

TOWN OF LAGRANGE, NEW YORK
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2009

TOWN OF LAGRANGE, NEW YORK
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DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Supervisor and
Members of the Town Board
Town of LaGrange, New York
120 Stringham Road
LaGrangeville, New York 12540

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of LaGrange, New York as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of LaGrange, New York's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of LaGrange, New York as of December 31, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Sedau & Company, CPA'S

Poughkeepsie, New York
December 20, 2010

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Supervisor and
Members of the Town Board
Town of LaGrange, New York
120 Stringham Road
LaGrangeville, New York 12540

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Town of LaGrange, New York as of and for the year ended December 31, 2009, which collectively comprise the Town of LaGrange, New York's basic financial statements, and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency. We noted a control deficiency pertaining to the documentation of escrow accounts which we consider to be a significant deficiency and which is more further described in a separate letter dated December 20, 2010. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of LaGrange, New York, in a separate letter dated December 20, 2010.

This report is intended for the information and use of the Supervisor, Town Board and Management, and is not intended to be and should not be used by anyone other than these specified parties.

Sedau & Company, CPAs

Poughkeepsie, New York
December 20, 2010

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009
(Unaudited)

As management of the Town of LaGrange, New York, we offer readers of the Town of LaGrange, New York's financial statements this narrative overview and analysis of the financial activities of the Town of LaGrange, New York for the fiscal year ended December 31, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights: Financial Highlights:

- The assets of the Town of LaGrange, New York exceeded its liabilities at the close of the fiscal year by \$13,543,368 (net assets).
- The government's total net assets increased by \$589,429, primarily due to the continuing funding of capital projects with developer fees.
- As of the close of the current fiscal year, the Town of LaGrange, New York's governmental funds reported combined ending fund balances of (\$3,025,041), a decrease of \$193,929 in comparison with the prior year. This is primarily related to issuing new Bond Anticipation Notes to finance Capital Projects' expenditures as described below.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$509,686, or 13 percent of total general fund expenditures for the fiscal year.
- The Town of LaGrange, New York's total debt decreased by \$1,330,713 (5.56%) during the current fiscal year. During 2009, the town only had 2 new debt issues totaling \$345,000 while paying off nearly \$1.8 million of its debt.
- The Town of LaGrange, New York maintained its A1 bond rating during the current fiscal year.
- During the current fiscal year, the Town of LaGrange, New York had an overall property tax decrease of \$53,392 (0.9%) from the previous year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of LaGrange, New York'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 through the use of government-wide statements and fund financial statements. 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 LaGrange, New York.

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009
(Unaudited)

Basic Financial Statements:

The first two statements in the basic financial statements are the Government-Wide Financial Statements, pages 14-16. They provide both short and long-term information about the Town's financial status.

The next statements, pages 17-21 are the 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 funds statements; and 2) the reconciliations to the Government-Wide Financial 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. After the notes, Required Supplemental Information is provided to show budgetary information pertaining to adopted and modified budgets as required by general municipal law.

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 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 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-wide statements display governmental activities for the Town of LaGrange, New York. The governmental activities include the Town's basic services, such as public safety, parks and recreation, transportation, water, sewer, lighting, and general administration. Revenues are segregated by program or as general revenues such as property taxes, state and federal grant funds, and other miscellaneous revenues.

The government-wide financial statements are on pages 14 - 16 of this report.

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

Fund Financial Statements:

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of LaGrange, New York, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. Nearly all of the funds of the Town of LaGrange, New York can be included 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. Most 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 Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of LaGrange, New York adopts an annual budget for its General Fund, Highway Fund, Sewer Districts, Water Districts, Lighting District and Drainage Districts, 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, 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 statement provided for the General Fund, Highway Fund, Sewer Districts, Water Districts, Lighting District, and Drainage District demonstrates 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 resources, charges to appropriations, and ending balances in the appropriate fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis,

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Note to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Town of LaGrange, New York. The supplementary information can be found beginning on page 41 of this report.

Government-Wide Financial Analysis:

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Current and Other Assets	\$ 4,664,158	\$ 5,207,164	\$ (543,006)
Capital Assets	33,017,878	33,238,299	(220,421)
Total Assets	<u>\$ 37,682,036</u>	<u>\$ 38,445,463</u>	<u>\$ (763,427)</u>
Current Liabilities	\$ 9,060,533	\$ 9,539,275	\$ (478,742)
Long-Term Liabilities	15,078,135	15,952,249	(874,114)
Total liabilities	<u>24,138,668</u>	<u>25,491,524</u>	<u>(1,352,856)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,435,009	9,342,881	1,092,128
Restricted	478,279	534,947	(56,668)
Unrestricted	2,630,080	3,076,111	(446,031)
Total net assets	<u>13,543,368</u>	<u>12,953,939</u>	<u>589,429</u>
Total Liabilities and Net Assets	<u>\$ 37,682,036</u>	<u>\$ 38,445,463</u>	<u>\$ (763,427)</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of LaGrange, New York exceeded liabilities by \$13,543,368 as of December 31, 2009. The Town's net assets increased by \$589,429 for the fiscal year ended December 31, 2009.

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

The largest portion, \$10,435,009, reflects the Town's investment in capital assets (e.g. land, buildings, machinery, infrastructure and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of LaGrange, New York uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of LaGrange, New York's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of LaGrange, New York's net assets, \$478,279, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,630,080 is unrestricted.

Changes in Net Assets:

Revenues	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Program Revenues:			
Charges for services	\$ 1,663,988	\$ 1,516,449	\$ 147,539
Operating Grants and Contributions	102,311	118,635	(16,324)
Capital Grants and Contributions	75,260	338,077	(262,817)
General Revenues:			
Property taxes	5,730,758	5,784,150	(53,392)
Other taxes	1,552,916	1,903,157	(350,241)
Grants and Contributions Not Restricted			
to Specific Programs	-	-	-
Other	174,023	354,356	(180,333)
Total revenues	<u>9,299,256</u>	<u>10,014,824</u>	<u>(715,568)</u>
Expenses			
General Government	1,462,063	1,302,497	159,566
Public Safety	32,274	31,504	770
Health	4,417	4,110	307
Transportation	3,129,978	3,320,603	(190,625)
Economic Assistance	24,002	25,082	(1,080)
Culture and Recreation	1,482,127	1,414,847	67,280
Home and Community Services	1,703,850	1,468,824	235,026
Interest on Long-Term Debt	871,116	1,107,077	(235,961)
Total Expenses	<u>8,709,827</u>	<u>8,674,544</u>	<u>35,283</u>
Increase in Net Assets	589,429	1,340,280	(750,851)
Net Assets, January 1	12,953,939	11,613,659	1,340,280
Total	<u><u>\$13,543,368</u></u>	<u><u>\$12,953,939</u></u>	<u><u>\$ 589,429</u></u>

TOWN OF LAGRANGE
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net assets:

- General economic conditions throughout 2009 resulted in a continued erosion in Mortgage Tax and Sales Tax revenues.
- Property taxes decreased by \$53,392.

