, 2013		
	Restricted	Assigned	Unassigned
General Fund	$ 0	$ 0	$ 5,352,325
Highway Fund	0	823,952	0
Water Fund	0	4,653,167	0
Sewer Fund	0	3,878,315	0
Capital Fund	0	415,081	0
Debt Service Fund	3,042,091	100	0
Non-Major Funds	0	943,172	0
Total	$ 3,042,091	$ 10,713,787	$ 5,352,325

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town revised the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues were more than revised budget estimates by $316,149 and actual expenditures were less than budgeted expenditures by $2,248. Figure A-8 summarizes the General Funds original and revised budgets, actual revenues and expenditures and the variances for the year ended December 31, 2014.

Figure A-8

Condensed Budgetary Comparison General Fund 2014	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	$ 6,662,438	$ 6,662,438	$ 6,662,438	$ 0
Non Property Taxes	4,559,300	4,559,300	4,414,906	(144,394)
State and Federal Aid	657,000	657,000	837,170	180,170
All Other	3,061,703	3,061,703	3,342,076	280,373
Total Revenues	14,940,441	14,940,441	15,256,590	316,149
OTHER SOURCES				
Operating Transfers In	464,700	464,700	417,730	(46,970)
Appropriated and Other Sources	0	279,359	0	
Total Revenues and Other Sources	**$ 15,405,141**	**$ 15,684,500**	**$ 15,674,320**	**$ 10,180**
EXPENDITURES				
General Government Support	$ 3,631,790	$ 3,884,758	$ 3,884,758	$ 0
Public Safety	5,674,800	5,724,645	5,724,645	0
Transportation	310,000	311,915	311,915	0
Economic Assistance and Opportunity	43,900	171,653	171,653	0
Culture & Recreation	719,500	520,888	520,888	0
Home & Community Service	220,000	337,332	337,332	0
Employee Benefits	4,386,410	4,260,867	4,258,619	2,248
Total Expenditures	**$ 14,986,400**	**$ 15,212,058**	**$ 15,209,810**	**$ 2,248**
OTHER USES				
Operating Transfers Out	418,741	472,442	457,494	14,948
Total Expenditures and Other Uses	**$ 15,405,141**	**$ 15,684,500**	**$ 15,667,304**	**$ 17,196**

CAPITAL ASSETS

The Town records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Town's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Town is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Town has maintained detailed, separate records of infrastructure additions since 2003. The Town has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Town's investment in capital resources.

In 2014, the Town expended $1,876,815 on capital additions. Figure A-9 reflects the changes in net capital assets.

Figure A-9

Changes in Net Capital Assets	Governmental Activities		Total Dollar Change
	2014	2013	2014 - 2013
Land/Construction in Progress	$ 4,397,691	$ 4,397,691	$ -
Buildings	7,943,098	9,797,464	(1,854,366)
Machinery and Equipment	1,914,089	1,806,248	107,841
Infrastructure	29,452,664	30,222,803	(770,139)
Totals	**$ 43,707,542**	**$ 46,224,206**	**$ (2,516,664)**

Major Additions included in 2014:

Buildings	$ 27,407
Machinery and Equipment	604,677
Infrastructure	1,244,731
Total	$ 1,876,815

DEBT ADMINISTRATION

Long Term Debt, decreased by $1,573,942 during 2014. The Town's long term debt at the end of the year was $7,000,497 as compared to $8,574,439 at the end of last year.

The Town's liability for compensated absences increased by $272,009 during 2014.

Under the implementation standards of GASB 45, the Town was required to recognize $16,742,945 as other postemployment benefits obligation at year end.

Detailed information regarding the Town's long-term liabilities is presented in more detail in the current year's notes to the financial statements. Figure A-10 reflects the changes for 2014.

Figure A-10

Long-Term Liabilities	Governmental Activities		Total Dollar Change
	2014	2013	2014 - 2013
Serial Bonds	$ 5,833,150	$ 7,128,605	$ (1,295,455)
Installment Loans	1,167,347	1,445,834	(278,487)
Other Postemployment Benefits	16,742,945	13,935,972	2,806,973
Compensated Absences	2,096,373	1,824,364	272,009
Totals	**$ 25,839,815**	**$ 24,334,775**	**$ 1,505,040**

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact Jack Finnegan Town Comptroller, Town of New Windsor, 555 Union Avenue, New Windsor, New York, 12553.

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS	
Cash and Cash Equivalents	$ 25,424,695
Accounts Receivable	2,053,493
State and Federal Aid Receivable	304,153
Capital Assets, Net	43,707,542
Total Assets	71,489,883
LIABILITIES	
Current Liabilities:	
Accounts Payable	777,959
Bond Anticipation Notes Payable	5,650,000
Due to Employees' Retirement System	1,599,042
Accrued Interest Payable	88,494
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	1,095,681
Installment Loans	313,321
Due and Payable More Than One Year:	
Bonds Payable	4,737,469
Installment Loans	854,026
Other Postemployment Benefits	16,742,945
Compensated Absences	2,096,373
Total Liabilities	33,955,310
NET POSITION	
Investment in Capital Assets, Net of Related Debt	31,057,045
Restricted	3,064,198
Unassigned	3,413,327
Total Net Position	$ 37,534,569

