



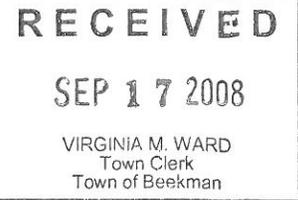
TOWN OF BEEKMAN

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JOHN D. ADAMS - SUPERVISOR

September 4, 2008

To: Supervisor John Adams
Councilman Daniel French
Councilman Thomas Kinsley
Councilman Werner Stiegler
Councilwoman Barbara Zulauf



From: William Brady, Comptroller *wjb*

Re: Audit of 2007 Financial Statements

D'Arcangelo & Company has completed their audit of the 2007 Financial Statements issued for the Town of Beekman. Attached please find all documentation of the audit .

In years past, D'Arcangelo actually prepared our Government-wide financial statements at the conclusion of their audit. This year, the Government-wide financial statements were jointly prepared by the Comptroller and Vanacore, DeBenedictus, DiGovanni and Weddell, the town's accounting consultants. This change was the result of revised "Generally Accepted Accounting Practices" which are designed to avoid any "conflict of interest" issues on the part of the auditor.

The financial statements (green cover) is comprised of several parts.

Section 1, *The Independent Auditor's Report* (page 1) contains their opinion that the town's 2007 financial statements "present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Town of Beekman".

The second section, *Management's Discussion and Analysis*, provides general information about the town's financial statements, analysis of those statements, and information about future projects. This section contains general information about major activities that affected the town 2007 finances and gives some insight as to our future expectations.

Section 3, *Basic Financial Statements*, contains the actual financial statements. The Fund Financial Statements show the same basic information that was provided to the NYS Comptroller when we filed the Annual Update Document in late March. The Government-wide Financial Statements consolidate the Fund Financial Statements and also value the Town's Capital Assets and infrastructure. The presentation of theses statements are in conformity with GASB 34. .

The last section, *Notes to Basic Financial Statements*, contains more details about the specific line items in the financial statements, the town's debt position, reserves, and other pertinent information.

There are other documents accompanying the financial statements. The first is a letter from D'Arcangelo to the Supervisor and Town Board describing the scope and areas of responsibility of their audit activities. It concludes with documentation of six adjusting journal entries to be made to the town's financial statements. The second letter from D'Arcangelo to the Supervisor and Town Board documents Material Weaknesses and Deficiencies in the town's internal control mechanisms that can potentially, in their opinion, lead to a misstatement of the town's financial condition. The deficiencies noted are as follows:

1. *Procurement Documentation*. I have attached the audit workpapers supplied by D'Arcangelo. The major discrepancies can be explained as follows:
 - a. Palumbo Block (\$3,689.60) represents the purchase of the blocks for the dugouts constructed at Town Center Park. The labor was to have been supplied by volunteers on a time schedule which did not allow for quotes to be received from different vendors. At the time, it was felt that the savings to be employed by using volunteer labor would more than offset the disadvantage of circumventing the bid process.
 - b. Intercity Tire and Auto (\$4,197.98). Intercity Tire has the state bid contract and those prices were used in lieu of competitive pricing as allowed.
 - c. C2G Environmental Consultants (\$9,145.00) falls into the category of professional services. They are a company employed for their expertise in dealing with environmental regulations relating to the town's petroleum storage facilities.

The remaining deficiencies are, in my opinion, minor. If any board member has questions about any of them, I'll be happy to discuss them with you. I will endeavor to be more diligent in enforcing the town's Procurement Policy.

2. *Journal Entry*. A new policy has been implemented whereby the Town Supervisor will approve all Journal Entries made by the Comptroller or his staff.

3. *Recreation Cash Receipts*. The auditor is concerned that, although the Recreation Dept. gives out pre-numbered receipts for all cash transactions, as they should, the reconciliation process is not completed to their satisfaction. I will discuss the need to be able to trace the deposit information back to the original receipt documents.

10/10
You will recall that D'Arcangelo was also contracted to perform an audit of the Justice Court, Town Clerk and Receiver of Taxes' financial records. Those audit documents are also attached. There were no findings relating to the records and reports of any of the three departments audited. There is an issue of significance with regard to the Receiver of Taxes. It was discovered that the Receiver has not filed an undertaking (bond) with either the Town Clerk or the Dutchess County Clerk as required by Town Law. The Receiver has been asked to rectify this situation. The Town Attorney is aware of this situation, and he is researching the requirements as stipulated by Town Law. At the September 22 Town Board meeting you will be asked to adopt a resolution accepting the audit results of the Town Clerk, Receiver of Taxes and Justice Court.

If you have any further questions about any of the audit reports, please feel free to contact me.

CC: Town Clerk, Virginia Ward
Justice Robert Ferris
Justice John Garito
Judith Crawford, Receiver of Taxes

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Supervisor and Members of the Town Council
Town of Beekman, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beekman, New York for the year ended December 31, 2007, and have issued our report thereon dated July 23, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 7, 2008.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Beekman, New York are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- As described in Note II.C. of the financial statements, management has estimated the imputed interest at 4% with regard to the issuance of serial bonds with no interest.
- Also, as described in Note III, management has estimated its probable liability of judgment and claims based on legal advice.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule of material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 23, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Beekman, New York's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Town Council and management of the Town of Beekman, New York and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo & Co., LLP

July 23, 2008

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300
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Supervisor and Members of the Town Council
Town of Beekman, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beekman, New York, as of and for the year ended December 31, 2007, and have issued our report thereon dated July 23, 2008. Our responsibility is to express opinions on these financial statements based on our audit.

In planning and performing our audit of the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Beekman, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies that we consider to be material weaknesses. However, as discussed in the attached, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

The significant deficiencies and other matters are identified and described in the attached schedule of findings and recommendations.

This communication is intended solely for the use of management and the Town Council and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo & Co., LLP

July 23, 2008

Rome, New York

Town of Beekman, New York

Proposed Adjusting Journal Entries

December 31, 2007

	<u>Reference</u>	<u>Staff</u>	<u>Account</u>	<u>Description</u>	<u>DR</u>	<u>CR</u>
1	5300.52	lpc	GW522-1930.4 GW601	Judgements and Claims Judgements Payable	75,000.00	75,000.00
				To accrue potential liability for the NYSDEC estimated liability		
2	5300.10	lpc	GW9710.7 GW651	Interest Exp Interest Accrual	5,764.00	5,765.00
				To record interest payable		
3	4600.20	lpc	GW101 GW980-2705	Land Revenue - Donated Land	1,331,900.00	1,331,900.00
				To record conveyance of land from developer.		
4	6100.1	lpc	A889 A911		31,839.00	31,839.00
				To adjust sewer deficit reserve to actual		
5	4600.20	lpc	GW522 5110 GW113 GW114	Depreciation Exp Accum Depr-Infrastructure Accum Depr-Equipment	7,521.00	6,405.00 1,116.00
				To adjust new depreciation for Paving from 75 to 15 years		
6	5300.16	lpc	GW GW GW	Unamortized Interest Interest Expense Unrestricted Net Assets	313,780.58 18,010.18	331,790.76

TOWN OF BEEKMAN, NEW YORK

SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS

For the Year Ended December 31, 2007

I. Material Weaknesses

None noted.

II. Significant Deficiencies

1. Procurement Documentation

During our audit, we selected 25 disbursements and noted the following opportunities for improvement with regards to the adherence to the Town's procurement policy:

- One instance was noted in which the required 3 written quotes for an item over \$3,000 was not documented.
- Three instances were noted in which the required 3 verbal quotes for items greater than \$1,000 and less than \$3,000, were not documented.
- Two instances were noted in which the department's approval was not documented.