Financial Analysis of the Town's Funds

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

Governmental Funds: The focus of the Town of LaGrange, New York'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 LaGrange, New York'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 LaGrange, New York. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$509,686, while total fund balance fell to \$1,056,544. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13 percent of total General Fund expenditures, while total fund balance represents 27 percent of that same amount.

At December 31, 2009, the governmental funds of the Town of LaGrange, New York reported a combined fund balance of (\$3,025,041), a \$193,929 decrease over last year.

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.

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

Revenues were less than the budgeted amounts primarily because mortgage taxes were lower than expected. Expenditures were generally held in check, nearly the same as budgeted.

Capital Assets and Debt Administration:

Capital Assets: The Town of LaGrange, New York's investment in capital assets for its governmental activities as of December 31, 2009, totaled \$33,017,878 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, water and sewer facilities, construction in progress, and vehicles.

Major capital asset transactions during the year include the following:

- The town added capital assets of \$497,670 during 2009. Of that amount approximately \$228,000 was Machinery and Equipment, there was approximately \$150,000 Construction Work in Progress.

Town of LaGrange, New York's Capital Assets
(Net of Depreciation)

	<u>2009</u>	<u>2008</u>
Land	\$ 1,518,842	\$ 1,518,842
Buildings and improvement	927,137	995,956
Infrastructure	12,736,376	12,455,158
Machinery and Equipment	1,590,705	1,680,916
Construction in Progress	<u>16,244,818</u>	<u>16,587,427</u>
Total	<u>\$ 33,017,878</u>	<u>\$ 33,238,299</u>

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

Additional information on the Town's capital assets can be found in Note D starting on page 36 of the Basic Financial Statements.

Total Debt: As of December 31, 2009, the Town of LaGrange, New York had total bonded debt outstanding of \$22,631,422. This debt backed by the full faith and credit of the Town.

	<u>2009</u>	<u>2008</u>
Bond Anticipation Notes	\$ 7,085,573	\$ 7,239,995
Capital Leases	409,784	456,216
Serial Bonds	14,076,147	14,859,400
Statutory Installment Bonds	<u>1,059,918</u>	<u>1,406,524</u>
Total	<u>\$22,631,422</u>	<u>\$23,962,135</u>

Town of LaGrange, New York's Outstanding Debt:

- The Town of LaGrange, New York's total debt decreased by \$1,330,713, or 5.56%.

As mentioned in the financial highlights section of this document, the Town of LaGrange maintained its A1 bond rating from Moody's Investor Service and A1 rating from Standard and Poor's Corporation and FitchRatings. This bond rating is a clear indication of the sound financial condition of Town of LaGrange, New York. The Town of LaGrange, New York is one of the few municipalities in the country that maintains the highest financial rating from both major rating agencies. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

TOWN OF LAGRANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D.)
DECEMBER 31, 2009
(Unaudited)

New York State's Constitution limits the amount of general obligation debt that a unit of government can issue to 7 percent of the 5 year rolling average of the full value of taxable real property located within that governments boundaries. The general debt limit is based on the taxable full market value of real property and not on assessed value. To derive a taxable market value, the State Office of Real Property Services develops special equalization ratios that express the relationship between assessed value and market value. The legal debt margin for the Town of LaGrange, New York is approximately \$156,129,621. Additional information regarding the Town of LaGrange, New York's debt can be found in Notes E and F beginning on page 33.

Economic Factors and Next Year's Budgets and Rates:

The following key economic indicators reflect the growth and prosperity of the Town:

- Like all municipalities, the Town of Lagrange is forced to deal with current economic conditions. The continued erosion of mortgage tax and sales tax revenues is perhaps the greatest challenge. Budget and management practices have been implemented to minimize the effects of these conditions on the taxpayer.

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 in this report or requests for additional information should be directed to the Town Supervisor, Town of LaGrange, New York, 120 Stringham Road, LaGrangeville, New York 12540.

TOWN OF LAGRANGE, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,734,008
Receivables (net)	791,018
Prepaid expenses	68,579
Inventory	70,553
Total current assets	4,664,158
Capital assets:	
Land	1,518,842
Infrastructure, net of depreciation	12,736,376
Building, machinery and equipment, net of depreciation	2,517,842
Construction in progress	16,244,818
Total capital assets	33,017,878
Total assets	\$ 37,682,036
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 323,524
Accrued liabilities and retainage payable	471,505
Notes payable	7,085,573
Due to other governments	36,853
Current portion of long-term liabilities:	
Landfill remediation liabilities	5,510
Capital Lease	48,553
Statutory installment bonds payable	242,568
Serial bonds payable	846,447
Total current liabilities	9,060,533
Non-current liabilities:	
Postemployment benefits obligation	251,924
Compensated absence liability	269,597
Landfill remediation liabilities	148,333
Capital Lease	361,231
Statutory installment bonds payable	817,350
Serial bonds payable	13,229,700
Total non-current liabilities	15,078,135
Total liabilities	24,138,668
NET ASSETS	
Invested in Capital Assets, net of related debt	10,435,009
Restricted for:	
Recreation	478,279
Unrestricted	2,630,080
Total net assets	13,543,368
Total liabilities and net assets	\$ 37,682,036

The accompanying Notes to the Financial Statements
should be read in conjunction with these Financial Statements.

TOWN OF LAGRANGE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>FEEs, FINES AND CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
Governmental Activities:			
General government support	\$ 1,462,063	\$ 8,074	\$ -
Health	4,417	-	-
Public safety	32,274	480,522	94,711
Transportation	3,129,978	-	7,600
Economic assistance & opportunity	24,002	-	-
Culture and recreation	1,482,127	149,347	-
Home and community services	1,703,850	1,026,045	-
Interest on long-term debt	871,116	-	-
Total governmental activities	<u>\$ 8,709,827</u>	<u>\$ 1,663,988</u>	<u>\$ 102,311</u>

The accompanying Notes to the Financial Statements
should be read in conjunction with these Financial Statements.