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Expenses	Program Revenue: Charges For Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	$ (6,461,312)	$ 1,053,904	$ 0	$ (5,407,408)
Public Safety	(12,617,754)	55,066	0	(12,562,688)
Health	(376,936)	0	0	(376,936)
Transportation	(3,883,658)	0	228,328	(3,655,330)
Economic Assistance and Opportunity	(171,653)	0	0	(171,653)
Culture and Recreation	(780,605)	0	62,753	(717,852)
Home and Community Services	(10,261,633)	8,513,559	0	(1,748,074)
Interest on Debt	(308,081)	0	0	(308,081)
Total Primary Government	$ (34,861,633)	$ 9,622,529	$ 291,081	(24,948,023)
GENERAL REVENUES				
Real Property Taxes				13,818,759
Real Property Tax Items				31,400
Non Property Taxes				4,414,906
Departmental Income				714,498
Use of Money and Property				788,821
Intergovernmental Charges				71,968
Unallocated State and Federal Aid				1,272,487
Sale of Property and Compensation for Loss				204,327
Miscellaneous				279,093
Total General Revenues				21,596,259
Change in Net Position				(3,351,764)
Net Position - Beginning				40,886,333
Net Position - Ending				$ 37,534,569

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	$ 5,645,287	$ 1,056,288	$ 5,441,767	$ 3,345,686	$ 8,061,432	$ 101	$ 999,132	$ 24,549,693
Cash in Special Reserves	0	0	0	0	875,000	0	0	875,000
Accounts Receivable, Net	1,186,283	978	566,472	239,953	0	0	59,807	2,053,493
Due from Other Funds	0	0	0	0	476,731	3,540,928	0	4,017,659
State and Federal Aid Receivable	0	0	0	0	304,153	0	0	304,153
Total Assets	$ 6,831,570	$ 1,057,266	$ 6,008,239	$ 3,585,639	$ 9,717,316	$ 3,541,029	$ 1,058,939	$ 31,799,998
LIABILITIES								
Accounts Payable	$ 210,707	$ 25,397	$ 325,685	$ 146,131	$ 0	$ 0	$ 70,042	$ 777,962
Due to Other Funds	0	0	0	0	3,540,928	476,731	0	4,017,659
Due to Employees' Retirement System	1,261,523	144,985	102,890	0	0	0	89,644	1,599,042
Bond Anticipation Notes Payable	0	0	0	0	5,650,000	0	0	5,650,000
Total Liabilities	1,472,230	170,382	428,575	146,131	9,190,928	476,731	159,686	12,044,663
FUND BALANCES								
Restricted	0	0	0	0	0	3,064,198	0	3,064,198
Assigned	0	886,884	5,579,664	3,439,508	526,388	100	899,253	11,331,797
Unassigned	5,359,340	0	0	0	0	0	0	5,359,340
Total Fund Balances	5,359,340	886,884	5,579,664	3,439,508	526,388	3,064,298	899,253	19,755,335
Total Liabilities and Fund Balances	$ 6,831,570	$ 1,057,266	$ 6,008,239	$ 3,585,639	$ 9,717,316	$ 3,541,029	$ 1,058,939	$ 31,799,998

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	$ 24,549,693	$ 0	$ 0	$ 24,549,695
Restricted Cash	875,000	0	0	875,000
State & Federal Aid Receivable	304,153	0	0	304,153
Due from Other Funds	4,017,659	0	(4,017,659)	0
Accounts Receivable, Net	2,053,493	0	0	2,053,493
Capital Assets, Net	0	43,707,542	0	43,707,542
Total Assets	$ 31,799,998	$ 43,707,542	$ (4,017,659)	$ 71,489,883
LIABILITIES				
Accounts Payable	$ 777,962	$ 0	$ 0	$ 777,962
Accrued Liabilities	0	88,494	0	88,494
Bond Anticipation Notes Payable	5,650,000	0	0	5,650,000
Bonds Payable	0	5,833,150	0	5,833,150
Installment Loans Payable	0	1,167,347	0	1,167,347
Due to Other Funds	4,017,659	0	(4,017,659)	0
Due to Employees' Retirement System	1,599,042	0	0	1,599,042
Other Postemployment Benefits	0	16,742,945	0	16,742,945
Compensated Absences	0	2,096,373	0	2,096,373
Total Liabilities	12,044,663	25,928,309	(4,017,659)	33,955,313
Total Fund Balances/Net Position	19,755,335	17,779,232	0	37,534,569
Total Liabilities and Fund Balances	$ 31,799,998	$ 43,707,542	$ (4,017,659)	$ 71,489,883