We recommend that the all quote and department approval documentation be filed with the payment package. The documentation should be summarized on a standardized form to be used by all departments.

2. Journal Entry

During our audit, we noted that while the Comptroller prepares and posts the journal entries, the entries are not reviewed. While the posting of journal entries by a Comptroller is not normally considered an issue, the combination of this with the many other duties of the Comptroller poses a potential risk.

We recognize that in a small business office, it is difficult to segregate duties to the ideal level and maintain an appropriate cost-benefit relationship. We recommend that the Supervisor review the non-standard journal entries on a monthly basis.

III. Other Matters Not Considered Material or Significant

1. Recreation Cash Receipts

During our audit, we tested cash receipts for sufficient supporting documentation. Of the 15 selections made, we noted 8 instances in which we were unable to obtain full documentation of the cash receipt. Although the recreation department utilizes a pre-numbered receipt book, the safeguarding controls over the receipt book or reconciliation of total receipts issued to daily deposits and posting to the general ledger need to be improved.

We recommend the Town Comptroller issue receipts books to the various departments. The Comptroller would maintain a log of the receipt books issued and returned and reconciled. Further controls need to be developed to ensure deposits are complete with sufficient supporting documentation.

TOWN OF BEEKMAN, NEW YORK

STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

For the Year Ended December 31, 2007

A. DEFICIT FUND BALANCE

At December 31, 2005, the following funds had deficit unreserved fund balance:

Dover Ridge Water Fund	(\$ 54,477)
Dover Ridge Sewer Fund	(\$ 373,518)
Pawling Lake Estate Fund	(\$ 22,917)

The primary cause of the deficit fund balance is due to ongoing operating deficits. These operating deficits resulted from the failure to generate sufficient revenue to fund expenditures including debt service.

As a result of these deficits, the Town has advanced \$581,987 from the general fund. General Municipal Law, § 9-a, provides that a town may temporarily advance moneys held in any fund to any other fund of the town. Such moneys shall be repaid to the fund from which they were advanced as soon as available, but in no event later than the close of the fiscal year in which the advance was made. Also, if the advance is between funds of differing tax bases, the repayment shall include interest.

The Town Board should take the necessary corrective action to eliminate the deficit unreserved fund balances and to repay the amount owed to the general fund.

Status: Since 2005, the above deficits have been reduced by approximately \$144,000. At December 31, 2007, the deficits were as follows:

Dover Ridge Water Fund	(\$ 45,273)
Dover Ridge Sewer Fund	(\$ 232,497)
Pawling Lake Estate Fund	(\$ 29,304)

C. WATER/SEWER BILLING

All facets of billing/collections and reconciliation are presently handled by the bookkeeper. Billings and collections are primarily maintained on an excel spreadsheet.

The process of billing/collections and reconciliation should be segregated duties. Separate billing programs or formal roll books should be utilized instead of using an excel spreadsheet.

Status: No change.

G. ENCUMBRANCES

After reviewing accounts payable, D'Arcangelo & Co., LLP found that there was no purchase order system and the purchase orders were also lacking encumbrances

To ensure better budgetary control, we recommend that a new purchase order system be implemented.

Status: No change.

TOWN OF BEEKMAN,
NEW YORK

AGREED-UPON
PROCEDURES
TOWN TAX COLLECTOR

July 23, 2008

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Accountant's Report on Applying Agreed-Upon Procedures

Town Council
Town of Beekman, New York

We have performed the procedures on the Town Tax Collector, which were agreed to by Town of Beekman, New York, for the year ended December 31, 2007. Town of Beekman, New York's management is responsible for its accounting records. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Pages 2 – 3 of this report.

We are not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, Town Council and is not intended to be and should not be used by anyone other than the specified parties.

D'Arcangelo & Co., LLP

July 23, 2008

Rome, New York

TOWN OF BEEKMAN, NEW YORK
Agreed-Upon Procedures
Town Tax Collector

For the Year Ended December 31, 2007

Cash Receipts Book

Review procedures and controls for the recording of cash receipts in the Cash Receipts Book for the following:

Timely bank deposits

- Cash Receipt Book is up-to-date
- Cash Receipt Book provides sufficient detail to identify date received, payer, purpose, and amount.
- Receipts are posted timely and properly to ledgers and computer system

Cash Disbursements

Review procedures and controls for the recording of cash disbursements in the Cash Disbursement Book for the following:

Cash Disbursement Book is up-to-date

- Checks are recorded timely
- Payments are made timely
- Unused checks are properly safeguarded

Bank Reconciliation

Review procedures and controls for bank reconciliations for the following:

- Bank statements reconciliation to the check registers are performed timely
- Cash receipt and disbursement registers are used to ensure the completeness and accuracy of the reconciliation
- Reconciliation is reviewed by someone other than the preparer
- Reconciliation of account balance at end of tax collection period. Amount should be reconciled to \$0.00.

Reporting

Review procedures and controls for Tax Collector reporting for the following:

- Timely reporting and payments of tax collected to Town Supervisor
- Timely reporting and payments of tax collected to County Treasurer
- Reported amounts reconcile to Cash Receipt and Cash Disbursement Books and subsequent monthly reports

Other

Review procedures and controls for the following other items:

Tax collector is accurately accounting for their own tax assessment activity

- Penalties and interest are assessed and collected accurately and timely
- Tax collector is adequately bonded in accordance with Town Law

TOWN OF BEEKMAN, NEW YORK
Agreed-Upon Procedures
Town Tax Collector

Schedule of Findings and Recommendations
For the Year Ended December 31, 2007

Cash Receipts Book

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Cash Disbursements

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Bank Reconciliation

- Finding:** The Town Tax Collector maintains excess balances in bank accounts.
- Cause:** In a previous year the tax collector's account recorded more receipts than were disbursed resulting in excess monies at the end of the collection period.
- Effect:** The Town Tax Collector bank account for the town has an excess balance in the amount of \$5,348.97. The Town Tax Collector bank account for the School District has an excess balance in the amount of \$3,755.78.
- Recommendation:** We recommend the Town Tax Collector remit all excess funds to the Town and School District for their respective amounts.

Reporting

Based on the agreed upon procedures performed, no findings were noted. All required reports appeared to be filed accurately and timely.

Other

- Finding:** The Town Tax Collector is not properly bonded as required by Town Law, Section 25.
- Cause:** Unknown
- Effect:** The Town Tax Collector is not in compliance with Town Law, Section 25.
- Recommendation:** We recommend the Town of Beekman require the Town Tax Collector to comply with Town Law, Section 25 regarding the Official Undertaking (Bond) required as part of qualifying for office.

TOWN OF BEEKMAN,
NEW YORK

AGREED-UPON
PROCEDURES
TOWN JUSTICES

July 23, 2008

**TOWN OF BEEKMAN, NEW YORK
AGREED-UPON PROCEDURES
TOWN JUSTICES
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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Accountant's Report on Applying Agreed-Upon Procedures

Town Council
Town of Beekman, New York

We have performed the procedures on the Town Justices, which were agreed to by Town of Beekman, New York, for the year ended December 31, 2007. Town of Beekman, New York's management is responsible for its accounting records. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Pages 2 – 3 of this report.

We are not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, Town Council and is not intended to be and should not be used by anyone other than the specified parties.