<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES</u>
\$ -	\$ (1,453,989)
-	(4,417)
-	542,959
-	(3,122,378)
-	(24,002)
-	(1,332,780)
75,260	(602,545)
-	(871,116)
<u>\$ 75,260</u>	<u>\$ (6,868,268)</u>

General revenues

Taxes:

Real property taxes	\$ 5,730,758
Real property tax related items	48,482
Sales tax distribution	740,278
Franchise taxes	209,784
State aid - mortgage tax	465,635
State aid - other	88,737
Unrestricted investment earnings	79,825
Gain on sale of property and compensation for loss	23,411
Miscellaneous	70,787
Total general revenues, special items and transfers	<u>7,457,697</u>
Change in net assets	589,429
Net assets at beginning of year	<u>12,953,939</u>
Net assets at end of year	<u>\$ 13,543,368</u>

TOWN OF LAGRANGE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>GENERAL FUND</u>	<u>HIGHWAY FUND</u>	<u>WATER FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS						
Cash and cash equivalents	\$ 589,120	\$ 347,679	\$ 693,414	\$ 1,633,782	\$ 470,013	\$ 3,734,008
Receivables:						
Charges for services	-	-	111,737	-	76,251	187,988
Other	163,872	-	-	-	39,479	203,351
Due from other funds	79,219	104,159	5,716	-	5,476	194,570
Due from other governments	248,984	-	-	-	-	248,984
State and federal receivable	150,696	-	-	-	-	150,696
Prepaid expenses	68,579	-	-	-	-	68,579
Total assets	\$ 1,300,470	\$ 451,838	\$ 810,867	\$ 1,633,782	\$ 591,219	\$ 4,788,176
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ 25,045	\$ 29,746	\$ 32,453	\$ 179,137	\$ 57,143	\$ 323,524
Accrued expenses	71,229	94,440	-	-	-	165,669
Retainage payable	-	-	-	7,028	-	7,028
Bond anticipation notes payable	-	-	-	7,085,573	-	7,085,573
Due to other funds	110,799	83	51,325	18,698	13,665	194,570
Due to other governments	36,853	-	-	-	-	36,853
Total liabilities	243,926	124,269	83,778	7,290,436	70,808	7,813,217
FUND EQUITY						
Fund balance (deficit):						
Reserved for:						
Prepays	68,579	-	-	-	-	68,579
Recreation	478,279	-	-	-	-	478,279
Unreserved:						
Designated:						
Subsequent year's expenditures	45,000	97,895	64,672	-	54,853	262,420
Debt service	7,677	499	23,711	-	33,961	65,848
Undesignated	457,009	229,175	638,706	(5,656,654)	431,597	(3,900,167)
Total fund equity	1,056,544	327,569	727,089	(5,656,654)	520,411	(3,025,041)
Total liabilities and fund equity	\$ 1,300,470	\$ 451,838	\$ 810,867	\$ 1,633,782	\$ 591,219	\$ 4,788,176

The accompanying Notes to the Financial Statements
should be read in conjunction with this Financial Statement.

TOWN OF LAGRANGE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009

Total fund equity for governmental funds	\$ (3,025,041)
Total net assets 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.	33,017,878
Current and long-term liabilities, including bonds payable, compensated absences, capital leases and landfill liabilities are not due and payable in this period and therefore are not reported in the funds.	(16,221,213)
Inventories are not reported in the funds.	
Accrued interest payable is not reported in the funds.	(228,256)
	<hr/>
Total net assets of governmental activities	<u>\$ 13,543,368</u>

The accompanying Notes to the Financial Statements
should be read in conjunction with this Financial Statement.

TOWN OF LAGRANGE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND	HIGHWAY FUND	WATER FUND	CAPITAL PROJECTS FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL FUNDS
REVENUES						
Real property taxes	\$ 1,311,136	\$ 3,042,971	\$ 891,425	\$ -	\$ 485,226	\$ 5,730,758
Real property taxes items	45,226	-	1,882	-	1,374	48,482
Non property taxes items	950,062	-	-	-	-	950,062
Departmental income	270,426	-	536,103	-	377,877	1,184,406
Use of money and property	26,764	18,651	16,276	7,020	11,114	79,825
Licenses and permits	157,572	7,600	-	-	-	165,172
Fines and forfeitures	416,721	-	-	-	-	416,721
Sale of property and compensation for loss	13,412	9,999	-	-	-	23,411
Miscellaneous local sources	3,129	985	20	35,781	700	40,615
Interfund revenues	63,528	2,425	-	-	-	65,953
State aid	554,372	-	-	-	39,479	593,851
Federal aid	-	-	-	-	-	-
Total revenues	3,812,348	3,082,631	1,445,706	42,801	915,770	9,299,256
EXPENDITURES						
General government support	1,262,836	2,534	9,307	76,130	-	1,350,807
Public safety	25,928	-	-	-	-	25,928
Health	3,000	-	-	-	-	3,000
Transportation	175,652	2,011,004	-	209,385	12,805	2,408,846
Economic assistance & opportunity	24,002	-	-	-	-	24,002
Culture and recreation	1,246,411	-	-	-	-	1,246,411
Home and community services	275,692	-	522,236	248,229	366,317	1,412,474
Employee benefits	466,438	494,817	-	-	-	961,255
Debt service	440,998	643,136	1,191,376	-	464,374	2,739,884
Total expenditures	3,920,957	3,151,491	1,722,919	533,744	843,496	10,172,607
Excess of revenues over expenditures	(108,609)	(68,860)	(277,213)	(490,943)	72,274	(873,351)
Other financing sources (uses):						
Bans redeemed from appropriations	-	-	-	679,422	-	679,422
Operating transfers in	-	-	601,528	350,019	-	951,547
Operating transfers out	-	-	-	(951,547)	-	(951,547)
Total other financing sources (uses)	-	-	601,528	77,894	-	679,422
Excess (deficiency) of revenue and other sources over expenditures and other (uses)	(108,609)	(68,860)	324,315	(413,049)	72,274	(193,929)
Fund Balance, December 31, 2008, originally stated	1,165,153	396,429	402,774	(5,170,605)	375,137	(2,831,112)
Prior period adjustment	-	-	-	(73,000)	73,000	-
Fund Balance, December 31, 2008, restated	1,165,153	396,429	402,774	(5,243,605)	448,137	(2,831,112)
Fund Balance, December 31, 2009	\$ 1,056,544	\$ 327,569	\$ 727,089	\$ (5,656,654)	\$ 520,411	\$ (3,025,041)

The accompanying Notes to the Financial Statements should be read in conjunction with this Financial Statement.

TOWN OF LAGRANGE, NEW YORK
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund equities - total government funds \$ (193,929)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (220,421)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt financing sources:

Bond anticipation notes redeemed \$ (679,422)

Repayments:

Bond anticipation note principal 679,422

Statutory installment bond principal 317,509

Serial bond principal 812,350 1,129,859

Changes in inventories are recorded as current period expenditures in the governmental funds. 57,021

Some expenses reported in the statement of activities, such as accrued interest, capital leases, compensated absences, landfill liabilities and postemployment benefit obligations do not require the use of current financial resources and therefore are not reported as expenditures in government funds. (183,101)

Net change in net assets of governmental activities \$ 589,429

The accompanying Notes to the Financial Statements
should be read in conjunction with this Financial Statement.

