

TOWN OF SOUTHEAST
FINANCIAL STATEMENT AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2007
WITH INDEPENDENT AUDITORS' REPORTS

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April 18, 2008

To The Honorable Supervisor and
Town Board of the Town of
Southeast, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southeast, 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 the Town's management. Our responsibility is to express opinions on these basic 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and signification 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 of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southeast, New York as of December 31, 2007 and respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We 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 Southeast, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Southeast, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Saverio L. Terenzi, C.P.A. & Associates

**Town of Southeast, New York
Management's Discussion and Analysis (MD&A)
December 31, 2007**

Introduction

As management of the Town of Southeast, New York ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2007. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the Town's financial performance.

Financial Highlights

- On the government-wide financial statements, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$22,450,136.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,492,541.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,039,271.
- The Town issued \$2,370,000 in serial bonds during the current fiscal year to finance the cost of capital projects.

Overview of the Financial Statements

The Town's financial statements are composed of this Management Discussion and Analysis (MD&A) and the basic financial statements. This discussion and analysis serves an introduction to the basic financial statements. The MD&A provides analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also included other supplementary information as listed in the table of contents.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected property taxes).

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains seven individual governmental funds: the General Fund, General Outside Village, Highway General, Highway Outside Village, Special Revenue, Debt Service and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all funds. All funds are considered to be major funds.

The Town adopts annual budgets for the General Fund, General Outside Village, Highway General and Highway Outside Village. Budgetary comparison statements have been provided for this fund within the basic financial statements to demonstrate compliance with the respective budget.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support Town programs. The Town maintains one type of fiduciary fund, the Agency Fund. Resources are held in the Agency Fund by the Town purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

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

Notes to the Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include schedules of budget to actual comparisons.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by \$22,450,136 at the close of the most recent fiscal year.

The following table reflects the condensed Statement of Net Assets:

Net Assets December 31 2007

Current Assets	\$ 8,161,740
Capital Assets, net	<u>23,286,944</u>
Total Assets	<u>31,448,684</u>
Current Liabilities	1,228,607
Long-term Liabilities	<u>7,769,941</u>
Total Liabilities	<u>8,998,548</u>
Net Assets:	
Invested in Capital Assets	15,517,003
net of related debt	1,072,722
Restricted	<u>5,860,411</u>
Unrestricted	
Total Net Assets	<u>\$22,450,136</u>

The largest portion of the Town's net assets is its investment in capital assets (land, buildings and improvements, machinery and equipment and infrastructure), less any related debt outstanding that was used to acquire those assets. The Town uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The unrestricted net assets of \$1,087,082 are for capital projects.

The remaining balance is unrestricted net assets of \$4,773,329.

Changes in Net Assets December 31 2007

General Revenues:	\$ 4,294,539
Real property taxes	243,253
Other tax items	4,364,762
Department income	405,051
Use of money and property	4,012
Licenses and permits	446,808
Fines and forfeitures	1,658,750
State Aid	302,983
Miscellaneous	3,046,810
Proceeds from bonds	<u>\$14,766,968</u>
Total Revenues	
 Program Expenses	 2,177,068
General government support	474,187
Public Safety	4,764
Health	2,419,832
Transportation	3,252
Economic assistance	1,083,410
Cultural and recreation	3,073,832
Home and community services	1,391,869
Employee benefits	
Debt Service	968,710
Principal	252,057
Interest	4,510,943
Capital Outlay	<u>\$16,359,924</u>
Total Expenditures	
 Change in Net Assets	 <1,592,956>
 Net Assets – Beginning	 <u>8,526,089</u>
 Net Assets – Ending	 <u>\$ 6,933,133</u>

Governmental Activities

Governmental activities reduced the Town's net assets by \$1,592,956. For the fiscal year ended December 31, 2007, revenues from governmental activities totaled \$14,766,968. Departmental Income of \$4,364,762, represents the largest revenue source (30%).

The largest components of governmental activities' expenses are transportation support (15%), home and community (19%).

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$1,709,271 a decrease of \$624,117 from the prior year amount. The Fund reflects an unreserved balance of \$1,039,271. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for subsequent year's expenses.

General Fund Budgetary Highlights

When the fiscal 2007 General Fund budget was adopted, it was anticipated that expenditures would be financed from current revenues. However, actual results of operations resulted in a decrease of fund balance by \$624,117. Revenues were \$4,422,352, which was \$610,184 greater than the final budget. The major area where revenues exceeded the budget was in the State aid sub-category of mortgage tax. Expenditures were \$5,046,469 which was \$152,409 less than the final budget.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2007 amount to \$15,517,003. This investment in capital assets includes land, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets (Net of Depreciation)

Land	\$ 3,636,262
Buildings and Improvements	3,164,956
Machinery and Equipment	2,533,010
Infrastructure	<u>6,182,775</u>
Total	<u>\$15,517,003</u>

Additional information on the Town's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total bonded indebtedness of \$7,804,001. The Town issued \$2,795,000 in bonded debt and paid \$1,498,710 in principal on outstanding obligations during the current year. As required by New York State Law, all bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town.

Additional information on the Town's long-term debt can be found in Note 3 of this report.

Requests for Information

This financial report is designed to provide a general over view of the Town of Southeast, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to the Town's Supervisor's Office, Town of Southeast, 1360 Route 22, Brewster, New York 10509.