D'Arcangelo & Co., LLP

July 23, 2008

Rome, New York

TOWN OF BEEKMAN, NEW YORK
Agreed-Upon Procedures
Town Justices

For the Year Ended December 31, 2007

Cash Receipts

Review procedures and controls for the issuance and recording of cash receipts for the following:

- Timely bank deposits
- Duplicate receipts retained
- Receipt forms are appropriate and properly completed
- Receipts are posted timely and properly to ledgers and computer system

Cash Disbursements

Review procedures and controls for the issuance and recording of cash disbursements for the following:

- Checks signed by Justice
- Cancelled checks retained
- Checks are recorded timely
- Payments are made timely

Bank Reconciliation

Review procedures and controls for bank reconciliations for the following:

- Bank statements reconciliation to the check registers are performed timely
- Cash receipt and disbursement registers are used to ensure the completeness and accuracy of the reconciliation
- Reconciliation is reviewed by someone other than the preparer

Additional Supporting Records

- Review the list of bail held on account
- Review record of uncollected installment payments
- Review docket and case files maintained for completeness and agreement with amounts reported

Reporting to State Agencies

Review procedures and controls for reporting to the following agencies:

- Reports to the NYS Division of Criminal Justice
- Reports to the Justice Court Fund
- Reports to the NYS Department of Motor Vehicles – TSLE&D

TOWN OF BEEKMAN, NEW YORK
Agreed-Upon Procedures
Town Justices

Schedule of Findings and Recommendations

For the Year Ended December 31, 2007

Cash Receipts

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Cash Disbursements

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Bank Reconciliation

Finding: The reconciliations of the bank balances to the ledger amounts are not complete for both Justices.

Cause: The two justices rotate duties for Civil cases every nine months. Consequently, the bail deposits and disbursements appear to have been commingled over several years. In addition, the conversion to new software in past years failed to account for all funds that were in the bails account. Presently, the amount of bail money maintained manually is \$2,666.

Effect: Although each justice account does not have a complete reconciliation that agrees to the ledgers, the cash activity for each month in the general ledgers appears to be checked monthly to the bank activity. When the accounts are combined and the bail funds not on the computer system are taken into account, the reconciled ledger is \$501.64 higher than the bank reconciled balance. This is most likely due to bail money not on the computerized list not being accounted for properly.

Recommendation: We recommend that a bank transfer between the Justices accounts be made to reflect the reconciled balance for each. After which, a bank reconciliation process should be conducted on a monthly basis. This process should include a timely review by each Justice each month.

Additional Supporting Records

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Reporting to State Agencies

Finding: At the time of our procedures, 97 traffic (TSLE&D) cases for the 2007 year were not fully processed with the NYS Department of Motor Vehicles.

Cause: The NYS Department of Motor Vehicles changed its online reporting requirements which have lead to some confusion.

Effect: Non-compliance.

Recommendation: Each Justice needs to develop a system to ensure that all reporting is done on a timely basis.

TOWN OF BEEKMAN,
NEW YORK

AGREED-UPON
PROCEDURES
TOWN CLERK

July 23, 2008

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Town Council
Town of Beekman, New York

We have performed the procedures on the Town Clerk, which were agreed to by Town of Beekman, New York, for the year ended December 31, 2007. Town of Beekman, New York's management is responsible for its accounting records. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Pages 2 – 3 of this report.

We are not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, Town Council and is not intended to be and should not be used by anyone other than the specified parties.

D'Arcangelo & Co., LLP

July 23, 2008

Rome, New York

TOWN OF BEEKMAN
Agreed-Upon Procedures
Town Clerk

For the Year Ended December 31, 2007

Cash Receipts Book

Review procedures and controls for the recording of cash receipts in the Cash Receipts Book for the following:

- Timely bank deposits
- Cash Receipt Book is up-to-date
- Cash Receipt Book provides sufficient detail to identify date received, payer, purpose, and amount.
- Receipts are posted timely and properly to ledgers and computer system

Cash Disbursements

Review procedures and controls for the recording of cash disbursements in the Cash Disbursement Book for the following:

- Cash Disbursement Book is up-to-date
- Checks are recorded timely
- Payments are made timely
- Unused checks are properly safeguarded

Bank Reconciliation

Review procedures and controls for bank reconciliations for the following:

- Bank statement reconciliations to the check registers are performed timely
- Cash receipt and disbursement registers are used to ensure the completeness and accuracy of the reconciliation
- Reconciliation is reviewed by someone other than the preparer

Reporting

Review procedures and controls for monthly and annual reporting for the following:

- Monthly reports and payments are made timely to the Town Supervisor and appropriate State Agencies
- Annual reports and payments are made timely to the Town Supervisor and appropriate agencies.
- Reported amounts reconcile to Cash Receipt and Cash Disbursement Books and subsequent monthly reports

Other

- Unissued licenses are properly safeguarded
- Town Clerk revenues are comparable to previous years revenues, significant variances will be investigated further

**TOWN OF BEEKMAN
Agreed-Upon Procedures
Town Clerk**

Schedule of Findings and Recommendations

For the Year Ended December 31, 2007

Cash Receipts Book

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Cash Disbursements

Based on the agreed upon procedures performed, no findings were noted. All records appeared to be current and properly documented.

Bank Reconciliation

- Finding:** The Town Clerk does not perform monthly bank reconciliations.
- Cause:** The Town Clerk relies on the Town Comptroller to reconcile the check register to the monthly bank statements. The reconciled book balance calculated per the Town Comptroller's reconciliation is not reflected or adjusted to the balance on the check register maintained by the Town Clerk.
- Effect:** The check register maintained by the Town Clerk does not accurately reflect cash on hand in the bank account.
- Recommendation:** We recommend the Town Clerk reconcile the check register to the monthly bank statement and submit to the Town Comptroller for review. Any discrepancy should be reviewed with the Town Clerk and adjusted if necessary in order to accurately reflect the cash on hand.

Reporting

Based on the agreed upon procedures performed, no findings were noted. All required reports appeared to be filed accurately and timely.

Other

Based on the agreed upon procedures performed, no findings were noted.

TOWN OF BEEKMAN, NEW YORK

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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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315-336-9220 Fax: 315-336-0836

Supervisor and Members of the Town Council
Town of Beekman, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Beekman, New York, as of and for the year ended December 31, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Beekman, New York's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Beekman, New York, as of December 31, 2007, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Beekman, New York's basic financial statements. The Schedules of Revenues and Expenditures-Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The above schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



July 23, 2008

Rome, New York

**TOWN OF BEEKMAN
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Town of Beekman's financial performance has been prepared to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2007. This discussion and analysis is only an introduction and should be read in conjunction with the Town's financial statements.

Request For Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Supervisor's office at the Town of Beekman, 4 Main Street, Poughquag, New York 12570.