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Highway	Water	Sewer	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Real Property Taxes	$ 6,662,438	$ 3,611,095	$ 1,179,473	$ 225,120	$ 0	$ 0	$ 2,140,633	$ 13,818,759
Real Property Tax Items	31,400	0	0	0	0	0	0	31,400
Non Property Tax Items	4,414,906	0	0	0	0	0	0	4,414,906
Departmental Income	871,277	0	5,796,650	2,387,272	0	0	237,993	9,293,192
Intergovernmental Charges	0	13,959	0	58,009	0	0	0	71,968
Use of Money and Property	765,755	4,082	3,750	4,060	26	8,363	2,785	788,821
Licenses and Permits	130,418	0	0	0	0	0	0	130,418
Fines and Forfeitures	913,417	0	0	0	0	0	0	913,417
Sale of Property and Compensation for Loss	164,473	36,239	615	0	0	0	3,000	204,327
Miscellaneous	125,336	13,826	12,370	79,929	32,100	0	1,789	265,350
Interfund Revenues	340,000	85,812	0	0	0	0	0	425,812
State and Federal Aid	837,170	228,406	0	0	497,992	0	0	1,563,568
Total Revenues	15,256,590	3,993,419	6,992,858	2,754,390	530,118	8,363	2,386,200	31,921,938
EXPENDITURES								
General Government Support	3,884,758	0	7,327	0	417,500	0	0	4,309,585
Public Safety	5,724,645	0	0	0	5,357	0	0	5,730,002
Health	0	0	0	0	0	0	376,936	376,936
Transportation	311,915	2,297,961	0	0	51,528	0	0	2,661,404
Economic Assistance and Opportunity	171,653	0	0	0	0	0	0	171,653
Culture and Recreation	520,888	0	0	0	0	0	0	520,888
Home and Community Service	337,332	0	4,474,304	1,967,841	1,220,610	0	1,322,983	9,323,070
Employee Benefits	4,258,619	991,179	457,708	0	0	0	582,670	6,290,176
Debt Service	0	0	0	0	0	2,622,332	0	2,622,332
Total Expenditures	15,209,810	3,289,140	4,939,339	1,967,841	1,694,995	2,622,332	2,282,589	32,006,046
OTHER FINANCING SOURCES (USES)								
BANS Redeemed from Appropriations	0	0	0	0	300,000	0	0	300,000
Premium on Obligations	0	0	0	0	0	13,743	0	13,743
Proceeds from Obligations	0	0	0	0	417,500	0	0	417,500
Operating Transfers In	417,730	78,544	1,270,705	106,284	725,000	2,622,332	0	5,220,595
Operating Transfers Out	(457,494)	(719,890)	(2,397,727)	(1,331,639)	(166,316)	0	(147,529)	(5,220,595)
Total Financing Sources and (Uses)	(39,764)	(641,346)	(1,127,022)	(1,225,355)	1,276,184	2,636,075	(147,529)	731,243
Net Change in Fund Balances	7,016	62,933	926,497	(438,806)	111,307	22,106	(43,918)	647,135
Fund Balances-Beginning	5,352,324	823,951	4,653,167	3,878,314	415,081	3,042,192	943,171	19,108,200
Fund Balances-Ending	$ 5,359,340	$ 886,884	$ 5,579,664	$ 3,439,508	$ 526,388	$ 3,064,298	$ 899,253	$ 19,755,335

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES						
Real Property Taxes	$ 13,818,759	$ 0	$ 0	$ 0	$ 0	$ 13,818,759
Real Property Tax Items	31,400	0	0	0	0	31,400
Non Property Tax Items	4,414,906	0	0	0	0	4,414,906
Departmental Income	9,293,192	0	0	0	0	9,293,192
Intergovernmental Charges	71,968	0	0	0	0	71,968
Use of Money and Property	788,821	0	0	0	0	788,821
Licenses and Permits	130,418	0	0	0	0	130,418
Fines and Forfeitures	913,417	0	0	0	0	913,417
Sale of Property and Compensation for Loss	204,327	0	0	0	0	204,327
Miscellaneous	265,350	0	0	0	0	265,350
Interfund Revenues	425,812	0	0	0	(425,812)	0
State and Federal Aid	1,563,568	0	0	0	0	1,563,568
Total Revenues	31,921,938	0	0	0	(425,812)	31,496,126
EXPENDITURES						
General Government Support	4,309,585	49,792	804,188	0	1,297,747	6,461,312
Public Safety	5,730,002	139,119	2,247,052	0	4,501,581	12,617,754
Health	376,936	0	0	0	0	376,936
Transportation	2,661,404	34,816	562,352	0	625,086	3,883,658
Economic Assistance and Opportunity	171,653	0	0	0	0	171,653
Culture and Recreation	520,888	5,133	82,910	0	171,674	780,605
Home and Community Service	9,323,070	43,151	696,978	0	198,434	10,261,633
Employee Benefits	6,290,176	2,806,973	0	0	(9,097,149)	0
Capital Outlay	0	0	(1,876,815)	0	1,876,815	0
Debt Service	2,622,332	(22,809)	0	(2,291,442)	0	308,081
Total Expenditures	32,006,046	3,056,175	2,516,665	(2,291,442)	(425,812)	34,861,633
Excess (Deficiency) of Revenues Over Expenditures	(84,108)	(3,056,175)	(2,516,665)	2,291,442	0	(3,365,507)
OTHER SOURCES AND USES:						
Operating Transfers In	5,220,595	0	0	0	(5,220,595)	0
Operating Transfers Out	(5,220,595)	0	0	0	5,220,595	0
Premium on Obligations	13,743	0	0	0	0	13,743
Proceeds of Obligations	417,500	0	0	(417,500)	0	0
Bond Anticipation Notes Redeemed from Appropriations	300,000	0	0	(300,000)	0	0
Total Other Sources	731,243	0	0	(717,500)	0	13,743
Net Changes for the Year	$ 647,135	$ (3,056,175)	$ (2,516,665)	$ 1,573,942	$ 0	$ (3,351,764)

See notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2014

	Agency Funds
ASSETS	
Cash	$ 1,304,201
Total Assets	$ 1,304,201
LIABILITIES	
Guaranty and Bid Deposits	$ 528,827
Road Opening Deposits	37,752
Planning Escrow	161,764
Other Agency Liabilities	575,858
Total Liabilities	$ 1,304,201

See notes to financial statements

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of New Windsor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities.
- Fund financial statements that focus on the major funds.