TOWN OF SOUTHEAST

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2007 (With Comparative Totals for 2006)

GOVERNMENTAL FUNDS

ASSETS

	<u>General</u>	<u>General Outside Village</u>	<u>Highway General</u>	<u>Highway Outside Village</u>	<u>Special Revenue</u>
Cash and Equivalents	\$ 1,234,466	\$ 858,348	\$ 339,012	\$ 172,654	\$ 1,441,468
Other Receivables:					286,459
Accounts	262,030				
Due from other funds	267,700				
Fixed Assets					
Amount to be provided for general long-term debt					
Total Assets	<u>\$ 1,764,196</u>	<u>\$ 858,348</u>	<u>\$ 339,012</u>	<u>\$ 172,654</u>	<u>\$ 1,727,927</u>

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:					
Accounts payable	54,925	75,760	84,358	2,710	315,448
Due to other funds					254,000
Guarantee and bid deposits		100,691			
Bond anticipation notes payable					
Bonds payable					
Compensated absences					
Total Liabilities	<u>54,925</u>	<u>176,451</u>	<u>84,358</u>	<u>2,710</u>	<u>569,448</u>

EQUITY AND OTHER CREDITS:

Investment in General Fixed Assets

Fund Balances <Deficit>:

Reserved - Non-expendable trusts					
Unreserved					16,500
Designated for Subsequent Year	670,000	158,310			
Expenditures - operating	<u>1,039,271</u>	<u>523,587</u>	<u>254,654</u>	<u>169,944</u>	<u>1,141,979</u>
Undesignated	<u>1,709,271</u>	<u>681,897</u>	<u>254,654</u>	<u>169,944</u>	<u>1,158,479</u>
Total Equity					
Total Liabilities and Equity	<u>\$ 1,764,196</u>	<u>\$ 858,348</u>	<u>\$ 339,012</u>	<u>\$ 172,654</u>	<u>\$ 1,727,927</u>

GOVERNMENTAL FUNDS		FIDUCIARY FUNDS		ACCOUNT GROUPS		TOTALS	
Debt Service	Capital Projects	Trust & Agency	Trust Funds	General Long-Term Debt	General Fixed Assets	2006	2005
\$ 436,543	\$ 1,201,875	\$ 129,456	\$ 1,440,592	\$	\$	\$ 7,254,414	\$ 10,188,675
						639,626	538,458
91,137						267,700	198,300
					15,517,003	15,517,003	5,691,144
				7,769,941		7,769,941	5,677,713
<u>\$ 527,680</u>	<u>\$ 1,201,875</u>	<u>\$ 129,456</u>	<u>\$ 1,440,592</u>	<u>\$ 7,769,941</u>	<u>\$ 15,517,003</u>	<u>\$ 31,448,684</u>	<u>\$ 22,294,290</u>
						707,816	862,325
96,466	36,093	42,056				267,700	198,300
	13,700					188,091	492,010
		87,400				65,000	846,710
	65,000					7,739,001	5,661,001
				7,739,001		30,940	16,712
				30,940			
<u>96,466</u>	<u>114,793</u>	<u>129,456</u>		<u>7,769,941</u>		<u>8,998,548</u>	<u>8,077,058</u>
					15,517,003	15,517,003	5,691,144
						30,000	30,000
			30,000			1,042,722	1,032,293
197,912						5,860,411	7,463,795
<u>233,302</u>	<u>1,087,082</u>		<u>1,410,592</u>			<u>22,450,136</u>	<u>14,217,232</u>
<u>431,214</u>	<u>1,087,082</u>		<u>1,440,592</u>		<u>15,517,003</u>		
<u>\$ 527,680</u>	<u>\$ 1,201,875</u>	<u>\$ 129,456</u>	<u>\$ 1,440,592</u>	<u>\$ 7,769,941</u>	<u>\$ 15,517,003</u>	<u>\$ 31,448,684</u>	<u>\$ 22,294,290</u>

TOWN OF SOUTHEAST

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

DECEMBER 31, 2007 (With Comparative Totals for 2006)

	GOVERNMENTAL FUNDS			
	General	General Outside Village	Highway General	Highway Outside Village
Revenues:	\$ 1,739,357	\$	\$ 1,077,438	\$ 1,477,744
Real property taxes	91,800	151,453		
Other tax items	465,448	389,330		
Departmental income	78,674	52,041	27,035	28,743
Use of money and property	4,012			
Licenses and permits	446,808			202,724
Fines and forfeitures	1,318,863		17,602	491
State aid	277,390			
Miscellaneous	4,422,352	592,824	1,122,075	1,709,702
Total Revenues				
Expenditures				
Current	2,164,331			
General government support	119,266	354,921		
Public safety		4,764		
Health	181,743		837,932	1,243,268
Transportation	1,952			
Economic assistance	974,384			
Cultural and recreation	101,699	291,423		
Home and community services	697,347	126,542	111,760	450,836
Employee benefits				
Debt Service:				
Principal				
Interest				
Capital Outlay	4,240,722	777,650	949,692	1,694,104
Total Expenditures				
Excess <Deficiency> of Revenues Over Expenditures	\$ 181,630	\$ (184,826)	\$ 172,383	\$ 15,598

GOVERNMENTAL FUNDS					TOTALS	
Special Revenue	Debt Service	Capital Projects	Trust Funds	General Fixed Assets	2007	2006
\$	\$	\$	\$	\$	\$	\$
					4,294,539	4,087,923
					632,583	74,622
					3,975,432	5,432,215
3,509,984		58,640	68,703		405,051	375,099
72,513	18,702				4,012	5,363
					446,808	401,039
		137,163			1,658,750	1,506,262
			7,500		302,983	1,442,892
					11,720,158	13,325,415
<u>3,582,497</u>	<u>18,702</u>	<u>195,803</u>	<u>76,203</u>			
					2,177,068	2,093,300
	12,737				474,187	367,551
					4,764	6,460
156,889					2,419,832	1,996,574
			1,300		3,252	1,728
			109,026		1,083,410	983,074
2,680,710					3,073,832	3,158,477
5,384					1,391,869	1,256,832
					968,710	779,700
	968,710				252,057	238,526
	252,057				4,510,943	1,230,287
		4,510,943			16,359,924	12,112,509
<u>2,842,983</u>	<u>1,233,504</u>	<u>4,510,943</u>	<u>110,326</u>			
\$ <u>739,514</u>	\$ <u>(1,214,802)</u>	\$ <u>(4,315,140)</u>	\$ <u>(34,123)</u>	\$	\$ <u>(4,639,766)</u>	\$ <u>1,212,906</u>