TOWN OF LAGRANGE, NEW YORK
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 950,327
Escrow funds receivable	<u>-</u>
Total assets	<u><u>\$ 950,327</u></u>
 LIABILITIES	
Escrow funds returnable and other liabilities	<u>\$ 950,327</u>
Total liabilities	<u>950,327</u>
 NET ASSETS	 <u>-</u>
Net Assets	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 950,327</u></u>

The accompanying Notes to the Financial Statements
should be read in conjunction with these Financial Statements.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies

The Town of LaGrange, New York ("the Town") was incorporated in 1821 under the provisions of the State of New York. The Town operates under a Town Board form of government, consisting of a Supervisor and four Councilmen/women. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The Town provides the following services: highway maintenance, police protection, water, planning, zoning, building and safety inspection, lighting, and culture and recreation.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Town is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements, in preparing its government-wide financial statements.

The more significant accounting policies established by GAAP and used by the Town in preparing its government-wide and fund financial statements are discussed below.

1. The Reporting Entity

The Town, for financial purposes, includes all of the funds relevant to the operations of the Town of LaGrange, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Under these criteria, no other entities are included in the Town's financial statements.

2. Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type activities. The Town's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Town's water services are also classified as governmental activities since user fees are not intended to cover all costs including depreciation.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions or activities. The functions are also supported by general government revenues (property and sales taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs are normally covered by general revenue (property, sales or mortgage taxes, intergovernmental revenues, interest income, etc).

This government-wide format focuses more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

3. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The following fund types are used by the Town:

A. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

The following is a description of the governmental funds of the Town:

1. **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund and is presented separately.
2. **Highway Fund** is used to record the revenues and expenditures related to the maintenance of Town roadways. The Highway Fund is considered a major fund and is presented separately.
3. **Water Fund** is used to record the revenues and expenditures related to the delivery of water services to the Town's customers. The Water Fund is considered a major fund and is presented separately.
4. **Capital Projects Fund** is used to account for financial resources to be used for the acquisition and construction of major capital facilities. The Capital Projects Fund is considered a major fund and is presented separately.
5. **Non-major funds** are used to account for the proceeds of other specific revenue sources that are legally restricted to expenditures for specified purposes.

B. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee 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.

The Town's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

A. Accrual

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

5. Financial Statement Amounts

A. Cash and Investments

Cash includes amounts in demand and time deposits, as well as short-term investments. State statutes and the Town's own written investment policy govern the investment policies of the Town. Special time deposits and certificates of deposit not covered by Federal Deposit Insurance must be collateralized by the banking institutions with investments governed under state statutes.

The cash and investments of the Town at December 31, 2009, are as follows:

	GENERAL <u>FUND</u>	HIGHWAY <u>FUND</u>	WATER <u>FUND</u>	CAPITAL PROJECTS <u>FUND</u>	NON- MAJOR <u>FUNDS</u>	<u>TOTAL</u>
Non-Interest						
Bearing Accounts	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 600
Interest Bearing						
Accounts	<u>588,520</u>	<u>347,679</u>	<u>693,414</u>	<u>1,633,782</u>	<u>470,013</u>	<u>3,733,408</u>
TOTALS	<u>\$ 589,120</u>	<u>\$ 347,679</u>	<u>\$ 693,414</u>	<u>\$ 1,633,782</u>	<u>\$ 470,013</u>	<u>\$ 3,734,008</u>

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these Notes. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Town or its agent in the Town's name. The Town's cash balances were fully collateralized with securities held by the Town's third party custodian and not subject to custodial credit risk.

B. Inventories

Inventories consist of significant expendable supplies, primarily sand and road salt, and are carried at cost in the government-wide financial statements.

C. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Costs associated with capital projects which are not complete, are capitalized as Construction In Progress. No depreciation is recorded until the project is complete and the asset is placed in service. Depreciation on all other assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Infrastructure	25-40 years
Machinery and Equipment	3-15 years
Improvements	15-40 years

D. Accumulated Compensated Absences

Vacation, sick and personal days are accumulated at an individual rate for employees of the Town. The Town accrues a liability for compensated absences which meet the following criteria:

1. The Town's obligations relating to employees' rights to compensation for future absences is attributable to employee's services already rendered;
2. The obligation relates to rights that vest or accumulate;
3. Payment of the compensation is probable;
4. The amount can be reasonably estimated.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

D. Accumulated Compensated Absences (Cont'd)

In accordance with the above criteria, the Town has accrued a liability for vacation and sick time which has been earned and not taken by Town employees as of December 31, 2009, in the amount of \$269,597. This liability represents a reconciling item between the fund and government-wide presentations. It is estimated that an insignificant amount will be expended in the next fiscal year.

E. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Balances and transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

F. Budgets

The Town employs formal budgetary accounting as a management tool, on a basis consistent with generally accepted accounting procedures. During the year, a budget was adopted and modified by the Town Board for the General Fund and Non-major Funds. Budgetary controls are established or adopted for the Capital Projects Fund on a project basis. Unused appropriations of the annually budgeted funds lapse at the end of the year.

G. Pension Plans

Plan Description

The Town of LaGrange participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

Plan Description (Cont'd)

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	ERS
2009	\$ 160,729
2008	\$ 177,277
2007	\$ 182,140

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

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

H. Other Post Employment Benefits

The cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid, which is the accrual accounting perspective. In adopting the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for the year ended December 31, 2009 on a prospective basis, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years. The Town calculated its annual required contribution (ARC) and related information using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than 100 total plan members. The source for all significant assumptions used in the calculation is based on Town records relating to health care costs and plan participant data. The Town has prospectively implemented GASB No. 45.

The Town provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the Town. This plan is a single employer plan, established by authority of the Town Board and administered by the Town. Currently, there are approximately 14 retirees or beneficiaries receiving post employment benefits. Based on the current employment policy, the retiree and his or her beneficiaries receive coverage for the life of the retiree based on the retiree's years of service at retirement. A copy of the report on these benefits can be requested at Town Hall. A summary of benefits is as follows:

Contracts	% Paid by Town	
	Retiree	Spouse
CSEA -		
Retirees hired prior to 1/1/06	100%	50%
Retirees hired post 1/1/06		
62 or older, 30 years of service	90%	90%
55-62 years old, 30 years of service	80%	80%
62 or older, 20 years of service	80%	80%
59-62 years old, 20 years of service	75%	75%
55-59 years old, 20 years of service	70%	70%

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

H. Other Post Employment Benefits (Cont'd)

Contracts	% Paid by Town	
	Retiree	Spouse
Non Union		
Retirees hired prior to 1/1/06	100%	50%
Retirees hired post 1/1/06		
62 or older, 30 years of service	90%	90%
55-62 years old, 30 years of service	80%	80%
62 or older, 20 years of service	80%	80%
59-62 years old, 20 years of service	75%	75%
55-59 years old, 20 years of service	70%	70%

Funding Policy

The Town provides funding on the pay-as-you-go method by payment of current insurance premiums. Currently, New York's General Municipal Law does not permit funding of the OPEB obligation, therefore there are no plan assets.