Financial Highlights

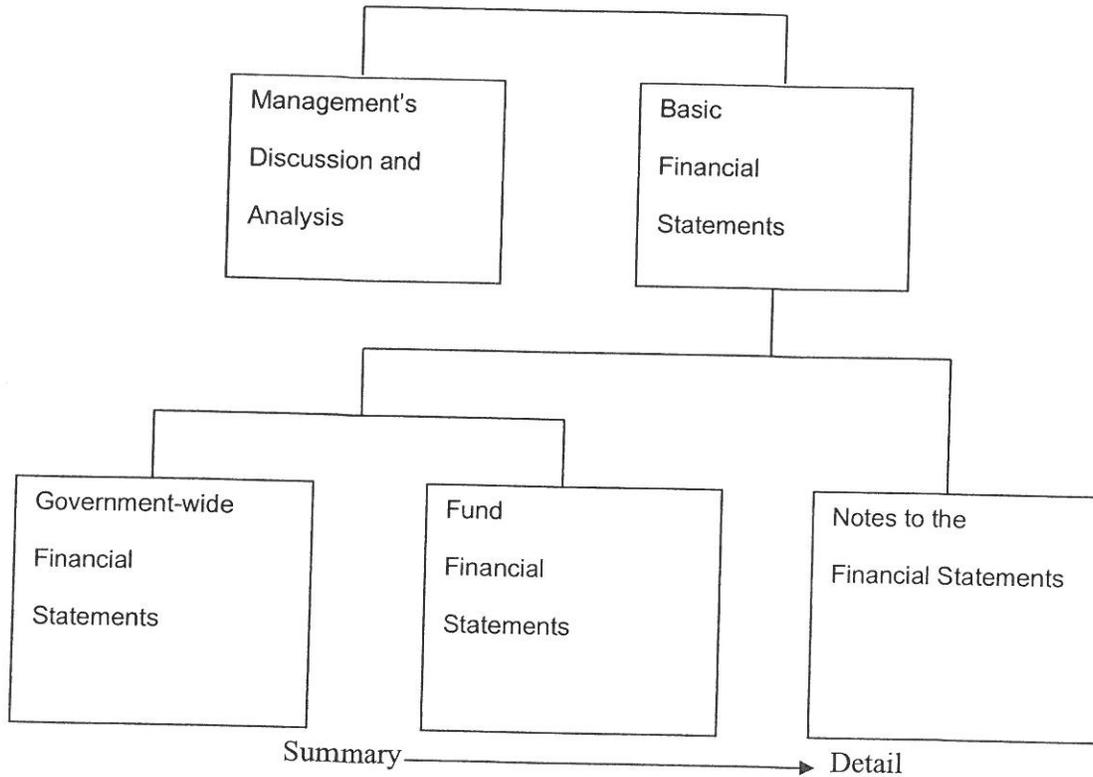
- The assets of the Town of Beekman exceeded its liabilities at the close of the fiscal year by \$36,940,103.
- The government's total net assets increased by \$1,137,635.
- As of the close of the current fiscal year, the Town of Beekman's governmental funds reported combined ending fund balances of \$3,230,281 a decrease of \$176,499 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,160,135. Of this total, \$780,000 was appropriated for the 2008 budget and \$1,380,135 was undesignated.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Beekman's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the Town's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Beekman, New York.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government activities include most of the Town's basic services such as public safety, transportation and recreation. Property taxes, sales tax and State aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Beekman, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Beekman are classified in one category: governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Beekman adopts an annual budget for its General Fund and Highway Fund as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town of Beekman, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General and Highway Funds demonstrate how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual revenues, expenditures and ending balances in the General and Highway Funds; and 4) the variance between the final budget and actual revenues and expenditures.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

TOWN OF BEEKMAN'S NET ASSETS

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 3,831,166	\$ 3,728,067
Capital assets	35,008,444	33,759,774
Total assets	<u>38,839,610</u>	<u>37,487,841</u>
Current liabilities	497,597	442,948
Other liabilities	1,401,910	1,534,142
Total liabilities	<u>1,899,507</u>	<u>1,977,090</u>
Net assets:		
Invested in capital assets, net of debt	33,454,424	32,065,664
Restricted	325,737	454,331
Unrestricted	3,159,942	2,990,756
Total net assets	<u>\$ 36,940,103</u>	<u>\$ 35,510,751</u>

TOWN OF BEEKMAN'S CHANGES IN NET ASSETS

	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Fees, fines and charges for services	\$ 679,996	\$ 605,148
Operating grants and contributions	183,372	75,122
Capital grants and contributions	-	327,250
General Revenues:		
Property taxes	1,960,260	1,946,585
Nonproperty Tax Items (Sales Taxes)	840,088	810,494
General State Aid	840,468	956,458
Donated Land	1,331,900	-
Other Items	181,008	138,683
Total revenues	<u>6,017,092</u>	<u>4,859,740</u>
Expenses:		
General government	1,317,517	1,516,168
Public safety	162,028	159,687
Public health	137,841	33,229
Transportation	1,981,554	2,023,788
Economic assistance and opportunity	43,656	38,287
Culture and recreation	966,536	917,280
Home and community services	270,325	239,131
Total expenses	<u>4,879,457</u>	<u>4,927,570</u>
Increase/(decrease) in net assets	<u>\$ 1,137,635</u>	<u>\$ (67,830)</u>

Financial Analysis of the Town of Beekman Funds

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

Governmental Funds. The focus of the Town of Beekman's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town of Beekman's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Beekman. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$1,380,135. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 44 percent of total General Fund expenditures.

At December 31, 2007, the governmental funds of the Town of Beekman reported a combined fund balance of \$3,230,281, a 5 percent decrease over last year. Included in this change in fund balance are decreases in the General, Highway, Water and Other Governmental Funds and an increase in the Recreation and Dover Ridge Sewer Funds.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues

The 2007 adopted budget projected General Fund Revenues of \$2,932,829. Actual Revenues for the year were \$2,970,946, about 1.3% more than projected. Sales Tax revenues for the year were more than anticipated which offset Mortgage Tax shortfalls. Like many municipalities, the downturn in the economy, in particular the housing market decline, began to adversely affect our revenue projections in 2007. In addition to the Mortgage Tax shortfalls, the fees generated by the Town's Building and Planning Departments fell below projections as developers began to delay new projects. It is expected that the economic downturn will have a greater effect on 2008 revenues than it did in 2007.

Appropriations

There were two significant General Fund Appropriation increases in 2007.

The Town exercised its option to terminate the services of MJW Consulting which had undertaken a town-wide revaluation project during the years 2005 – 2007. The termination resulted in the Town having to make a \$45,000 payment to MJW per the terms of their contract. Because of this decision, the Assessor CE appropriation had to be increased by \$45,000.

The Town's contract with Alamo Ambulance Service contract was renegotiated in 2007 as Alamo threatened to withdraw its service contending that it could not continue at the previously agreed to rates. The new contract resulted in an increase to the Ambulance CE appropriation of \$46,000 for the year 2007. The Town has contracted with Northern Dutchess Paramedics in 2008 at a still higher cost.

General Fund spending for 2007 was about 10% less than anticipated in the Modified Budget. Significant savings, approximately \$110,000, were achieved by not embarking on building renovation projects both at Town Hall and at the Highway Garage. Our recreation department spent \$78,500 less than anticipated. This difference can perhaps be attributed to the resignation of our Recreation Director in mid-year resulting in no new program enhancements being enacted. Personal Services savings were realized by making the Building Inspector a part-time position in 2007 and also due to the resignation of the full-time Deputy Town Clerk who was not replaced in 2007.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of December 31, 2007 totals \$35,008,444 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities and vehicles.

Long-term Debt. As of December 31, 2007, the Town of Beekman had total bonded debt outstanding of \$1,534,475. The debt is backed by the full faith and credit of the Town. The Town's total debt decreased by \$130,887 (8%) during the past fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

Future Projects

The 2008 General Fund Budget anticipated an increase in spending of about \$500,000 over 2007 actual spending levels. About half of this increase can be attributed to the new ambulance coverage contract with Northern Dutchess Paramedics. \$350,000 was appropriated in 2008 vs. actual spending of \$136,000 in 2007. The 2008 Budget allowed for a 5% salary increase for most employees. It provided for an audit of the Town's financial statements, completion of the town's Comprehensive Plan Revisions, a Stormwater Management consultant, and the addressing of environmental issues (including provision for well testing).

Appropriation of \$780,000 from the General Fund fund balance helped to keep the tax rate increase to 12% in 2008.