TOWN OF SOUTHEAST

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES ALL FUND TYPES
 DECEMBER 31, 2007 (With Comparative Totals for 2006)

	GOVERNMENTAL FUNDS			
	General	General Outside Village	Highway General	Highway Outside Village
OTHER FINANCING SOURCES <USES>:	\$	\$	\$	\$
Proceeds from Bond Anticipation Notes				
Operating transfers in	(805,747)	(1,100,000)	(140,995)	(9,490)
Operating transfers out	(805,747)	(1,100,000)	(140,995)	(9,490)
Total Other Financing Sources <Uses>:				
Excess <Deficiency> of Revenues and Other Sources Over Expenditures and Other Uses	(624,117)	(1,284,826)	31,388	6,108
Fund Balances <Deficits> - Beginning of Year	2,333,388	1,966,723	223,266	163,836
Prior Period Adjustment				
Fund Balances <Deficits> - End of Year	1,709,271	681,897	254,654	169,944

GOVERNMENTAL FUNDS					TOTALS	
Special Revenue	Debt Service	Capital Projects	Trust Funds	General Fixed Assets	2007	2006
\$	\$	\$ 3,046,710	\$	\$	3,046,710	\$ 948,700
	1,021,885	2,140,500			3,162,385	1,065,875
(1,068,053)		(13,000)	(25,000)		(3,162,285)	(1,065,875)
(1,068,053)	1,021,885	5,174,210	(25,000)		3,046,810	948,700
(328,539)	(192,917)	859,070	(59,123)		(1,592,956)	2,161,606
1,487,018	624,131	228,012	1,499,715		8,526,089	6,364,482
1,158,479	431,214	1,087,082	1,440,592		\$ 6,933,133	\$ 8,526,088

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies

The Town of Southeast was established in 1788 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive officer and the chief financial officer. The Town provides the following services to its residents: transportation, economic opportunity and development, culture, and recreation and general and administrative support.

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

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the town of Southeast, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which could be considered for possible inclusion in the financial statements.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. Account groups are a reporting device to account for

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)

certain assets and liabilities of governmental funds not recorded directly in those funds. The Town's resources are reflected in the financial statements in three generic fund types within two broad fund categories, as well as two groups in accordance with generally accepted accounting principles as follows:

1. Fund Categories

- a. **Governmental Funds** – Governmental Funds are those through which most general governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund – The General Fund constitutes the primary operating fund of the Town in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund – The capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- b. **Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the Town in a trustee or custodial capacity. Fiduciary funds consist of an Agency Fund which accounts for assets held by the Town on behalf of others.

2. Account Groups

Account groups are used to establish accounting control and accountability for the Town's general fixed assets and general long-term debt.

General Fixed Assets Account Group – This account group is established to account for all fixed assets.

General Long Term Debt Account Group – This account group is established to account for all long-term obligations.

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheets. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The reported unreserved fund balance is a measure of "available spendable resources".

The Agency Fund is custodial in nature and does not measure results of operations or have a measurement focus.

The modified accrual basis of accounting is followed in the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they are "measurable" and "available" to finance current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. GASB has specified the principles to be used in the recognition of real property tax revenue. These principles provide real property taxes to be recognized as revenue only when received in cash during the current period, or soon enough thereafter to be "available" to meet the obligations of the current period. The term "available" has been limited to a period not to exceed sixty days subsequent to the end of the fiscal year unless unusual circumstances are present. A one year availability period is used for revenue recognition for all other governmental fund revenues. Revenues susceptible to accrual include real property taxes, services to other governments and intergovernmental revenues. Permits, fees and other similar revenues are not susceptible to accrual because generally there are not measurable until they are received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures, under the modified accrual basis, are generally recognized when the related fund liability is incurred. An exception to this general rule is certain payments to employee retirement systems which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due.

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)**D. Budgetary Data**

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

- a) Prior to September 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before September 30th.
- c) On or before October 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.
- e) On or before November 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than November 20th.
- h) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- i) The General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis.
- j) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- k) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year.

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgeted amounts are as originally adopted, or as amended by the Town Board. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

F. Assets, Liabilities and Fund Balances

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

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

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

Investments – All investments are stated at amortized cost which approximates fair value.

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

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds – During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2007, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenditures – Prepaid expenditures consist of certain costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts are equally offset by a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

Fixed Assets – Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds and are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets are recorded at their fair market value on the date donated. No provision for depreciation is made on general fixed assets. Interest incurred during construction is not capitalized on general fixed assets. Public domain ("infrastructure") general fixed assets consisting of certain improvements, other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are excluded from general fixed assets since items are immovable and are of value only to the Town.

The cost of normal maintenance and repairs do not add to the value of the asset or materially extend asset lives are not included in the General Fixed Assets Account Group.

Long-Term Obligations – The Town records long-term debt of government funds at face value in the General Long-Term Debt Account Group. Certain other government fund obligations not expected to be financed with current available financial resources are also report in the General Long-Term Account Group.

Compensated Absences – Vested or accumulated vacation leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the respective fund that will pay it.

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)

Amounts of vested or accumulated vacation leave of governmental funds that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. In accordance with the provisions of GASB's Statement No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The liability for compensated absences includes salary related payments, when applicable.

Fund Balances – Reserves and Designations – Portions of fund balance may be segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for long-term receivables and prepaid expenditures represent portions of fund balance which are required to be segregated in accordance with generally accepted accounting principles. Designation of unreserved fund balance in governmental funds indicates the utilization of these resources in ensuing year's budget or tentative plans for future use.

G. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

H. Comparative Data

Comparative total data for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Town's financial position and operations. Certain reclassifications of prior year financial data have been made to conform with the current year presentation.

I. Total Columns in General Purpose Financial Statements

Total columns in the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)**J. Uses of Estimates**

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

Note 2 – Stewardship, Compliance and Accountability**Property Tax Limitation**

The Town is not limited as to the maximum amount of real property taxes which may be raised.

Note 3 – Detailed Notes on All Funds and Accounting Groups**A. Assets****Deposits**

The carrying amount of the Town's deposits at year-end was \$7,254,416. Of the bank balance was covered by Federal deposit insurance and was covered by collateral held by the trust department of the pledging financial institution in the Town's name.

Investments

The Town participates in a cooperative investment pool established pursuant to General Municipal Law. The sponsoring agency of the pool is another governmental unit which, acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The Town's share of these investments at December 31, 2007 was \$4,607,359. This amount represents the amortized cost of the Cooperative shares and is considered to approximate fair value. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System (CLASS).

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 3 – Detailed Notes on All Funds and Accounting Groups (Continued)**Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2007 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Capital Projects		\$ 13,700
General	\$267,700	
Special Revenue		<u>254,000</u>
	<u>\$267,700</u>	<u>\$267,700</u>

General Fixed Assets

General fixed assets consisted of the following at December 31, 2007.

Land	\$ 3,636,262
Buildings	3,164,956
Machinery and Equipment	2,533,010
Improvements	<u>6,182,775</u>
	<u>\$15,517,003</u>

2007 Liabilities**Long Term Indebtedness**

The changes in the Town's long-term indebtedness during the year ended December 31, 2007 are summarized as follows:

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
Bond Anticipation Notes	\$ 846,710	\$ 65,000	\$ 846,710	\$ 65,000
NYSEFC Loan	2,479,000		239,000	2,240,000
Serial Bonds	<u>3,182,001</u>	<u>2,730,000</u>	<u>413,000</u>	<u>5,499,001</u>
Total Bonds and Notes	6,507,711	2,795,000	1,498,710	7,804,001
Compensated Absences	<u>16,712</u>	<u>14,228</u>		<u>30,940</u>
Total Long-Term Debt	<u>\$6,524,423</u>	<u>\$2,809,228</u>	<u>\$1,498,710</u>	<u>\$7,834,941</u>

TOWN OF SOUTHEAST**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

Note 3 – Detailed Notes on All Funds and Accounting Groups (Continued)**Pension Plan**

The Town of Southeast, New York Participates in the New York State and Local Employees' Retirement System (ERS) (System). The System provides retirement, disability and death benefits to plan members. The System is a cost-sharing multiple-employer defined benefit pension plan. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Retirement System, Governor Alfred E. Smith State Office Building, Albany, New York 12224.

Funding Policy – The System is non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plan year ended March 31, 2005 are as follows:

<u>Tier/Plan</u>		<u>GTLI</u>	<u>Regular</u>
1	75GI	.4%	12.1%
2	75I	.7%	11.1%
3	A14	.4%	8.9%
4	A15	.4%	8.9%

Compensated Absences

Pursuant to the collective bargaining agreement with its employees, sick leave is not paid upon separation of service. Vacation time is generally taken in the year earned. The Town, therefore, has no liability at December 31, 2007 for unused sick and vacation leave.

TOWN OF SOUTHEAST
GENERAL FUND
STATEMENT OF REVENUES AND OTHER FINANCING
SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
REAL PROPERTY TAXES	\$ 1,739,357	\$ 1,739,357	\$ 1,739,357	\$
OTHER TAX ITEMS				
Payment in lieu of Taxes	70,000	70,000	47,963	(22,037)
Interest and penalties	40,000	40,000	43,837	3,837
	<u>110,000</u>	<u>110,000</u>	<u>91,800</u>	<u>(18,200)</u>
DEPARTMENTAL INCOME				
Tax Collector fees	5,000	5,000	14,988	9,988
Assessor fees	2,000	2,000	2,201	201
Clerk fees	25,000	25,000	21,581	(3,419)
Parking lots	6,000	6,000	6,903	903
Park and recreation fees	12,500	12,500	10,448	(2,052)
Recreation concessions	15,000	15,000	16,985	1,985
Special Recreation facility charges	160,000	160,000	178,144	18,144
Special Recreation	47,000	47,000	51,255	4,255
Lakeview Manor rental fees	130,000	130,000	160,523	30,523
Day camp	4,000	4,000	2,420	(1,580)
	<u>406,500</u>	<u>406,500</u>	<u>465,448</u>	<u>58,948</u>
USE OF MONEY AND PROPERTY				
Earnings on Investment	<u>50,000</u>	<u>50,000</u>	<u>78,674</u>	<u>28,674</u>
LICENSES AND PERMITS				
Licenses	3,820	3,820	2,312	(1,508)
Permits	1,500	1,500	1,700	200
	<u>5,320</u>	<u>5,320</u>	<u>4,012</u>	<u>(1,308)</u>
FINES AND FORFEITURES				
Fines and forfeited bails and deposits	350,000	350,000	446,808	96,808
STATE AID				
State, EOH Funds		20,600	65,465	44,865
Reval Aid	35,000	35,000	47,452	12,452
Per Capita	38,000	38,000	48,073	10,073
Mortgage tax	700,000	811,000	1,152,194	341,194
Maintenance Aid Program	5,000	5,000	5,679	679
	<u>778,000</u>	<u>909,600</u>	<u>1,318,863</u>	<u>409,263</u>
Interfund Revenue Reimbursements	215,000	215,000	202,500	(12,500)
MISCELLANEOUS				
Transfers In			292	292
Unclassified		26,391	74,598	48,207
TOTAL REVENUE AND OTHER FINANCING USES	<u>\$ 3,654,177</u>	<u>\$ 3,812,168</u>	<u>\$ 4,422,352</u>	<u>\$ 610,184</u>