Annual Other Postemployment Benefit Cost

The Town's OPEB cost (expense) amounted to \$251,924 for the year ended December 31, 2009. The Town's OPEB cost was equal to the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 less the amount that the Town paid in the current year for retirees. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs plus a past service cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

H. Other Post Employment Benefits (Cont'd)

Annual Other Postemployment Benefit Cost

Actuarial Accrued Liability (AAL)	
Covered Employees	\$ 3,118,899
Total Actuarial Accrued Liability	<u>\$ 3,118,899</u>
Past Service Costs	\$ 190,370
Normal Costs	122,915
Annual Required Contribution (ARC)	<u>\$ 313,285</u>
Net OPEB Obligation - beginning of the year	\$ -
Annual OPEB cost	313,285
Actual Employer Contributions*	(61,361)
Net OPEB Obligation - end of the year	<u>\$ 251,924</u>
Percent of annual OPEB cost contributed	19.59%

*This contribution is the pay-as-you-go amount, as an actual plan has not been established, see Funding Policy.

Net Other Postemployment Benefit Obligation

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the trend of health care costs. Amounts determined regarding the funding status of the plan and the required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value for plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

H. Other Post Employment Benefits (Cont'd)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2009 actuarial valuation, the liabilities were computed using the entry age actuarial cost method and level percentage of payroll amortization. The actuarial assumptions utilized a 3% baseline discount rate. The valuation assumes the following rates of increase in health care costs:

<u>Fiscal</u> <u>Year</u>	<u>Medical</u>	<u>Prescription</u> <u>Drug</u>	<u>Dental</u>	<u>Vision</u>
Year 1	8.00%	8.00%	3.50%	3.00%
Year 2	7.00%	7.00%	3.00%	3.00%
Year 3	6.00%	7.00%	3.00%	3.00%
Year 4	5.50%	5.50%	3.00%	3.00%
Year 5	5.30%	5.30%	3.00%	3.00%
Year 6	5.20%	5.20%	3.00%	3.00%
Year 7	5.20%	5.20%	3.00%	3.00%
Year 8	5.20%	5.20%	3.00%	3.00%
Year 9	5.20%	5.20%	3.00%	3.00%
Year 10+	4.70%	4.70%	3.00%	3.00%

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

H. Other Post Employment Benefits (Cont'd)

Actuarial Methods and Assumptions (Cont'd)

	<u>Medical</u>	Prescription <u>Drug</u>	<u>Dental</u>	<u>Vision</u>
Healthcare cost trend rate assumed for next fiscal year	7.00%	7.00%	3.00%	3.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.70%	4.70%	3.00%	3.00%
Fiscal year that the rate reaches the ultimate trend rate	2019	2019	2019	2019

I. Property Taxes

The Town submits an approved budget to the Dutchess County Commissioner of Finance by December 5th of the previous year. The County then establishes the warrant for the year which is due and payable on or about January 1 of each year. The Town collects the taxes on behalf of the Town and County without penalty through February 28th and with penalties and interest through May 31st. The Town's portion of the taxes is recognized and transferred prior to the County's portion. Therefore, the Town receives its entire tax, leaving the unpaids to be collected by the County Commissioner of Finance.

J. Long-Term Liabilities – Governmental Funds

Long-Term Debt is only recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE A - Summary of Significant Accounting Policies (Cont'd)

K. Reservations of Fund Equity

The Town records indicate that portions of fund equity are segregated for specific future uses. The following provides the description and amounts of all reserves used by the Town.

L. Risk Management

The Town of LaGrange assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. 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. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. The Town does not estimate claims which may have occurred but are not reported in areas where the Town is not insured.

M. Use of Estimates

The preparation of basic 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 amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE B - Other Receivables

Other Receivables at December 31, 2009 consist of the following:

	<u>GENERAL FUNDS</u>	<u>WATER FUND</u>	<u>NON- MAJOR FUND</u>	<u>TOTAL</u>
Accounts Receivable	\$ 163,872	\$ -	\$ 39,479	\$ 203,351
Rents Receivable	-	111,737	76,251	187,988
Totals	<u>\$ 163,872</u>	<u>\$ 111,737</u>	<u>\$ 115,730</u>	<u>\$ 391,339</u>

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE C - Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds as of December 31, 2009. These inter-fund balances have been eliminated as part of the aggregation of fund balances. Such balances arise through the use of a pooled cash disbursement account and the temporary funding of capital projects.

	<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>
General Fund	\$ 79,219	\$ 110,799
Highway Fund	104,159	83
Water Fund	5,716	51,325
Capital Projects	-	18,698
Non-Major Fund:	5,476	13,665
TOTALS	<u>\$ 194,570</u>	<u>\$ 194,570</u>

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
Water Fund	\$ 601,528	\$ -
Capital Projects	350,019	951,547
TOTALS	<u>\$ 951,547</u>	<u>\$ 951,547</u>

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE D - Capital Assets

The following is a summary of changes to the Capital Assets for the year ended December 31, 2009:

	BALANCE			BALANCE
	JANUARY 1,			DECEMBER 31,
Governmental activities:	<u>2009</u>	<u>ADDITIONS</u>	<u>(DISPOSALS)</u>	<u>2009</u>
Land	\$ 1,518,842	\$ -	\$ -	\$ 1,518,842
Buildings	1,458,056	-	-	1,458,056
Improvements other than buildings	890,772	-	-	890,772
Infrastructure	14,820,242	612,293	-	15,432,535
Machinery & equipment	4,200,305	227,986	(18,352)	4,409,939
Construction in progress	16,587,427	255,308	(597,917)	16,244,818
Total	<u>39,475,644</u>	<u>1,095,587</u>	<u>(616,269)</u>	<u>39,954,962</u>
Less accumulated depreciation:				
Buildings	801,731	32,210	-	833,941
Improvements other than buildings	551,141	36,609	-	587,750
Infrastructure	2,365,084	331,075	-	2,696,159
Machinery & equipment	2,519,389	309,976	(10,131)	2,819,234
Total accumulated depreciation	<u>6,237,345</u>	<u>709,870</u>	<u>(10,131)</u>	<u>6,937,084</u>
Governmental activities capital assets, net	<u>\$ 33,238,299</u>	<u>\$ 385,717</u>	<u>\$ (606,138)</u>	<u>\$ 33,017,878</u>

*Depreciation was charged to governmental activities as follows:

General government support	\$ 32,145
Transportation	270,838
Culture & recreation	81,374
Home & community service	325,513
Total depreciation expense	<u>\$ 709,870</u>

NOTE E – Bond Anticipation Notes Payable

Bond Anticipation Notes can be issued for any purpose for which bonds are authorized, and are generally accounted for in the Capital Projects Fund, since maturities cannot exceed one year. Local finance law allows the notes to be renewed, up to five years for capital purposes and up to the period of probable usefulness for assessable improvements, provided that stipulated annual reductions of principal are made.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE E – Bond Anticipation Notes Payable (Cont'd)

Changes in Bond Anticipation Notes Payable as of December 31, 2009, are as follows:

	BALANCE				BALANCE
	JANUARY 1,	NEW			DECEMBER 31,
	<u>2009</u>	<u>ISSUES</u>	<u>REFINANCED</u>	<u>PAYMENTS</u>	<u>2009</u>
Bond Anticipation Notes Payable	\$ 7,239,995	\$ 525,000	\$ -	\$ (679,422)	\$ 7,085,573
TOTALS	<u>\$ 7,239,995</u>	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ (679,422)</u>	<u>\$ 7,085,573</u>

The Bond Anticipation Notes outstanding as of December 31, 2009, are as follows:

	ORIGINAL			AMOUNT	
	ISSUE	MATURITY	INTEREST	ORIGINAL	AT
<u>PURPOSE</u>	<u>DATE</u>	<u>DATE</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>DECEMBER 31,</u>
				<u>OF ISSUE</u>	<u>2009</u>
Proposed Manchester Water Dist	2/16/01	02/05/10	3.51%	80,000	52,000
Titusville Sewer Improvements	10/4/01	09/24/10	3.95%	108,000	68,000
Grandview Emerg. Power/Alarms	12/14/01	12/03/10	3.82%	50,000	30,000
2001 Titusville Sewer Improv.	12/14/01	12/03/10	3.82%	95,150	55,150
Grandview Water District Improv.	3/14/03	03/05/10	3.82%	30,000	12,000
Grandview Water Tank Replace.	11/19/04	11/12/10	3.88%	55,200	44,160
Dutchess County Landfill Closure	9/19/05	09/15/10	3.74%	300,000	60,000
Highway Dump Trucks	9/19/05	09/15/10	3.74%	247,000	49,400
Comprehensive Plan	11/18/05	11/12/10	3.88%	80,000	20,000
Highway Equipment	2/10/06	02/05/10	3.46%	308,986	123,595
Revaluation	5/17/06	05/14/10	3.71%	197,800	79,120
Sleight Farm/Frank Farm Sewer	6/28/06	06/25/10	3.92%	859,565	730,630
Mapleview Water	7/28/06	07/23/10	3.91%	545,000	463,250
Hartstone Trunk Sewer	8/25/06	08/20/10	3.85%	20,000	10,000
Titusville Sewer Plant	1/10/07	01/08/10	3.67%	1,965,000	1,866,750

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE E – Bond Anticipation Notes Payable (Cont'd)

<u>PURPOSE</u>	ORIGINAL			INTEREST	AMOUNT	
	<u>ISSUE</u>	<u>MATURITY</u>	<u>DATE</u>		<u>ORIGINAL</u>	<u>OUTSTANDING</u>
	<u>DATE</u>	<u>DATE</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>AT</u>	<u>DECEMBER 31,</u>
				<u>OF ISSUE</u>	<u>2009</u>	
Highway/Parks Equipment	6/18/07	06/17/10	3.98%	98,066		58,840
T.C. Sewer Improvement Area	6/19/07	06/17/10	3.25%	800,000		778,948
Comprehensive Plan	10/16/07	10/14/10	3.04%	50,000		30,000
Excess Sewage Facilities	4/25/08	04/23/10	2.99%	1,174,189		1,144,834
Manchester Water District Improvements	6/5/08	06/04/10	2.77%	186,543		181,880
2008 Computer Equipment Purchase	6/5/08	06/04/10	2.77%	21,750		17,400
2008 Highway/Parks Equipment	6/5/08	06/04/10	2.77%	347,899		278,319
Titusville Sewer 2nd Module	4/25/08	04/24/10	3.00%	60,000		48,000
Town Hall Repairs	2/18/09	02/18/10	3.50%	80,000		80,000
Deerfield Booster Pump Station	4/24/09	04/23/10	2.99%	265,000		265,000
Rolling Meadows Ext. of Titusville Sewer	7/24/09	07/23/10	2.91%	20,000		20,000
Proposed Manchester Sewer District	9/25/09	09/24/10	2.77%	160,000		160,000
TOTALS				<u>\$ 8,603,256</u>		<u>\$ 7,085,573</u>

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE F - Long Term Liabilities

1. Statutory Installment Bonds Payable

The Town may borrow an amount in the form of a statutory bond not to exceed \$1,000,000 for any purpose, which has a period of probable usefulness. These long-term liabilities are recorded as follows:

<u>PURPOSE</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>INTEREST</u>	<u>ORIGINAL</u>	<u>AMOUNT</u>
	<u>ISSUE</u>	<u>MATURITY</u>		<u>AMOUNT</u>	<u>OF ISSUE</u>
	<u>DATE</u>	<u>DATE</u>	<u>RATE</u>		<u>AT</u>
					<u>DECEMBER 31,</u>
					<u>2009</u>
2000 Recreation Land Purchase	01/07/00	01/07/15	4.750%	268,400	107,360
2000 Backhoe/Loader	02/25/00	02/25/10	5.000%	92,825	9,282
2000 Highway Equipment	04/20/00	04/20/10	5.250%	177,869	16,913
2000 Highway Reconstruction	06/23/00	06/23/10	5.750%	250,000	25,000
2001 Highway Sweeper	06/12/01	06/12/11	5.140%	149,800	29,960
2001 Road Reconstruction	06/12/01	06/12/11	5.140%	100,000	20,000
2002 Road Reconstruction	05/15/02	05/15/12	4.880%	225,000	67,500
2003 Road Reconstruction	09/24/03	09/24/13	4.500%	150,000	60,000
2004 Road Reconstruction	05/27/04	05/27/14	4.660%	150,000	75,000
2006 Highway Equipment	09/29/06	09/29/11	4.300%	50,000	20,000
2006 Road Reconstruction	10/05/06	10/05/16	4.060%	300,000	210,000
Dutch. Cty. Joint Landfill Closure	11/16/07	11/16/17	5.090%	360,000	288,000
2007 Road Bond	10/16/07	10/16/17	4.500%	200,000	160,000
Total Statutory Installment Bonds				\$ 2,473,894	\$ 1,089,015

2. Serial Bonds Payable

Serial Bonds may be issued for any object or purpose for which a period of probable usefulness has been established. The Serial Bonds Payable, as of December 31, 2009, are as follows:

<u>PURPOSE</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>INTEREST</u>	<u>ORIGINAL</u>	<u>AMOUNT</u>
	<u>ISSUE</u>	<u>MATURITY</u>		<u>AMOUNT</u>	<u>OF ISSUE</u>
	<u>DATE</u>	<u>DATE</u>	<u>RATE</u>		<u>AT</u>
					<u>DECEMBER 31,</u>
					<u>2009</u>
1992 Southwest Water Extension	09/23/92	09/23/12	5.82%-6.47%	447,000	67,050
1999 Consolidated Bond	03/01/99	03/01/17	4.320%	2,666,000	1,080,000

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE F - Long Term Liabilities (Cont'd)

2. Serial Bonds Payable

<u>PURPOSE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>FINAL MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>ORIGINAL AMOUNT OF ISSUE</u>	<u>AMOUNT OUTSTANDING AT DECEMBER 31, 2009</u>
2001Stringham Park Improvements	05/11/01	05/11/11	5.000%	225,000	50,000
2003 Manchester Water District	12/23/03	10/01/17	4.160%	10,044,500	8,030,000
2005 Road Reconstruction	09/19/05	09/15/15	4.450%	150,000	90,000
2006 Public Improvement	03/01/06	09/15/15	3.865%	5,176,500	4,730,000
Total Serial Bonds				18,709,000	14,047,050
TOTAL BONDS PAYABLE				\$ 21,182,894	\$ 15,136,065

3. Debt Service Requirements

The Town paid interest on Serial Bond Debt Service of \$659,958 for the year ended December 31, 2009.