A. Financial Reporting Entity

The Town of New Windsor was established in 1763, is governed by the Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for the overall operation, the Town Supervisor serves as Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

All governmental activities and functions performed for the Town of New Windsor are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Town of New Windsor.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

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

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as non-major funds.

Governmental funds are identified as general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

The Town of New Windsor reports the following Governmental Funds:

Major Funds

1. General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Debt Service Fund, which accounts for the Town's resources accumulated and payments made for principal and interest on long-term debt.
3. Capital Fund, which accounts for proceeds from long-term borrowing and other resources to be used for capital projects.
4. Special Revenue Funds

Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized.

a. Highway Funds, used to record the transactions necessary to maintain Town roadways.
b. Water Towns, used to record the transactions for the operation of the water Towns.
c. Sewer Towns, used to record the transactions for the operation of the sewer Towns.

Non-Major Funds

1. Garbage Town Fund, used to account for the operation of the Town's garbage Town.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Ambulance Town Fund, used to account for the operation of the Town's ambulance Town.

The Town reports the following fiduciary funds:

1. Agency Fund: Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

C. Measurement Focus and Basis of Accounting

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

The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property Taxes

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

E. Budgetary Data

1. Budget Policies - The budget policies are as follows:

   a. No later than October 5, the budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

   b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.

   c. All modifications of the budget must be approved by the Town Board. However, the Town Supervisor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

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

3. Budget Basis Accounting

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

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

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventoriable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end.

J. Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to January 2003, governmental funds' capital assets were accounted for in the general fixed assets account group. Currently, governmental units are required to account for all capital assets, including infrastructure in the government wide statements prospectively from the date of implementation of GASB 34.

Retroactive reporting of all major general infrastructure assets is encouraged but not required. Effective January 1, 2003, the Town elected to report all major general infrastructure assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 Years
Machinery and Equipment	5 - 50 Years
Infrastructure	15 - 40 Years

K. Compensatory Absences

Employees covered by the CSEA union contract accrue sick leave at the rate of 15 days per year and may accumulate such time up to a total of 185 days. Employees who terminate with fewer than 5 years of service are not paid for any accumulated sick leave. Employees with from 5-9 years of service are paid for 50% of their accumulated sick time. Employees with 10 or more years of service are paid for 100% of their time. Employees hired prior to December 15, 1982 receive any of the previously described compensatory time at their current rate of pay.

Those employees hired subsequent to December 14, 1982 are paid at the rate at which the sick time was earned. Sick time is used on the F.I.F.O. basis.

Employees covered by the P.B.A. contract accrue sick leave at the rate of 15 days per year and may accumulate such time up to a total of 200 days. Employees who terminate with fewer than 10 full years of service receive no pay for accumulated sick time. Employees with 10 years or more of service receive 100% of their sick time at their current rate of pay.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Insurance

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

M. Health Care Post Retirement

The Town has a health care post retirement policy for police officers and C.S. employees. The Town shall pay 90% of the premium cost for individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town shall pay 90% of the cost for individual health insurance cost plus 75% of the difference in premium cost between individual and dependent family coverage.

N. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures.

O. Equity Classification

1. Government-wide Statements

In the government-wide statements there are three classes of net position:

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Equity Classification (Continued)

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

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

2. Funds Statements

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

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Restricted Resources

When expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the Town's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Q. Interfund Transfers

The operations of the Town gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for inter-fund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives or long-lived assets.

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Town's Governmental Funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position. The differences are as follows:

(1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Town as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	$ 189,069,558
Accumulated Depreciation	(145,362,017)
Capital Assets, Net	$ 43,707,542

(2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at December 31, 2014	$ 88,494

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities: (continued)

(3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	$ 5,833,150
Installment Loans Payable	1,167,347
Other Postemployment Benefits	16,742,945
Compensated Absences	2,096,373
	$ 25,839,815

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent these differences as follows:

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

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

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement And the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources:	
Total revenues reported in governmental funds	$ 31,921,938
In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions.	(425,812)
Total revenues of governmental activities in the Statement of Activities	$ 31,496,126
Total Expenditures/Expenses:	
Total expenditures reported in governmental funds	$ 32,006,046
In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences increased during the year by $272,009. Other postemployment benefits earned exceeded the amount paid by $2,806,973.	3,078,982
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of $1,876,815 was less then depreciation of $4,393,480 in the current year.	2,516,665

NOTE II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (continued)

Explanation of Differences between Governmental Funds Operating Statement And the Statement of Activities and Changes in Net Position (continued)

Total Expenditures/Expenses: (continued)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year.	(22,809)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not affect the Statement of Activities.	(2,291,442)
In the governmental funds, intergovernmental charges and interfund revenues are recorded. However, for the entity wide statements, these revenues have been eliminated to minimize the double counting of internal transactions.	(425,812)
Total Expenses of Governmental Activities	$ 34,861,633

NOTE III. DETAIL NOTES ON ALL FUNDS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

A. CASH

The Town of New Windsor's investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

A. CASH (continued)

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized.