TOWN OF SOUTHEAST
**GENERAL FUND
 STATEMENT OF EXPENDITURES AND OTHER
 FINANCING USES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
GENERAL GOVERNMENT				
SUPPORT				
Town Board	\$ 68,384	\$ 94,775	\$ 91,094	\$ 3,681
Town Justice	328,592	361,213	361,177	36
Supervisor	122,603	122,603	100,705	21,898
Comptroller	140,295	140,295	140,089	206
Tax collection	91,292	91,292	77,070	14,222
Budget	17,675	17,675	17,675	
Assessment	167,270	193,287	192,022	1,265
Star-Gis Program	38,244	27,744	23,260	4,484
Fiscal Agent	2,000	10,400	9,550	850
Clerk	125,397	135,697	135,508	189
Attorney	140,000	225,413	225,410	3
Engineer	45,000	45,000	39,990	5,010
Elections				
Records management	7,226	7,226	6,676	550
Building maintenance	429,802	466,969	466,454	515
Central communications	10,000	9,098	9,054	44
Central Storeroom	4,500	4,500	3,839	661
Central printing	20,000	23,053	23,053	
Insurance	165,000	165,000	146,859	18,141
Municipal dues	2,000	2,000	1,700	300
Tax refunds	23,000	23,000	11,936	11,064
Special district administration	69,146	81,329	81,210	119
Contingency	150,000	247		247
	<u>2,167,426</u>	<u>2,247,816</u>	<u>2,164,331</u>	<u>83,485</u>
PUBLIC SAFETY				
Control of dogs	61,186	61,186	59,289	1,897
Examining Boards	64,500	65,477	59,977	5,500
	<u>125,686</u>	<u>126,663</u>	<u>119,266</u>	<u>7,397</u>
TRANSPORTATION				
Supt. of Highways	178,304	178,304	174,972	3,332
Street Lighting	11,000	11,000	6,771	4,229
Off Street Parking	400	400		400
	<u>189,704</u>	<u>189,704</u>	<u>181,743</u>	<u>7,961</u>
ECONOMIC ASSISTANCE				
Veterans Service	\$ 3,000	\$ 3,000	\$ 1,952	\$ 1,048

TOWN OF SOUTHEAST
**GENERAL FUND
 STATEMENT OF EXPENDITURES AND OTHER
 FINANCING USES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
CULTURE AND RECREATION				
Recreation administration	\$ 219,751	\$ 223,783	\$ 223,202	\$ 581
Playgrounds and recreation centers	14,600	15,415	15,317	98
Joint recreation projects-day camp	148,420	142,192	139,759	2,433
Mt. Ebo recreation	20,700	14,725	13,547	1,178
Special recreation facilities – Tonetta Lake	114,800	136,193	136,158	35
Lakeview Manor	36,700	31,761	28,888	2,873
Youth programs	155,000	155,325	145,827	9,498
Museum	44,000	45,000	45,000	
Historian	1,400	1,400	1,045	355
Historical Property	300	300		300
Celebration	500	500	106	394
Adult recreation	23,000	27,866	27,865	1
Other Cultural Recreation		7,671	7,670	1
Library Costs	190,000	190,000	190,000	
	<u>969,171</u>	<u>992,131</u>	<u>974,384</u>	<u>17,747</u>
HOME AND COMMUNITY				
Environmental control	18,200	23,200	22,908	292
Refuse and garbage	25,000	26,297	26,296	1
Landfill Closure	26,500	22,037	3,022	19,015
Community beautification	6,000	26,600	22,391	4,209
Tonetta Lake Advisory	11,000	16,124	16,124	
Cemeteries	4,200	4,200	1,696	2,504
Watershed	10,000	10,000	9,262	738
	<u>100,900</u>	<u>128,458</u>	<u>101,699</u>	<u>26,759</u>
EMPLOYEE BENEFITS				
State retirement	140,000	140,000	139,147	853
Social security	139,000	143,036	143,034	2
Workman's Compensation	19,000	19,000	18,784	216
Disability insurance	4,500	7,106	6,744	362
Hospitalization	400,000	395,964	389,638	6,326
	<u>702,500</u>	<u>705,106</u>	<u>697,347</u>	<u>7,759</u>
TOTAL EXPENDITURES	<u>4,258,387</u>	<u>4,392,878</u>	<u>4,240,722</u>	<u>152,156</u>
OPERATING TRANSFER OUT	65,790	806,000	805,747	253
TOTAL OTHER FINANCING USES	<u>65,790</u>	<u>806,000</u>	<u>805,747</u>	<u>253</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,324,177</u>	<u>\$ 5,198,878</u>	<u>\$ 5,046,469</u>	<u>\$ 152,409</u>

TOWN OF SOUTHEAST
GENERAL FUND - TOWN OUTSIDE VILLAGE
STATEMENT OF REVENUES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
DEPARTMENTAL INCOME				
Cable Franchise Fees	\$ 175,000	\$ 175,000	\$ 151,453	\$ (23,547)
Zoning fees	39,500	39,500	24,250	(15,250)
Planning board fees	250,000	250,000	148,288	(101,712)
Wetland fees	2,000	2,000	1,300	(700)
Building inspector	<u>230,000</u>	<u>230,000</u>	<u>215,492</u>	<u>(14,508)</u>
	<u>696,500</u>	<u>696,500</u>	<u>540,783</u>	<u>(155,717)</u>
 EARNINGS ON INVESTMENTS	 35,000	 35,000	 52,041	 17,041
Miscellaneous				
 TOTAL REVENUES	 <u>\$ 731,500</u>	 <u>\$ 731,500</u>	 <u>\$ 592,824</u>	 <u>\$ (138,676)</u>