The 2008 Highway Fund Budget anticipated a spending increase of \$67,000 over the 2007 Budget. Increases in Permanent Improvement projects account for most of this change. These increases can be largely attributed to anticipated increases in the cost of petroleum related commodities.

It is apparent that 2008 will see serious revenue shortfalls. Mortgage Tax distribution is expected to be \$250,000 less than the Budget anticipated. There are also expected shortfalls in Sales Tax Distribution, but not to the extent of the Mortgage Tax reductions. Department heads have been requested to keep spending levels to 2007 levels. The housing market crisis has resulted in further reductions in Building and Planning Dept. revenues. Interest rates continue to remain low generating lower revenues on the Town's bank deposits.

Fortunately, the Town has healthy fund balances in both the Highway Fund and the General Fund. It is expected that we will be able to appropriate additional Fund Balance in the 2009 Budget in order to avoid a large tax rate increase.

The Town is expected to issue bonds in excess of \$2 million later in 2008 in order to purchase development rights on a 305 acre land parcel. This proposition was approved by the voters in 2005. The Town will be the recipient of a grant from Dutchess County to assist in this endeavor. The expected amount of this grant is \$500,000.

**TOWN OF BEEKMAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,943,693
Receivables (Note II A)	338,120
Due from Fiduciary Fund (Note II B)	199,966
Imputed Interest, Net of Accumulated Amortization (Note II C)	313,781
Other Assets	35,606
	<u>3,831,166</u>
Capital Assets, not being depreciated	1,914,063
Capital Assets, being depreciated - net	33,094,381
Total Capital Assets, net (Note II D)	<u>35,008,444</u>
Total Assets	<u>38,839,610</u>
LIABILITIES	
Accounts Payable	175,835
Accrued Expenses	136,772
Compensated Absences	32,880
Capital Lease Payable (Note I F)	19,545
Bonds Payable: (Note II E)	
Due Within one Year	106,770
Due in More than one Year	679,672
Special Assessment Debt with Governmental Commitment: (Note II E)	
Due Within one Year	25,795
Due in More than one Year	722,238
Total Liabilities	<u>1,899,507</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	33,454,424
Restricted for:	
Special Reserves	325,737
Unrestricted	3,159,942
Total Net Assets	<u>\$ 36,940,103</u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Revenues			Net (Expenses)/Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Government	\$ 1,312,567	\$ 331,333	\$ -	\$ -	(981,234)
Public Safety	162,028	25,624	-	-	(136,404)
Public Health	137,841	-	-	-	(137,841)
Transportation	1,981,554	6,441	183,372	-	(1,791,741)
Economic Assistance and Opportunity	43,656	-	-	-	(43,656)
Culture and Recreation	950,381	-	-	-	(950,381)
Home and Community Services	230,020	316,598	-	-	86,578
Interest	61,410	-	-	-	(61,410)
Total Primary Government	\$ 4,879,457	\$ 679,996	\$ 183,372	\$ -	(4,016,089)

General Revenues:	
Property Taxes Levied for General Purposes	1,960,260
Nonproperty Tax Items (Sales Taxes)	840,088
General State Aid	840,468
Interest Income	166,662
Donated Land	1,331,900
Miscellaneous and Other Local Sources	14,346
Total General Revenues	5,153,724
Change in Net Assets	1,137,635
Prior Period Adjustment (Note V)	291,717
Net Assets - Beginning	35,510,751
Net Assets - Ending	\$ 36,940,103

See accompanying notes to basic financial statements.

TOWN OF BEEKMAN
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2007

ASSETS	General	Highway	Dover Ridge		Dover Ridge Water	Special Recreation	Other Governmental Funds	Total Governmental Funds
			Sewer	Water				
Cash and Cash Equivalents	\$ 1,797,802	\$ 532,952	\$ 35,880	\$ 56,133	\$ 514,484	\$ 6,442	\$ 2,943,693	
Receivables (Note II A)	276,856	6,002	38,227	17,035	-	-	338,120	
Due from Other Funds (Note II B)	659,872	-	-	-	-	-	659,872	
Other Assets	35,606	-	-	-	-	-	35,606	
Total Assets	\$ 2,770,136	\$ 538,954	\$ 74,107	\$ 73,168	\$ 514,484	\$ 6,442	\$ 3,977,291	

See accompanying notes to basic financial statements.

TOWN OF BEEKMAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

LIABILITIES AND FUND BALANCES

Liabilities:

	General	Highway	Dover Ridge Sewer	Dover Ridge Water	Special Recreation	Other Governmental Funds	Total Governmental Funds
Accounts Payable	\$ 127,721	\$ 38,398	\$ 4,041	\$ 5,675	\$ -	\$ -	\$ 175,835
Accrued Expenditures	34,745	21,262	-	-	-	-	56,007
Due to Other Funds (Note II B)	-	-	264,336	95,732	-	99,838	459,906
Deferred Revenue	-	-	38,227	17,035	-	-	55,262
Total Liabilities	162,466	59,660	306,604	118,442	-	99,838	747,010

Fund Balances:

Fund Balance - Reserved							
Special Reserves (Note I F)	447,535	81,744	28,955	-	-	-	558,234
Fund Balance - Unreserved							
Designated for Subsequent Year's Expenditures	780,000	-	-	-	-	-	780,000
Undesignated:							
General	1,380,135	-	-	-	-	-	1,380,135
Special Revenue	-	397,550	(261,452)	(45,274)	514,484	(29,304)	576,004
Capital Projects	-	-	-	-	-	(64,092)	(64,092)
Total Fund Balances	2,607,670	479,294	(232,497)	(45,274)	514,484	(93,396)	3,230,281
Total Liabilities and Fund Balances	\$ 2,770,136	\$ 538,954	\$ 74,107	\$ 73,168	\$ 514,484	\$ 6,442	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Imputed interest on long-term liabilities not due and payable in the current period is not reported in the funds.

Certain liabilities, including accrued interest and estimated claims, are not reported until paid in the funds.

Long-term liabilities, including compensated absences, capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net Assets of Governmental Activities

35,008,444
55,262
313,781
(80,765)
(1,586,900)
\$ 36,940,103

**TOWN OF BEEKMAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Revenues:	General	Highway	Dover Ridge Sewer	Dover Ridge Water	Special Recreation	Other Governmental Funds	Total Governmental Funds
Real Property Taxes	\$ 827,498	\$ 1,085,500	\$ 27,375	\$ -	\$ -	\$ 39,596	\$ 1,979,969
Nonproperty Tax Items	840,088	-	-	-	-	-	840,088
Departmental Income	231,656	-	63,185	27,913	225,500	-	548,254
Intergovernmental/Grant Income	1,214	-	-	-	-	-	1,214
Use of Money and Property	91,589	46,204	805	847	22,956	4,261	166,662
Licenses and Permits	99,677	-	-	-	-	-	99,677
Fines and Forfeitures	24,410	-	-	-	-	-	24,410
Miscellaneous	14,346	6,441	-	-	-	-	20,787
State Aid	840,468	183,372	-	-	-	-	1,023,840
Total Revenues	2,970,946	1,321,517	91,365	28,760	248,456	43,857	4,704,901
Expenditures:							
General Government	1,074,211	-	-	-	-	-	1,074,211
Public Safety	128,545	-	-	-	-	-	128,545
Public Health	137,841	-	-	-	-	-	137,841
Transportation	142,436	1,389,574	-	-	-	-	1,532,010
Economic Assistance and Opportunity	43,656	-	-	-	-	-	43,656
Culture and Recreation	842,260	-	-	-	156,795	-	999,055
Home and Community Services	153,417	-	44,864	29,853	-	12,440	240,574
Employee Benefits	508,655	42,566	-	-	-	-	551,221
Debt Service: Principal	75,000	-	25,795	-	-	30,092	130,887
Interest	35,070	-	-	-	-	8,330	43,400
Total Expenditures	3,141,091	1,432,140	70,659	29,853	156,795	50,862	4,881,400
Excess/(Deficiency) of Revenues Over Expenditures	(170,145)	(110,623)	20,706	(1,093)	91,661	(7,005)	(176,499)
Other Financing Sources/(Uses):							
Interfund Transfers	-	-	-	-	-	-	-
Change in Fund Balances	(170,145)	(110,623)	20,706	(1,093)	91,661	(7,005)	(176,499)
Fund Balances - Beginning	2,777,815	589,917	(253,203)	(44,181)	422,823	(86,391)	3,406,780
Fund Balances - Ending	\$ 2,607,670	\$ 479,294	\$ (232,497)	\$ (45,274)	\$ 514,484	\$ (93,396)	\$ 3,230,281

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Change in Fund Balances - Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Changes in certain long-term assets and liabilities are reported in the government-wide statements but not in the governmental fund statements.