Total financial institution (bank) balances at December 31, 2014, per the bank, are categorized as follows:

	1	2	3
Governmental & Agency Funds	$26,728,896	$ 0	$ 0

B. INTERFUND ACTIVITY

Interfund balances and activity for the year ended December 31, 2014, were as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenue	Expenditure
General Fund	$ 0	$ 0	$ 417,730	$ 457,494
Highway Fund	0	0	78,544	719,890
Water Fund	0	0	1,270,705	2,397,727
Sewer Fund	0	0	106,284	1,331,639
Capital Fund	476,731	3,540,928	725,000	166,316
Debt Service	3,540,928	476,731	2,622,332	0
Refuse Fund	0	0	0	147,529
Ambulance Fund	0	0	0	0
	$4,017,659	$ 4,017,659	$5,220,595	$ 5,220,595

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

C. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2014, were as follows:

Governmental Activities	Beginning Balance	Additions	Disposals and Reclassifications	Ending Balance
Capital Assets that are not Depreciated:				
Land	$ 4,397,691	$ 0	$ 0	$ 4,397,691
Total Not Depreciated	4,397,691	0	0	4,397,691
Capital Assets that are being Depreciated:				
Buildings	33,688,877	27,407	0	33,716,284
Machinery and Equipment	11,118,633	604,677	(70,571)	11,793,881
Infrastucture	138,058,113	1,244,731	0	139,302,844
Total Depreciated	182,865,623	1,876,815	(70,571)	184,671,867
Less Accumulated Depreciation:				
Buildings	25,087,261	685,925	0	25,773,186
Machinery and Equipment	9,312,385	496,836	(70,571)	9,879,792
Infrastucture	106,639,462	3,210,719	0	109,850,181
Total Accumulated Depreciation	141,039,108	4,393,480	(70,571)	145,362,017
Total Historical Cost, Net	$ 46,224,206	$ (2,516,665)	$ 0	$ 43,707,542

Depreciation was charged to governmental functions as follows:

General Government Support	$ 804,188
Public Safety	2,247,052
Transportation	562,351
Culture and Recreation	82,910
Home and Community Services	696,978
Total Depreciation Expense	$ 4,393,480

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES

1. Pension Plans

Plan Description

The Town of New Windsor 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). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. Chapter 126 adds Article 19 "Benefits Enhancements" of the New York State and Local Employees Retirement System. An Eligible Tier III or IV member with ten or more years of membership or ten years credited service will not be required to contribute to the Retirement System.

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

	ERS	PFRS
2014	$ 1,008,392	$ 1,123,660
2013	1,044,717	1,118,710
2012	824,681	918,340

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

2. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12-month period thereafter. For short-term financing, the Town of New Windsor redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BAN's issued for capital purposes are converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of December 31, 2014 there were three outstanding BAN's for $5,650,000.

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

Interest paid	$ 12,005
Less interest accrued - prior year	(8,096)
Plus interest accrued - current year	5,514
Total Interest Expense	$ 9,423

3. Long-Term Debt

Bonds and Installment Loans:

The Town of New Windsor borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers.

At December 31, 2014, the total principal indebtedness outstanding of the Town of New Windsor aggregated $7,000,497.

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

Interest paid	$ 318,882
Less interest accrued - prior year	(103,207)
Plus interest accrued - current year	82,981
Total Interest Expense	$ 298,656

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

3. Long-Term Debt (continued)

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

Governmental Activities	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
Serial bonds	$ 7,128,605	$ 0	$ 1,295,455	$ 5,833,150
Installment Loans	1,445,834	417,500	695,987	1,167,347
Other liabilities:				
Other postemployment Benefits	13,935,972	2,806,973	0	16,742,945
Compensated absences	1,824,364	272,009	0	2,096,373
Total long-term liabilities	$ 24,334,775	$ 3,496,482	$1,991,442	$25,839,815

Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

Year Ending Date	Principal	Interest
2015	1,409,002	253,633
2016	1,415,229	199,935
2017	1,671,647	150,554
2018	985,883	107,037
2019	670,863	66,950
2020 - 2022	847,873	58,519
	$ 7,000,497	$ 836,628

4. Postemployment Benefits

The Town provides post employment health insurance coverage to retired employees and spouses (in the case of spousal coverage) in accordance with the provisions of various employment contracts.

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. Postemployment Benefits (continued)

The Town implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the year ended December 31, 2008. This required the Town to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Town recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended December 31, 2014, the Town recognized $289,461 for its share of insurance premiums for currently enrolled retirees.

The Town has obtained an actuarial valuation report as of December 31, 2014 which indicates that the total liability for other post-employment benefits is $25,237,831.