TOWN OF SOUTHEAST
**GENERAL FUND - TOWN OUTSIDE VILLAGE
 STATEMENT OF EXPENDITURE AND OTHER
 FINANCING USES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
PUBLIC SAFETY				
Code enforcement	\$ 92,000	\$ 93,500	\$ 93,425	\$ 75
Fire inspection	70,615	70,615	63,840	6,775
Safety inspection	185,000	206,111	197,656	8,455
	<u>347,615</u>	<u>370,226</u>	<u>354,921</u>	<u>15,305</u>
 HEALTH				
Register of vital static's	6,568	6,568	4,764	1,804
 HOME AND COMMUNITY				
Cable Television	2,000	2,000		2,000
Wetland inspector	7,050	5,050		23,400
Zoning administration	17,620	17,620	13,377	4,243
Planning	246,462	209,156	208,046	1,110
Planning Attorney		72,427	70,000	(70,000)
	<u>273,132</u>	<u>306,253</u>	<u>291,423</u>	<u>14,830</u>
 EMPLOYEE BENEFITS				
State retirement	30,000	27,500	18,310	9,190
Social security	32,500	32,500	24,599	7,901
Workman's Compensation	6,000	6,000	5,509	491
Disability insurance	2,500	2,500	225	2,275
Hospitalization	100,000	100,000	77,899	22,101
	<u>171,000</u>	<u>168,500</u>	<u>126,542</u>	<u>41,958</u>
 Operating Transfer Out		1,100,000	1,100,000	
 TOTAL EXPENDITURES	<u>\$ 798,315</u>	<u>\$ 1,951,547</u>	<u>\$ 1,877,650</u>	<u>\$ 73,897</u>

TOWN OF SOUTHEAST

HIGHWAY FUND - GENERAL
STATEMENT OF REVENUES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
REAL PROPERTY TAXES	\$ 1,077,438	\$ 1,077,438	\$ 1,077,438	\$
MISCELLANEOUS INCOME				
Inter governmental charges		14,454	14,455	1
Sale of Property		3,146	3,147	1
		<u>17,600</u>	<u>17,602</u>	<u>2</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	<u>10,000</u>	<u>27,000</u>	<u>27,035</u>	<u>35</u>
 TOTAL REVENUES	 <u>\$ 1,087,438</u>	 <u>\$ 1,122,038</u>	 <u>\$ 1,122,075</u>	 <u>\$ 37</u>

TOWN OF SOUTHEAST

HIGHWAY FUND - GENERAL
STATEMENT OF EXPENDITURES AND OTHER
FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
GENERAL GOVERNMENT SUPPORT				
Machinery	\$ 139,856	\$ 165,606	\$ 165,605	\$ 1
Miscellaneous (Brush and Weeds)	205,070	218,651	217,319	1,332
Snow removal	468,411	464,772	455,008	9,764
	<u>813,337</u>	<u>849,029</u>	<u>837,932</u>	<u>11,097</u>
EMPLOYEE BENEFITS				
State retirement	18,000	18,000	14,078	3,922
Social security	23,000	23,000	15,444	7,556
Workman's compensation	16,000	16,000	15,653	347
Hospitalization	73,850	72,758	66,585	6,173
	<u>130,850</u>	<u>129,758</u>	<u>111,760</u>	<u>17,998</u>
TOTAL EXPENDITURES	<u>944,187</u>	<u>978,787</u>	<u>949,692</u>	<u>29,095</u>
OPERATING TRANSFERS OUT				
TOTAL OTHER FINANCING USES	<u>143,251</u>	<u>143,251</u>	<u>140,995</u>	<u>2,256</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,087,438</u>	<u>\$ 1,122,038</u>	<u>\$ 1,090,687</u>	<u>\$ 31,351</u>

TOWN OF SOUTHEAST
**HIGHWAY FUND – OUTSIDE VILLAGE
 STATEMENT OF REVENUES AND OTHER
 FINANCING SOURCES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
REAL PROPERTY TAXES	\$ 1,477,744	\$ 1,477,744	\$ 1,477,744	\$
MISCELLANEOUS INCOME				
Sale of Property		490	491	1
Intergovernmental Charges				
USE OF MONEY AND PROPERTY				
Earnings on investments	15,000	15,000	28,743	13,743
STATE AID				
Per Capita	<u>98,268</u>	<u>209,034</u>	<u>202,724</u>	<u>(6,310)</u>
TOTAL REVENUES	<u>\$ 1,591,012</u>	<u>\$ 1,702,268</u>	<u>\$ 1,709,702</u>	<u>\$ 7,434</u>

TOWN OF SOUTHEAST
**HIGHWAY – OUTSIDE VILLAGE
 STATEMENT OF EXPENDITURES AND OTHER
 FINANCING USES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable <Unfavorable></u>
GENERAL GOVERNMENT SUPPORT				
General repairs	\$ 937,633	\$ 1,072,376	\$ 1,072,175	201
Road improvement	172,434	181,176	171,093	10,083
	<u>1,110,067</u>	<u>1,253,552</u>	<u>1,243,268</u>	<u>10,284</u>
 EMPLOYEE BENEFITS				
State retirement	75,000	74,407	74,187	220
Social security	62,000	64,593	63,905	688
Workman's compensation	114,000	114,000	113,587	413
Hospitalization	218,100	211,576	199,157	12,419
	<u>469,100</u>	<u>464,576</u>	<u>450,836</u>	<u>13,740</u>
 TOTAL EXPENDITURES	<u>1,579,167</u>	<u>1,718,128</u>	<u>1,694,104</u>	<u>24,024</u>
 OPERATING TRANSFERS OUT	11,845	11,845	9,490	2,355
 TOTAL OTHER FINANCING USES	<u>11,845</u>	<u>11,845</u>	<u>9,490</u>	<u>2,355</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,591,012</u>	<u>\$ 1,729,973</u>	<u>\$ 1,703,594</u>	<u>\$ 26,379</u>