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

Changes in Net Assets of Governmental Activities

See accompanying notes to basic financial statements.

		\$ (176,499)
Capital Outlays	726,925	
Depreciation Expense	<u>(770,080)</u>	(43,155)
130,887		
Compensated Absences	3,783	
Capital Leases	9,203	
Accrued Interest	(5,765)	
Imputed Interest	(18,010)	
Deferred Revenue	(19,709)	
Estimated Claims	<u>(75,000)</u>	(105,498)
1,331,900		
		<u><u>\$ 1,137,635</u></u>

**TOWN OF BEEKMAN
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007**

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 405,120</u>
Total Assets	<u><u>\$ 405,120</u></u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 205,154
Due to Governmental Funds (Note II B)	<u> 199,966</u>
Total Liabilities	<u><u>\$ 405,120</u></u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN
 BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Real Property Taxes	\$ 821,109	\$ 821,109	\$ 827,498	\$ 6,389
Nonproperty Tax Items	773,000	773,000	840,088	67,088
Departmental Income	5,120	5,120	231,656	226,536
Intergovernmental/Grant Income	280,700	280,700	1,214	(279,486)
Use of Money and Property	60,000	60,000	91,589	31,589
Licenses and Permits	124,000	124,000	99,677	(24,323)
Fines and Forfeitures	30,000	30,000	24,410	(5,590)
Miscellaneous	-	-	14,346	14,346
State Aid	838,900	838,900	840,468	1,568
Total Revenues	2,932,829	2,932,829	2,970,946	38,117
Expenditures:				
General Government	1,230,533	1,217,660	1,074,211	143,449
Public Safety	142,991	142,991	128,545	14,446
Public Health	91,838	137,841	137,841	-
Transportation	173,896	173,896	142,436	31,460
Economic Assistance and Opportunity	44,852	47,572	43,656	3,916
Culture and Recreation	920,404	922,554	842,260	80,294
Home and Community Services	214,950	198,950	153,417	45,533
Employee Benefits	563,295	541,295	508,655	32,640
Debt Service	110,070	110,070	110,070	-
Total Expenditures	3,492,829	3,492,829	3,141,091	351,738
Excess/(Deficiency) of Revenues Over Expenditures	(560,000)	(560,000)	(170,145)	389,855
Other Financing Sources/(Uses):				
Appropriation of Prior Years Fund Balance	560,000	560,000	-	(560,000)
Total Other Financing Sources/(Uses)	560,000	560,000	-	(560,000)
Net Change in Fund Balance	-	-	(170,145)	(170,145)
Fund Balances - Beginning	-	-	2,777,815	2,777,815
Fund Balances - Ending	\$ -	\$ -	\$ 2,607,670	\$ 2,607,670

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN
 BUDGETARY COMPARISON STATEMENT
 HIGHWAY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		Positive/(Negative)
Revenues:				
Real Property Taxes	\$ 1,085,500	\$ 1,085,500	\$ 1,085,500	\$ -
Use of Money and Property	27,500	27,500	46,204	18,704
Miscellaneous	-	-	6,441	6,441
State Aid	65,000	65,000	183,372	118,372
Total Revenues	<u>1,178,000</u>	<u>1,178,000</u>	<u>1,321,517</u>	<u>143,517</u>
Expenditures:				
Transportation	1,340,671	1,340,671	1,389,574	(48,903)
Employee Benefits	37,329	37,329	42,566	(5,237)
Total Expenditures	<u>1,378,000</u>	<u>1,378,000</u>	<u>1,432,140</u>	<u>(54,140)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>(110,623)</u>	<u>89,377</u>
Other Financing Sources/(Uses):				
Appropriation of Prior Years Fund Balance	200,000	200,000	-	(200,000)
Total Other Financing Sources/(Uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net Change in Fund Balance	-	-	(110,623)	(110,623)
Fund Balances - Beginning	-	-	589,917	589,917
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,294</u>	<u>\$ 479,294</u>

See accompanying notes to basic financial statements.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Beekman, established in 1788 (which originally included the present Towns of LaGrange and Union Vale), is governed by the Code of the Town of Beekman and other general laws of the State of New York (the "State") and various local laws. The Town Board is the legislative body responsible for overall operations, the Town Supervisor serves as chief executive officer and as the fiscal officer.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The notes to the financial statements are an integral part of the statements and are intended to be read with them. As of December 31, 2007, the Town has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statements of net assets and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement focus, basis of accounting and financial statement presentation - continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following special revenue funds were determined to be major funds:

- The *Highway Fund* is used to account for financial resources to be used for upkeep of the roads within the Town's jurisdiction.
- The *Dover Ridge Water Fund* is used to account for financial resources to be used for upkeep of the water district within the Dover Ridge Development.
- The *Dover Ridge Sewer Fund* is used to account for financial resources to be used for upkeep of the sewer facility within the Dover Ridge Development.
- The *Special Recreation Fund* is used to account for financial resources to be used for capital improvements to the Town's recreational facilities. Contributions to this fund are required by developers of real estate projects in the amount of \$4,000 per lot developed. Withdrawals from this fund can only be made with Town Board authorization.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The principal source of financing is from the sale of bonds or bond anticipation notes. The capital projects fund was determined to be a non-major fund.

Additionally, the Town reports the following fund types:

Non-major special revenue funds:

- The *Pawling Lakes Estates Fund* is used to account for financial resources to be used for road improvements at Pawling Lakes Estates.

Fiduciary Funds are used to report assets held in a trust or agency capacity for others and, therefore, are not available to support Town programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement focus, basis of accounting and financial statement presentation - continued

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Pervasiveness 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

E. Budgetary data

The budget policies are as follows:

1. No later than October 5th, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds.
 - a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than Thursday after the election date. Certified copies are filed no later than November 25 with the tax roll coordinator for purposes of preparing the tax levy.
 - b. All modifications of the budget must be approved by the Town Board (however, the Budget Officer is authorized to transfer certain budgeted amounts within the departments).
2. Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, liabilities and fund equity

Cash and Cash Equivalents

State statutes require that collateral be pledged at 100 percent of all deposits not covered by Federal Deposit Insurance Corporation insurance for demand deposits, time deposits, repurchase agreements and certificates of deposit. Obligations of the United States Treasury and its agencies, as well as obligations of the State and its municipalities and school districts, may be pledged. The Town has established a pooled cash account in which interest earned is allocated to participating funds based on their pro-rata shares of the pool.