Plan Description: The healthcare plan (HP) is a single-employer defined benefit healthcare plan administered by the Town. The HP provides health insurance to eligible retirees and their spouses if the employee has twenty years of employment with the Town and retires from the Town with a pension from New York State Police and Fire Retirement System or the New York State Employees Retirement System.

Funding Policy: The contribution requirements of Plan members and the Town are established by the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the 2014 year, the Town contributed $289,461 to the plan, the total amount for current premiums. For retirees who were covered by CSEA Local 1000 AFSCME agreement, the Town pays 90% of the premium cost for individual health insurance coverage and the retired employees pays 10% of the premium cost of premium cost of individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town pays the sum of 90% of the premium cost for individual health insurance coverage plus 75% of the difference in premium cost between individual and dependent family coverage. For retirees who were covered by the Patrolmen's Benevolent Association of New Windsor, New York, Inc. agreement, the Town pays 90% of the premium of the premium cost for individual health insurance coverage and the retired employees pays 10% of the premium cost of premium cost of individual health insurance coverage. If the retired employee elects to continue dependent family coverage, the Town pays the sum of 90% of the premium cost for individual health insurance coverage plus 85% of the difference in premium cost between individual and dependent family coverage

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation: The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to HP:

Annual required contribution	$2,827,444
Interest on net OPEB obligation	268,990
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	3,096,434
Contributions made	(289,461)
Increase in net OPEB obligation	2,806,973
Net OPEB obligation - beginning of year	13,935,972
Net OPEB obligation - end of year	$ 16,742,945

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	$ 3,096,434	9.35%	$ 2,806,973
12/31/2013	$ 3,029,561	7.01%	$ 2,817,330
12/31/2012	$ 2,551,534	8.32%	$ 2,339,303

Funded Status and Funding Progress: As of December 31, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $25,237,831, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $25,237,831. The covered payroll (annual payroll of active employees covered by the plan) was $10,325,685, and the ratio of the UAAL to the covered payroll was 244.42%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

D. LIABILITIES (continued)

4. Postemployment Benefits (continued)

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

The following assumptions were made:

Mortality: Life expectancies were based on the 1994 sex distinct Group Annuity Mortality Table.

Discount Rate: 5% compounded annually.

Turnover: Terminations other than for death or retirement will occur in the future in accordance with The U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System.

Disability: No terminations of employment due to disability. Retirees resulting from disability were factored into our determination of age retirement.

Retirement Age: Active employees, on average, will receive their benefits when eligible but no earlier than age 55.

Spousal Coverage: Married employees will remain married through Medicare age.

Healthcare Cost Inflation: Healthcare gross costs will increase at an annual rate of 7% for Pre-Medicare medical benefits and 5% for Post-Medicare medical benefits.

Administration Expenses: Approximately 2% is included in the annual healthcare costs to administer the retiree claims.

Amortization Period: 30 years. The remaining amortization period at December 31, 2014 is 23 years.

NOTE III. DETAIL NOTES ON ALL FUNDS (continued)

E. FUND BALANCE

Restricted:

The Town has the following reserves recorded on its books as of December 31, 2014:

Reserve for Bonded Debt	$ 3,064,198

NOTE IV. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; Workers' Compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There has been no reduction in insurance coverage from that in prior years.

B. CONTINGENCIES

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

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	$ 6,662,438	$ 6,662,438	$ 6,662,438	$ 0
Real Property Tax Items	33,000	33,000	31,400	(1,600)
Non-Property Tax Items	4,559,300	4,559,300	4,414,906	(144,394)
Departmental Income	634,803	634,803	871,277	236,474
Use of Money and Property	613,800	613,800	765,755	151,955
Licenses and Permits	121,000	121,000	130,418	9,418
Fines and Forfeitures	950,000	950,000	913,417	(36,583)
Sale of Property and Compensation for Loss	16,000	16,000	164,473	148,473
Miscellaneous	353,100	353,100	125,336	(227,764)
Interfund Revenues	340,000	340,000	340,000	0
State Aid	657,000	657,000	769,547	112,547
Federal Aid	0	0	67,623	67,623
Total Revenues	14,940,441	14,940,441	15,256,590	$ 316,149
OTHER SOURCES				
Operating Transfers In	464,700	464,700	417,730	
Appropriated Fund Balance	0	279,359	0	
Total Revenues and Other Sources	$ 15,405,141	$ 15,684,500	$ 15,674,320	
EXPENDITURES				
General Government Support	$ 3,631,790	$ 3,884,758	3,884,758	$ 0
Public Safety	5,674,800	5,724,645	5,724,645	0
Transportation	310,000	311,915	311,915	0
Economic Assistance and Opportunity	43,900	171,653	171,653	0
Culture and Recreation	719,500	520,888	520,888	0
Home and Community Services	220,000	337,332	337,332	0
Employee Benefits	4,386,410	4,260,867	4,258,619	2,248
Total Expenditures	14,986,400	15,212,058	15,209,810	$ 2,248
OTHER USES				
Operating Transfers Out	418,741	472,442	457,494	
Total Expenditures and Other Uses	$ 15,405,141	$ 15,684,500	$ 15,667,304	