TOWN OF SOUTHEAST
**SPECIAL REVENUE FUNDS
 BALANCE SHEET
 IN FUND BALANCE
 YEAR ENDED DECEMBER 31, 2007**

	North Brewster Parking	Sewer Districts	Water Districts
<u>ASSETS</u>			
Cash and equivalents	\$ 196,285	\$ 80,773	\$ 214,696
Investments	338,456	267,419	200,703
Other Receivables		101,060	175,639
Accounts			
Due from Other Funds			
	<u>534,741</u>	<u>449,252</u>	<u>591,038</u>
Total Assets			
<u>LIABILITIES EQUITY AND AND OTHER CREDITS</u>			
Liabilities:			
Accounts payable	84,575	68,117	107,213
Due to Other Funds		51,500	189,500
Total Liabilities	<u>84,575</u>	<u>119,617</u>	<u>296,713</u>
Fund Balance:			
Reserved for capital projects			
Unreserved			
Designated for Subsequent		10,000	6,500
Years Expenditures		319,635	287,825
Undesignated	<u>450,166</u>		
	<u>450,166</u>	<u>329,635</u>	<u>294,325</u>
Total Fund Balance			
Total Liabilities and Fund Balances	\$ <u>534,741</u>	\$ <u>449,252</u>	\$ <u>591,038</u>

<u>Blackberry Lighting Districts</u>	<u>Blackberry Park Districts</u>	<u>Road Improvements</u>	<u>Refuse Removal Totals</u>	<u>Totals</u>
\$ 7,228	\$ 281	\$ 295	\$ 16,699	\$ 516,257
			118,633	\$ 925,211
293	9,199		268	\$ 286,459
<u>7,521</u>	<u>9,480</u>	<u>295</u>	<u>135,600</u>	<u>\$ 1,727,927</u>
322	4,765		50,456	\$ 315,448
	13,000			254,000
<u>322</u>	<u>17,765</u>		<u>50,456</u>	<u>569,448</u>
7,199	(8,285)	295	85,144	\$ 1,141,979
7,199	(8,285)	295	85,144	1,158,479
<u>\$ 7,521</u>	<u>\$ 9,480</u>	<u>\$ 295</u>	<u>\$ 135,600</u>	<u>1,727,927</u>

TOWN OF SOUTHEAST
SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

	Southeast Train Parking District	Sewer Districts Schedule SR -1	Water Districts Schedule SR - 2
Revenues	\$ 234,871	\$ 683,841	\$ 1,041,288
Departmental income		10,698	19,757
Penalties	20,915	13,241	12,754
Earnings on investments	<u>255,786</u>	<u>707,780</u>	<u>1,073,799</u>
Total Revenues			
Expenditures	156,889		
Transportation		486,280	582,894
Home and Community services	2,450		
Employee benefits	<u>159,339</u>	<u>486,280</u>	<u>582,894</u>
Total Expenditures			
Excess <Deficiency> of Revenue Over Expenditures	96,447	221,500	490,905
Other Financing Sources:			
Operating transfers in	(500,000)	(175,765)	(390,775)
Operating transfers out	<u>(500,000)</u>	<u>(175,765)</u>	<u>(390,775)</u>
Total Other Financing Sources <Uses>			
Excess <Deficiency> of Revenues and Other Sources Over Expenditures	(403,553)	45,735	100,130
Fund Balance - Beginning of Year	<u>853,719</u>	<u>283,900</u>	<u>194,195</u>
Fund Balance - End of Year	<u>\$ 450,166</u>	<u>\$ 329,635</u>	<u>\$ 294,325</u>

Blackberry Lighting Districts	Blackberry Park Districts	Transportation Improvements	Refuse Removal District	Totals
\$ 5,099	\$ 66,666		\$ 1,446,539	\$ 3,478,304
70	1,155			31,680
58	156	20	25,369	72,513
<u>5,227</u>	<u>67,977</u>	<u>20</u>	<u>1,471,908</u>	<u>3,582,497</u>
				156,889
4,494	71,072		1,535,970	2,680,710
	2,934			5,384
<u>4,494</u>	<u>74,006</u>		<u>1,535,970</u>	<u>2,842,983</u>
733	(6,029)	20	(64,062)	739,514
	(1,513)			(1,068,053)
	(1,513)			(1,068,053)
733	(7,542)	20	(64,062)	(328,539)
6,466	(743)	275	149,206	1,487,018
<u>\$ 7,199</u>	<u>\$ (8,285)</u>	<u>\$ 295</u>	<u>\$ 85,144</u>	<u>\$ 1,158,479</u>

TOWN OF SOUTHEAST
SPECIAL REVENUE FUNDS - WATER DISTRICTS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
DECEMBER 31, 2007