The annual requirements to amortize bonded debt, as of December 31, 2009, are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	1,059,918	620,531	1,680,449
2011	1,043,724	577,507	1,621,231
2012	988,744	371,288	1,360,032
2013	978,893	492,155	1,471,048
2014	973,893	422,611	1,396,504
2015-2019	4,575,893	1,601,974	6,177,867
2020-2024	4,245,000	714,096	4,959,096
2025-2026	1,270,000	78,325	1,348,325
TOTALS	\$ 15,136,065	\$ 4,878,487	\$ 20,014,552

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE F - Long Term Liabilities (Cont'd)

4. Changes

The changes in the Town's long-term indebtedness during the year ended December 31, 2009, are summarized as follows:

	BALANCE JANUARY 1, <u>2009</u>	<u>INCREASE</u>	<u>(DECREASE)</u>	BALANCE DECEMBER 31, <u>2009</u>	AMOUNTS DUE WITHIN <u>ONE YEAR</u>
Statutory Installment Bonds	\$ 1,406,524	\$ -	\$ (317,509)	\$ 1,089,015	\$ 265,069
Serial Bonds	14,859,400	-	(812,350)	14,047,050	817,350
Total Bonds Payable	16,265,924	-	(1,129,859)	15,136,065	1,082,419
Compensated Absences	272,842	-	(3,245)	269,597	-
Landfill remediation liabilities	159,933	-	(6,090)	153,843	5,510
TOTALS	\$ 32,964,623	\$ -	\$ (1,139,194)	\$ 30,695,570	\$ 1,087,929

NOTE G - Capital Leases

As of December 31, 2009, the Town has capital leases for various highway equipment and vehicles, and general office equipment, with a total asset cost of \$509,322. These leases are considered to be capital leases for accounting purposes, wherein, at the end of the lease the Town may purchase the asset for a nominal amount. At December 31, 2009, the annual capital lease payments are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>CAPITAL LEASES</u>
2010	\$ 66,717
2011	66,717
2012	66,717
2013	58,384
2014	58,381
After 2014	175,143
	492,059
Less: Interest portion	(82,273)
Total minimum lease payments	<u>\$ 409,786</u>

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE H – Operating Leases

The Town entered into an operating lease in September 2008 for a copier. Total rental payments for the copier for the year ended December 31, 2009 amounted to \$9,330. Future minimum rental payments are as follows:

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>OPERATING</u> <u>LEASES</u>
2010	\$ 9,330
2011	9,330
2012	9,330
2013	6,997
2014	-
After 2014	-
	\$ 34,987

NOTE I - Contingent Liabilities

1. Legal Actions

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of management, the resolution of these cases and lawsuits will not have a material adverse effect on the financial condition of the Town.

2. Grant Programs

The Town has in prior years received, or is owed, amounts from grantor agencies, principally the United States Environmental Protection Agency. Any allowed claims, including amounts already collected, may constitute a future liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time.

NOTE J - Poughkeepsie, Wappinger, LaGrange Joint Landfill

The Town has shared in the monitoring costs of a closed landfill, the Poughkeepsie-Wappinger-LaGrange Joint Landfill. This joint activity includes the City and Town of Poughkeepsie, New York, the Village of Wappingers Falls, New York, and the Town of Wappinger, New York, as well as the Town of LaGrange. All costs associated with monitoring are recognized as incurred. The Town's share of monitoring costs, for the year ended December 31, 2009, amounted to \$6,090.

**TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009**

NOTE J - Poughkeepsie, Wappinger, LaGrange Joint Landfill (Cont'd)

The following is a summary of unaudited financial information at December 31, 2009, which is included in the separate financial statements available from the Joint Landfill Board of Governors, Town of Poughkeepsie, One Overocker Road, Poughkeepsie, New York, 12603:

Total Assets (excluding fixed assets)	<u>\$ 148,413</u>
Total Liabilities	<u>\$ -</u>
Total Venture Equity	<u>\$ 148,413</u>
Total Revenues	<u>\$ 60,249</u>
Total Expenditures	<u>\$ 52,252</u>

During 2002, violations were documented at the landfill and in 2003 an Order of Consent was issued through the New York State Department of Environmental Conservation to remediate Environmental Conservation Law and New York Codes Rule and Regulations violations. To comply with this order the municipalities was required to perform final closure of the landfill under current regulations by December 31, 2006 and perform post closure care and monitoring for a minimum of thirty years thereafter. The estimated cost of final closure is \$10,000,000.

All costs will be borne proportionately by each municipality; the Town of LaGrange's share is 9.50%. Initial funding came from the issuance of debt by each municipality. The Town of LaGrange has issued \$900,000 in bond anticipation notes to finance its share of the closure costs. The municipalities have applied for a grant through the NYSDEC's LCSAP program to the extent of \$2,000,000 which will be refunded to the participant municipalities when received.

Post closure and monitoring costs, which commenced in 2007 and will continue for 30 years, are estimated to amount to \$1,619,400, with the Town's share being \$153,843. \$5,510 of this amount will be due in 2010. Actual costs may be higher due to changes in inflation rates, in technology or in regulations.

NOTE K - Legal Compliance

Deficit Fund Balances

As of December 31, 2008 the Capital Projects Fund had deficit fund balances of (\$5,656,654). This deficit in the Capital Projects Fund is primarily due to the temporary funding of capital projects with short-term debt. When this debt is re-financed as long-term debt or re-paid, revenue will be recognized and the deficit will be covered.