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Adjusting Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	$ 3,611,097	$ 3,611,097	$ 3,611,097	$ 0
Intergovernmental Charges	14,000	14,000	13,957	(43)
Use of Money and Property	7,500	7,500	4,082	(3,418)
Sale of Property and Compensation for Loss	26,800	26,800	36,239	9,439
Interfund Revenues	110,000	110,000	85,812	(24,188)
Miscellaneous	2,000	2,000	13,826	11,826
State and Federal Aid	157,000	157,000	228,406	71,406
Total Revenues	3,928,397	3,928,397	3,993,419	$ 65,022
OTHER SOURCES				
Operating Transfers In	18,900	18,900	78,544	
Appropriated Fund Balance	0	82,624	0	
Total Revenues and Other Sources	$ 3,947,297	$ 4,029,921	$ 4,071,963	
EXPENDITURES				
Transportation	$ 2,270,704	$ 2,300,136	2,297,961	$ 2,175
Employee Benefits	980,900	1,009,892	991,179	18,713
Total Expenditures	3,251,604	3,310,028	3,289,140	$ 20,888
OTHER USES				
Operating Transfers Out	695,693	719,893	719,890	
Total Expenditures and Other Uses	$ 3,947,297	$ 4,029,921	$ 4,009,030	

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	$ 1,179,473	$ 1,179,473	$ 1,179,473	$ 0
Departmental Income	5,374,837	5,374,837	5,796,650	421,813
Use of Money and Property	4,000	4,000	3,750	(250)
Sale of Property and Compensation for Loss	7,000	7,000	615	(6,385)
Miscellaneous	34,216	34,216	12,367	(21,849)
Total Revenues	6,599,526	6,599,526	6,992,858	$ 393,329
OTHER SOURCES				
Operating Transfers In	1,327,684	1,327,684	1,270,705	
Total Revenues and Other Sources	$ 7,927,210	$ 7,927,210	$ 8,263,563	
EXPENDITURES				
Home and Community Services	$ 4,707,000	$ 4,972,663	$ 4,481,631	$ 491,032
Employee Benefits	455,500	469,836	457,708	12,128
Total Expenditures	5,162,500	5,442,499	4,939,339	$ 503,160
OTHER USES				
Operating Transfers Out	2,764,710	2,484,711	2,397,727	
Total Expenditures and Other Uses	$ 7,927,210	$ 7,927,210	$ 7,337,066	

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET-
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real Property Taxes	$ 225,120	$ 225,120	$ 225,120	$ 0
Departmental Income	2,290,936	2,290,936	2,387,272	96,336
Intergovernmental Charges	60,430	60,430	58,009	(2,421)
Use of Money and Property	5,000	5,000	4,060	(940)
Miscellaneous	10,118	10,118	79,929	69,811
Total Revenues	2,591,604	2,591,604	2,754,390	$ 162,786
OTHER SOURCES				
Operating Transfers In	104,640	104,640	106,284	
Appropriated Fund Balance	0	603,329	0	
Total Revenues and Other Sources	$ 2,696,244	$ 3,299,573	$ 2,860,674	
EXPENDITURES				
Home and Community Services	$ 2,089,600	$ 2,089,600	$ 1,967,841	$ 121,759
OTHER USES				
Operating Transfers Out	606,644	1,209,973	1,331,639	
Total Expenditures and Other Uses	$ 2,696,244	$ 3,299,573	$ 3,299,480	

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2014	$0	$ 25,237,831	$ 25,237,831	0%	$10,325,685	244.42%
12/31/2013	$0	$ 22,463,732	$ 22,463,732	0%	$ 9,817,178	228.82%
12/31/2012	$0	$ 21,149,177	$ 21,149,177	0%	$ 9,468,334	223.37%
12/31/2011	$0	$ 19,745,778	$ 19,745,778	0%	$ 9,210,501	214.38%
12/31/2010	$0	$ 17,890,379	$ 17,890,379	0%	$ 9,555,811	187.22%
12/31/2009	$0	$ 16,438,299	$ 16,438,299	0%	$ 9,703,905	169.40%
12/31/2008	$0	$ 15,158,018	$ 15,158,018	0%	$ 9,142,739	165.79%

See accompanying notes to financial statements.

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NON- MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2014

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 788,081	$ 211,051	$ 999,132
Accounts Receivable, Net	59,807	0	59,807
Total Assets	$ 847,888	$ 211,051	$ 1,058,939
LIABILITIES			
Accounts Payable	$ 65,266	$ 4,776	$ 70,042
Due to Employees' Retirement System	89,644	0	89,644
Total Liabilities	154,910	4,776	159,686
FUND BALANCES			
Assigned	692,978	206,275	899,253
Total Fund Balances	692,978	206,275	899,253
Total Liabilities and Fund Balances	$ 847,888	$ 211,051	$ 1,058,939

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Refuse and Garbage	Ambulance	Total Non-Major Governmental Funds
REVENUES			
Real Property Taxes	$ 1,761,433	$ 379,200	$ 2,140,633
Departmental Income	237,993	0	237,993
Use of Money and Property	2,120	665	2,785
Sale of Property and Compensation for Loss	3,000	0	3,000
Miscellaneous	251	1,538	1,789
Total Revenues	2,004,797	381,403	2,386,200
EXPENDITURES			
Home and Community Service	1,322,983	0	1,322,983
Health	0	376,936	376,936
Employee Benefits	582,670	0	582,670
Total Expenditures	1,905,653	376,936	2,282,589
OTHER USES			
Operating Transfers Out	147,529	0	147,529
TOTAL EXPENDITURES AND OTHER USES	2,053,182	376,936	2,430,118
Net Change in Fund Balances	(48,385)	4,467	(43,918)
Fund Balances-Beginning	741,363	201,808	943,171
Fund Balances-Ending	$ 692,978	$ 206,275	$ 899,253