The bank balances of cash and cash equivalents for the primary reporting entity totaled \$3,444,405 at December 31, 2007. All deposits with financial institutions were entirely covered by Federal Deposit Insurance Corporation insurance or by collateral held in the pledging banks' trust department or agent in the Town's name. Therefore, none of the Town's bank balance was exposed to custodial credit risk.

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town of Beekman monies must be deposited in FDIC-insured commercial banks or trust companies located within the State.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the estimated useful lives ranging from 5 - 50 years.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, liabilities and fund equity-continued

Insurance

The Town maintains insurance against liability for most risks. 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 and is in excess of the Town's insured liability limits.

General Obligation Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Bond anticipation notes issued for capital improvements are accounted for in the Capital Projects Fund. Funding to pay for this debt will come from the General Fund or one of the Special Revenue Funds, depending on the type of project the BAN was issued to finance.

Capital Leases

The Town entered into a capital lease agreement for two trucks during 2005. The Town is required to make 5 annual payments of \$10,372, including interest at approximately 4% per annum, through 2009. During 2007, the lease payment amounted to \$9,203 in principal and \$1,169 in interest. The following is a schedule of future minimum lease payments required under this agreement at December 31, 2007:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 9,578	\$ 794	\$ 10,372
2009	<u>9,967</u>	<u>405</u>	<u>10,372</u>
Total	<u>\$ 19,545</u>	<u>\$ 1,199</u>	<u>\$ 20,774</u>

Deficit Fund Balance

Deficit fund balances exist in the following funds:

Dover Ridge Water Fund	\$ 45,274
Dover Ridge Sewer Fund	\$ 232,497
Pawling Lake Estates Fund	\$ 29,304
Capital Projects Fund	\$ 64,092

The deficits in the Dover Ridge Water and Sewer Fund are the result of monies borrowed from the Town's General Fund to finance operation of the districts in the past. There is a plan in place to increase assessments to the residents of the district to repay these debts. The Dover Ridge Sewer District has also built a new wastewater treatment facility financed by a long-term, no-interest loan from the New York State Environmental Facilities Corporation in 2006. That loan was in the amount of \$773,828. The Pawling Lake Estates fund deficit is the result of a chargeback to the district for a prior year assessment on state-owned land within the district. The Town is currently seeking a court determination of the legitimacy of the chargeback. The Capital Projects deficit is largely contained within one project created by the Town Board to collect and identify costs associated with an inflow and infiltration problem within the Dover Ridge Sewer District.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, liabilities and fund equity-continued

Fund Balance Reserves

Portions of fund balance are segregated for future use and are, therefore, not available for appropriation or expenditure.

Reservations of fund balances are created to either satisfy legal restrictions or to plan for future expenditures. A designation of unreserved fund balances in governmental funds indicates the planned use of these resources in the subsequent year's budget. The following is a description of the reserves utilized by the town:

1. Reserve For Debt Service

This reserve is used to account for interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. The balance of this reserve at December 31, 2007 was \$28,955 and is accounted for in the Dover Ridge Sewer Fund.

2. Capital Reserves

By Board Resolution, the Town established capital reserves for future capital projects. At December 31, 2007, the Town recorded \$215,038 for the General Fund, of which \$122 was allocated for Library Construction, \$61,614 for Highway Garage Expansion and \$153,302 for Building Restoration. The Town also reserved \$81,744 in the Highway Fund for future equipment purchases.

3. Reserve For Interfund Loans

The Town has a reserve in the General Fund of \$232,497, as of December 31, 2007, for the interfund receivables due from the Dover Ridge Sewer Fund.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues, expenditures and expenses

Property Tax Revenue Recognition

Taxes are collected by the receiver of taxes during the period January 1 to February 28 without penalty. From March 1 to May 31, the taxes are payable to the Town with the following penalty: March 2%, April 3%, and May 4%. After May 31, the unpaid amount is turned over to Dutchess County with a 5% penalty and 1% for interest. Taxes for the County are levied together for Town and Special Districts who 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 Town. After two years, the County has a tax sale. Unpaid utilities become a lien after November 15, when amounts are turned over by the Town to the County, which places the amount as a lien on the January 1 tax warrant.

Town property tax revenues are recognized when levied to the extent that they result in current receivables. No allowance is necessary because all taxes are guaranteed by Dutchess County.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. As of December 31, the amount of unused vacation and sick pay is reported as an accrued liability.

Post Employment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits and survivor benefits are based on the benefits paid during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the year ended December 31, 2007, \$16,676 was paid on behalf of four (4) retirees. Of the aforesaid amount, \$8,479 was paid by retiree share, where applicable. The expenditure was recorded in the General Fund.

Interfund Transactions

During the course of normal operations, the Town has numerous transactions between funds, including expenditures and transfers of resources to provide services, contracts for assets and debt service.

The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also reflected as operating transfers.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS

A. Receivables

Receivables as of December 31, 2007 for the government's individual major funds and aggregate nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Highway</u>	<u>Dover Ridge Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 276,856	\$ 6,002	\$ 38,227	\$ 17,035	\$ -	\$ -	\$ 338,120
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-
	<u>\$ 276,856</u>	<u>\$ 6,002</u>	<u>\$ 38,227</u>	<u>\$ 17,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,120</u>

B. Interfund receivables and payables

Interfund receivable and payable balances at December 31, 2007 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 659,872	\$ -
Pawling Lakes Estates	-	29,409
Dover Ridge Sewer	-	264,336
Dover Ridge Water	-	95,732
Trust and Agency	-	199,966
Capital Project Fund	-	70,429
TOTAL	<u><u>\$ 659,872</u></u>	<u><u>\$ 659,872</u></u>

C. Imputed Interest

On June 15, 2006, the Town received a Serial bond through the New York State Environmental Facilities Corporation for \$773,850 for the Dover Ridge Sewer District. The bond is to be repaid over 30 years at \$25,795 per year with no interest. The present value of the bond, using a rate of 4% per annum, was \$442,059. The imputed interest of \$331,791 has been recorded as an asset and is being amortized over the term of the bond. The following represents the current year activity for the imputed interest:

Beginning of Year, January 1, 2007	\$ 331,791
Current Year Amortization	18,010
End of Year, December 31, 2007	<u><u>\$ 313,781</u></u>

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS - CONTINUED

D. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 582,163	\$1,331,900	\$ -	\$ 1,914,063
Total capital assets, not being depreciated	<u>582,163</u>	<u>1,331,900</u>	<u>-</u>	<u>1,914,063</u>
Capital assets, being depreciated:				
Buildings	2,340,913	245,450	-	2,586,363
Improvements other than buildings	28,600	-	-	28,600
Machinery and equipment	1,940,628	65,550	(22,535)	1,983,643
Infrastructure	37,851,723	438,460	-	38,290,183
Total capital assets being depreciated	<u>42,161,864</u>	<u>749,460</u>	<u>(22,535)</u>	<u>42,888,789</u>
Less accumulated depreciation for:				
Buildings	(1,069,333)	(53,535)	-	(1,122,868)
Improvements other than buildings	(13,786)	(1,430)	-	(15,216)
Machinery and equipment	(701,197)	(220,442)	16,910	(904,729)
Infrastructure	(7,240,012)	(511,583)	-	(7,751,595)
Total accumulated depreciation	<u>(9,024,328)</u>	<u>(786,990)</u>	<u>16,910</u>	<u>(9,794,408)</u>
Total capital assets, being depreciated, net	<u>33,137,536</u>	<u>(37,530)</u>	<u>(5,625)</u>	<u>33,094,381</u>
Governmental activities capital assets, net	<u>\$ 33,719,699</u>	<u>\$1,294,370</u>	<u>\$ (5,625)</u>	<u>\$ 35,008,444</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General Government	\$ 16,327
Transportation	710,806
Culture and Recreation	39,933
Home and Community Services	3,014
Total depreciation expense - Governmental activities	<u>\$ 770,080</u>

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS - CONTINUED

E. Liabilities

1. Pension Plans

- a. Plan Descriptions – The Town contributes to the New York State and Local Employees' Retirement System (ERS). This system is a cost-sharing, multiple-employer defined benefit pension plan. The system offers retirement and disability benefits, annual cost of living increases and death benefits to plan members and beneficiaries.