TOWN OF LAGRANGE, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
DECEMBER 31, 2009

NOTE L – Subsequent Events

New Debt

The Town has authorized and/or issued the following new debt:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>AMOUNT</u>
Bond Anticipation Notes:		
Demolition of De-comissioned Structure in Titusville Sewer District	08/12/10	\$ 200,000
Various Purchases in and for the Town	04/14/10	20,450
Various Purchases in and for the Town	02/24/10	462,282
Total		<u>\$ 682,732</u>

NOTE M – Prior Period Adjustment

For the period ending December 31, 2009, a prior period adjustment has been made to reclassify the liability balance of a Bond Anticipation Note from the Sewer Fund to the Capital Projects Fund. The effect of this change is a \$73,000 decrease in beginning fund balance in the Capital Projects Fund and a \$73,000 increase in beginning fund balance in the Sewer Fund. The effect on prior year operations is a \$5,000 overstatement of revenues in the Sewer Fund and a \$5,000 understatement of revenues in the Capital Projects fund in the governmental fund financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**TOWN OF LAGRANGE, NEW YORK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	\$ 1,311,053	\$ 1,311,053	\$ 1,311,136	\$ 83
Real property tax items	69,000	69,000	45,226	(23,774)
Non property tax items	930,000	930,000	950,062	20,062
Departmental income	332,220	332,220	270,426	(61,794)
Use of money and property	20,000	20,000	26,764	6,764
Licenses and permits	166,565	166,565	157,572	(8,993)
Fines and forfeitures	242,592	372,341	416,721	44,380
Sale of property and compensation for loss	-	19,825	13,412	(6,413)
Miscellaneous local sources	-	-	3,129	3,129
Interfund revenues	63,528	63,528	63,528	-
State aid	645,000	645,000	554,372	(90,628)
Federal aid	-	-	-	-
Total revenues	<u>3,779,958</u>	<u>3,929,532</u>	<u>3,812,348</u>	<u>(117,184)</u>
Appropriation of prior year's fund balance	<u>130,000</u>	<u>142,181</u>	<u>108,609</u>	<u>(33,572)</u>
Total revenues and appropriation of prior year's fund balance	<u>3,909,958</u>	<u>4,071,713</u>	<u>3,920,957</u>	<u>(150,756)</u>
EXPENDITURES AND ENCUMBRANCES				
General Government Support	1,250,666	1,279,363	1,262,836	16,527
Public safety	25,629	26,372	25,928	444
Health	3,000	3,000	3,000	-
Transportation	200,371	196,622	175,652	20,970
Economic assistance & opportunity	25,400	25,400	24,002	1,398
Culture and recreation	1,219,029	1,277,435	1,246,411	31,024
Home and community service	301,159	314,698	275,692	39,006
Employee benefits	496,766	495,332	466,438	28,894
Debt service	387,938	453,491	440,998	12,493
Total expenditures and encumbrances	<u>3,909,958</u>	<u>4,071,713</u>	<u>3,920,957</u>	<u>150,756</u>
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	-	-
Other financing sources and (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues, appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Explanation of Differences between Budgetary and GAAP Basis:				
Excess of revenues over/(under) expenditures - Budgetary basis			\$ -	
Revenues do not include appropriations of fund balance			(108,609)	
Expenditures do not include encumbrances			-	
(Deficiency) of revenues under expenditures - GAAP basis			<u>\$ (108,609)</u>	

See independent auditor's report

**TOWN OF LAGRANGE, NEW YORK
BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real property taxes	\$ 3,042,971	\$ 3,042,971	\$ 3,042,971	\$ -
Real property tax items	-	-	-	-
Non property tax items	-	-	-	-
Departmental income	-	-	-	-
Use of money and property	20,000	20,000	18,651	(1,349)
Licenses and permits	2,000	2,000	7,600	5,600
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	2,000	2,000	9,999	7,999
Miscellaneous local sources	-	-	985	985
Interfund revenues	20,000	20,000	2,425	(17,575)
State aid	147,841	147,841	-	(147,841)
Federal aid	-	-	-	-
Total revenues	3,234,812	3,234,812	3,082,631	(152,181)
Appropriation of prior year's fund balance	190,000	190,000	68,860	(121,140)
Total revenues and appropriation of prior year's fund balance	3,424,812	3,424,812	3,151,491	(273,321)
EXPENDITURES AND ENCUMBRANCES				
General Government Support	-	-	2,534	(2,534)
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	2,285,007	2,285,007	2,011,004	274,003
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	-	-	-	-
Employee benefits	555,955	495,680	494,817	863
Debt service	583,850	644,125	643,136	989
Total expenditures and encumbrances	3,424,812	3,424,812	3,151,491	273,321
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	-	-
Other financing sources and (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues, appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other (uses)	\$ -	\$ -	\$ -	\$ -
Explanation of Differences between Budgetary and GAAP Basis:				
Excess of revenues over/(under) expenditures - Budgetary basis			\$ -	
Revenues do not include appropriations of fund balance			(68,860)	
Expenditures do not include encumbrances			-	
Excess (Deficiency) of revenues under expenditures - GAAP basis			\$ (68,860)	

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**TOWN OF LAGRANGE, NEW YORK
BUDGETARY COMPARISON SCHEDULE
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Real property taxes	\$ 1,191,425	\$ 891,425	\$ 891,425	\$ -
Real property tax items	-	-	1,882	1,882
Non property tax items	-	-	-	-
Departmental income	547,013	547,013	536,103	(10,910)
Use of money and property	-	-	16,276	16,276
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	-	-	-	-
Miscellaneous local sources	-	-	20	20
Interfund revenues	-	-	-	-
State aid	-	-	-	-
Federal aid	-	-	-	-
Total revenues	<u>1,738,438</u>	<u>1,438,438</u>	<u>1,445,706</u>	<u>7,268</u>
Appropriation of prior year's fund balance	-	300,000	-	(300,000)
Total revenues and appropriation of prior year's fund balance	<u>1,738,438</u>	<u>1,738,438</u>	<u>1,445,706</u>	<u>(292,732)</u>
EXPENDITURES AND ENCUMBRANCES				
General Government Support	-	-	9,307	(9,307)
Public safety	-	-	-	-
Health	-	-	-	-
Transportation	-	-	-	-
Economic assistance & opportunity	-	-	-	-
Culture and recreation	-	-	-	-
Home and community service	547,013	546,980	522,236	24,744
Employee benefits	-	-	-	-
Debt service	1,191,425	1,191,458	1,191,376	82
Total expenditures and encumbrances	<u>1,738,438</u>	<u>1,738,438</u>	<u>1,722,919</u>	<u>15,519</u>
Excess (deficiency) of revenues and appropriation of prior year's fund balance over (under) expenditures and encumbrances	-	-	(277,213)	(277,213)
Other financing sources and (uses):				
Operating transfers in	-	-	601,528	601,528
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>601,528</u>	<u>601,528</u>
Excess (deficiency) of revenues, appropriation of prior year's fund balance and other sources over (under) expenditures, encumbrances and other (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,315</u>	<u>\$ 324,315</u>
Explanation of Differences between Budgetary and GAAP Basis:				
Excess of revenues over/(under) expenditures - Budgetary basis			\$ 324,315	
Revenues do not include appropriations of fund balance			-	
Expenditures do not include encumbrances			-	
Excess (Deficiency) of revenues under expenditures - GAAP basis			<u>\$ 324,315</u>	

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**TOWN OF LAGRANGE, NEW YORK
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2009**

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2009	12/31/2009	\$ -	\$ 3,118,899	\$ 3,118,899	0.0%	\$ 2,153,150	144.85%

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