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014

Capital Assets, Net		$ 43,707,542
Deduct:		
Bond Anticipation Notes Payable	$ 5,650,000	
Short-Term Portion of Installment Loans	313,321	
Long-Term Portion of Installment Loans	854,026	
Short-Term Portion of Bonds Payable	1,095,681	
Long-Term Portion of Bonds Payable	4,737,469	
		12,650,497
Investment in Capital Assets, Net of Related Debt		$ 31,057,045

See accompanying notes to financial statements

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Date of Original Issue	Maturity	Interest Rate	Outstanding Beginning of Year	Issued During Year	Paid During Year	Outstanding End of Year	Amount of Interest Paid During The Year	Amount of Interest Accrued at 12/31/2014
BOND ANTICIPATION NOTES PAYABLE									
Highway Garage and St Anne's	01/15/14	01/15/15	0.56%	$ 1,300,000	$ 0	$ 300,000	$ 1,000,000	$ 12,005	$ 5,370
2014 Series C (Federally Taxable)	12/30/14	12/30/15	1.38%	0	1,625,000	0	1,625,000	0	61
2014 Series B (Tax Exempt)	12/30/14	12/30/15	1.00%	0	3,025,000	0	3,025,000	0	83
Total BANS				1,300,000	4,650,000	300,000	5,650,000	12,005	5,514
SERIAL BONDS									
Special Revenue Funds									
Sewer District # 24	1994	2014	5.60%	45,000	0	45,000	0	1,260	0
Consolidated Water	1996	2016	5.25%	525,000	0	175,000	350,000	23,450	3,021
Water Districts	1998	2018	4.55%	1,125,000	0	225,000	900,000	52,200	15,034
Water Districts	1998	2018	0.00%	28,605	0	5,455	23,150	0	0
Public Improvements	2001	2021	4.54%	2,875,000	0	325,000	2,550,000	138,031	33,938
Public Improvements	2004	2019	3.75%	1,730,000	0	320,000	1,410,000	65,420	19,846
EFC Water and Sewer	2012	2016	0.00%	800,000	0	200,000	600,000	0	0
Total Serial Bonds				7,128,605	0	1,295,455	5,833,150	280,361	71,839
INSTALLMENT LOANS									
Highway Vehicle	2010	2018	3.14%	281,658	0	52,903	228,755	8,844	2,696
Water District #9	2010	2013	4.75%	328,469	0	328,469	0	15,602	0
Vehicles	2011	2018	2.87%	151,876	0	51,397	100,479	4,377	845
Phone System	2010	2014	4.50%	36,118	0	36,118	0	0	0
Various Equipment	2013	2016	1.21%	336,375	0	110,782	225,593	4,060	1,865
Heavy Duty Vehicles	2013	2020	1.81%	311,338	0	42,118	269,220	5,638	2,430
2014 Vehicles	2014	2021	1.85%	0	417,500	74,200	343,300	0	3,306
Total Installment Loans				1,445,834	417,500	695,987	1,167,347	38,521	11,142
Total				$ 9,874,439	$ 5,067,500	$ 2,291,442	$ 12,650,497	$ 330,888	$ 88,494

See accompanying notes to financial statements

Nugent & Haeussler, P.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Supervisor and Members
of the Town Board
Town of New Windsor
New Windsor, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of New Windsor, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise Town of New Windsor's basic financial statements and have issued our report thereon dated May 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of New Windsor'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 Town of New Windsor's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of New Windsor'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, identified as finding 2014-1.

MEMBERS: NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS • AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of New Windsor'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.*

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nugent & Haeussler, P.C.
May 8, 2015

TOWN OF NEW WINDSOR
NEW WINDSOR, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2014-1 Preparing Financial Statements and Disclosures

Condition: The auditor is currently making significant adjustments to properly record certain complex transactions and preparing the financial statements for external reporting purposes.

Criteria: The auditor cannot function as part of the Town's internal control system over financial reporting. The auditor's preparation of the financial statements and disclosures would not be reported as a significant deficiency if the Town had internal controls in place to prevent, detect, and correct a potential misstatement in the financial statements or notes.

Cause: Newly revised audit standards state that if the Town does not implement procedures to prevent, detect, or correct a potential misstatement in the financial statements or notes, this deficiency constitutes a significant deficiency in internal control. The Town relies on the external auditor to prepare the financial statements and related disclosures, and to assist with properly recording certain transactions.

Effect: The financial statements could have been significantly misstated without audit adjustment.

Recommendation: Although the independent auditor cannot be a part of the Town's internal control, relying on the auditor to assist with preparation of the Town's financial statements and help guide management through complex accounting standards is acceptable under current prescribed standards.

Management has not completed a response to the above findings as of the date of this report. Government Auditing Standards requires management's responses and planned corrective action to be included in this report.