The ERS is established pursuant to the New York State Retirement and Social Security Law to provide benefits for the State, local governments and their employees. ERS plan benefits are guaranteed by the State constitution.

The system issues publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing or calling the system at the following location:

NYS and Local Employees' Retirement System
Governor Smith State Office Building
Albany, NY 12244
(318) 474-1101

- b. Funding Policy – Members who joined on or after July 27, 1976 are required by the respective governing law to contribute 3% of their annual covered salary to the system. Members who joined prior to that date may make member contributions under certain conditions.

The Town is required to contribute to the system on an annual basis. Contributions were made to the ERS for the period April 1, 2007 to March 31, 2008, based on estimated eligible employees' salaries. Contributions are adjusted in the following year based on actual salaries.

Contributions to the system are actuarially determined and are established, and may be amended, by the Board of Trustees.

The following represents the Town's contributions to the system pension plan for the last 5 years. All contributions are based on annual covered payroll:

2007	\$ 109,371
2006	125,816
2005	177,418
2004	86,560
2003	34,917

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

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS - CONTINUED

E. Liabilities - continued

2. Long-Term Debt:

a. General Obligation and Special Assessment Debt:

1. A summary of long - term debt outstanding at December 31, 2007 is as follows:

<u>Bonds and Notes</u>	<u>Governmental Activities</u>
Serial Bonds	\$ 786,442
Special Assessment Debt	748,033
	<u>\$ 1,534,475</u>

The following is a summary of long - term debt transactions of the Town during the year ended December 31, 2007:

	<u>Governmental Activities</u>
Bonds payable at January 1, 2007	\$ 891,534
New obligations	-
Obligation payments	<u>(105,092)</u>
Bonds payable at December 31, 2007	<u>\$ 786,442</u>

	<u>Governmental Activities</u>
Special Assessment Debt at January 1, 2007	\$ 773,828
New obligations	-
Obligation payments	<u>(25,795)</u>
Special Assessment Debt at December 31, 2007	<u>\$ 748,033</u>

TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS

II. DETAILED NOTES ON FUNDS – CONTINUED

E. Liabilities-continued

2. Long Term Debt:

a. General Obligation and Special Assessment Debt:

2. A summary of the long – term debt outstanding at December 31, 2007 by fund is as follows:

Payable By and Description	Sale Date	Original Borrowing	Interest Rate	Fiscal Year of Final Maturity	Outstanding Principal 2007
<u>Serial Bonds</u>					
Governmental Activities:					
Recreational Improvement	12/01	\$ 201,000	4.50%	2016	\$ 124,000
Recreation Land	12/01	305,000	4.50%	2016	198,000
Highway Remediation	12/01	160,000	4.50%	2016	100,000
Water Improvement	12/01	444,000	4.50%	2016	263,000
Pawling Lake Estates Road Imp.	6/95	366,000	6.30%	2010	101,442
TOTAL SERIAL BONDS					<u>\$ 786,442</u>
<u>Special Assessment Debt</u>					
Governmental Activities:					
Dover Ridge Sewer District Sewer Treatment	6/06	\$ 773,828	0.00%	2036	\$ 748,033
TOTAL SPECIAL ASSESSMENT DEBT					<u>\$ 748,033</u>

3. The Special Assessment Debt is an interest free loan that the Town will repay over a period of 30 years. A special assessment is being charged to the land owners of the Dover Ridge Sewer District for the amount of the yearly repayment. This loan was obtained during 2006 and there are no delinquent special assessment receivables.

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS - CONTINUED

E. Liabilities - continued

2. Long Term Debt:

a. General Obligation and Special Assessment Debt:

4. The annual debt service requirements of the bonded indebtedness are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 132,565	\$ 38,386	\$ 170,951
2009	134,567	33,009	167,576
2010	136,695	27,507	164,202
2011	100,795	21,870	122,665
2012	100,795	18,495	119,290
2013-2017	438,975	38,448	477,423
2018-2022	128,975	-	128,975
2023-2027	128,975	-	128,975
2028-2032	128,975	-	128,975
2033-2036	<u>103,158</u>	<u>-</u>	<u>103,158</u>
 Total	 <u>\$ 1,534,475</u>	 <u>\$ 177,715</u>	 <u>\$ 1,712,190</u>

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

II. DETAILED NOTES ON FUNDS - CONTINUED

E. Liabilities - continued

5. Legal Debt Margin - Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

The constitutional debt limit of the Town as of December 31, 2007 is as follows:

Fiscal Year Ended December 31,	Full Valuation
2007	\$ 1,954,207,788
2006	1,745,491,563
2005	1,510,449,720
2004	1,332,114,260
2003	<u>1,194,131,475</u>
TOTAL FIVE YEAR VALUATION	<u>\$ 7,736,394,806</u>
TOTAL AVERAGE FULL VALUATION	<u>\$ 1,547,278,961</u>
DEBT LIMIT-7% OF AVERAGE FULL VALUATION	<u>\$ 108,309,527</u>
<u>CONSTITUTIONAL DEBT INCURRING CAPACITY</u>	
Indebtedness:	
Serial Bonds	\$ 786,442
Special Assessment Debt	<u>748,033</u>
TOTAL INDEBTEDNESS	<u>\$ 1,534,475</u>
NET DEBT CONTRACTING MARGIN	<u>\$ 106,775,052</u>
PERCENTAGE OF DEBT CONTRACTING CAPACITY USED	<u>1.42%</u>

**TOWN OF BEEKMAN
NOTES TO BASIC FINANCIAL STATEMENTS**

III. COMMITMENTS AND CONTINGENCIES

Judgments and Claims

The Town is subject to various claims and legal actions in the ordinary conduct of its affairs. Such claims and legal actions, in the opinion of management, are not expected to have a material effect on the financial condition of the Town.

During 1992, there was a gasoline spill at the Town's highway garage which led to soil contamination. In response, the Town removed some of the soil, established a water system for the affected area and established a series of test wells which it continues to monitor. The Department of Environmental Conservation (DEC) was also involved in the cleanup process and is seeking reimbursement from the Town for its monitoring costs. The Town is negotiating with the DEC to reduce the requested reimbursement. Based on a review of similar situations, the Town has estimated its probable liability to be \$75,000. This amount has been included in Accrued Expenses in the Statement of Net Assets.

Open Space Preservation

In November of 2005, Town of Beekman voters approved a proposition authorizing the Town of Beekman to bond up to \$3,000,000 for open space preservation. As of December 31, 2007, the Town had not acted on this proposition. However, several projects were under consideration.

IV. NEW ACCOUNTING PRINCIPLES

As of December 31, 2007, the Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the Town. The statement which will impact the Town is as follows:

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The Town will adopt GASB Statement No. 45 in fiscal year 2009, as required.

V. ADJUSTMENT OF PRIOR YEAR AMOUNTS

Capital assets as of January 1, 2007 have been reduced by \$40,074 to remove a capital asset which was improperly included in fixed assets as of December 31, 2006 and increased by \$331,791 for imputed interest on the Dover Ridge Sewer District bond issued in 2006.