	<u>Brewster Heights</u>	<u>Starr Ridge</u>	<u>Fox Hill</u>	<u>Mt. Brook</u>
Revenues				
Departmental income	\$ 440,900	\$ 57,566	\$ 30,559	\$ 61,986
Penalties	9,859	927	278	1,373
Earnings on investments	170	1,368	33	525
Total Revenues	<u>450,929</u>	<u>59,861</u>	<u>30,870</u>	<u>63,884</u>
Expenditures:				
General Governmental support	<u>256,901</u>	<u>18,810</u>	<u>20,375</u>	<u>15,444</u>
Home and Community services	<u>256,901</u>	<u>18,810</u>	<u>20,375</u>	<u>15,444</u>
Total Expenditures	<u>256,901</u>	<u>18,810</u>	<u>20,375</u>	<u>15,444</u>
Excess <Deficiency> of Revenue Over Expenditures	194,028	41,051	10,495	48,440
Other Financing Sources:				
Proceeds from Bond Anticipation Notes				
Operating transfers in	<u>(217,225)</u>	<u>(24,695)</u>	<u>(7,814)</u>	<u>(33,098)</u>
Operating transfers out				
Total Other Financing Sources <Uses>	<u>(217,225)</u>	<u>(24,695)</u>	<u>(7,814)</u>	<u>(33,098)</u>
Excess <Deficiency> of Revenue and Other Sources over Expenditures	(23,197)	16,356	2,681	15,342
Fund Balance - <Deficit> Beginning of Year	(99,723)	32,024	1,924	22,995
Fund Balance - <Deficit> End of Year	<u>\$ (122,920)</u>	<u>\$ 48,380</u>	<u>\$ 4,605</u>	<u>\$ 38,337</u>

<u>Peaceable</u>	<u>Blackberry</u>	<u>Hillcrest</u>	<u>Spring House</u>	<u>Totals</u>
\$ 25,997	\$ 41,135	\$ 86,928	\$ 2,496	\$ 214,696
11,980	48,584	104,877		200,703
<u>25,714</u>	<u>12,036</u>	<u>15,289</u>	<u>15,455</u>	<u>175,639</u>
<u>\$ 63,691</u>	<u>\$ 101,755</u>	<u>\$ 207,094</u>	<u>\$ 17,951</u>	<u>\$ 591,038</u>
\$ 10,718	\$ 4,986	\$ 13,019	12,845	\$ 107,213
			23,000	189,500
<u>10,718</u>	<u>4,986</u>	<u>13,019</u>	<u>35,845</u>	<u>296,713</u>
5,000	1,500			6,500
<u>47,973</u>	<u>95,269</u>	<u>194,075</u>	<u>(17,894)</u>	<u>287,825</u>
<u>52,973</u>	<u>96,769</u>	<u>194,075</u>	<u>(17,894)</u>	<u>294,325</u>
<u>\$ 63,691</u>	<u>\$ 101,755</u>	<u>\$ 207,094</u>	<u>\$ 17,951</u>	<u>\$ 591,038</u>

TOWN OF SOUTHEAST

SPECIAL REVENUE FUNDS - WATER DISTRICTS
BALANCE SHEET
DECEMBER 31, 2007

	<u>Brewster Heights</u>	<u>Starr Ridge</u>	<u>Fox Hill</u>	<u>Mt. Brook</u>
<u>ASSETS</u>				
Cash and equivalents	\$ 7,901	\$ 19,197	\$ 6,531	\$ 24,511
Investments		26,586		8,676
Other Receivables:				
Accounts	<u>89,145</u>	<u>6,860</u>	<u>1,181</u>	<u>9,959</u>
Total Assets	<u>\$ 97,046</u>	<u>\$ 52,643</u>	<u>\$ 7,712</u>	<u>\$ 43,146</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>				
Liabilities				
Accounts payable	\$ 53,466	\$ 4,263	\$ 3,107	\$ 4,809
Due to other funds	<u>166,500</u>			
Total Liabilities	<u>219,966</u>	<u>4,263</u>	<u>3,107</u>	<u>4,809</u>
<u>EQUITY AND OTHER CREDITS</u>				
Fund Balance				
Reserved for Capital Projects				
Unreserved				
Designated for Subsequent				
Years Expenditures				
Undesignated	<u>(122,920)</u>	<u>48,380</u>	<u>4,605</u>	<u>38,337</u>
Total Fund Balance	<u>(122,920)</u>	<u>48,380</u>	<u>4,605</u>	<u>38,337</u>
Total Liabilities and Equity	<u>\$ 97,046</u>	<u>\$ 52,643</u>	<u>\$ 7,712</u>	<u>\$ 43,146</u>

<u>Peaceable</u>	<u>Blackberry</u>	<u>Hillcrest</u>	<u>Spring House</u>	<u>Totals</u>
\$ 165,466	\$ 72,812	\$ 116,467	\$ 95,532	\$ 1,041,288
2,277	1,335	2,120	1,588	19,757
3,114	2,257	5,248	39	12,754
<u>170,857</u>	<u>76,404</u>	<u>123,835</u>	<u>97,159</u>	<u>1,073,799</u>
<u>132,763</u>	<u>36,340</u>	<u>27,267</u>	<u>74,994</u>	<u>582,894</u>
<u>132,763</u>	<u>36,340</u>	<u>27,267</u>	<u>74,994</u>	<u>582,894</u>
38,094	40,064	96,568	22,165	490,905
<u>(15,297)</u>	<u>(7,074)</u>	<u>(49,765)</u>	<u>(35,807)</u>	<u>(390,775)</u>
<u>(15,297)</u>	<u>(7,074)</u>	<u>(49,765)</u>	<u>(35,807)</u>	<u>(390,775)</u>
22,797	32,990	46,803	(13,642)	100,130
30,176	63,779	147,272	(4,252)	194,195
<u>\$ 52,973</u>	<u>\$ 96,769</u>	<u>\$ 194,075</u>	<u>\$ (17,894)</u>	<u>\$ 294,325</u>

TOWN OF SOUTHEAST**SPECIAL REVENUE FUNDS - SEWER DISTRICTS
BALANCE SHEET
DECEMBER 31, 2007**

	<u>Blackberry</u>	<u>Brewster Heights</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and equivalents	\$ 80,391	\$ 382	\$ 80,773
Investments	267,419		267,419
Other Receivables:			
Accounts	53,729	47,331	101,060
Due from Other Funds			
Total Assets	<u>401,539</u>	<u>47,713</u>	<u>449,252</u>
<u>LIABILITIES EQUITY AND AND OTHER CREDITS</u>			
Liabilities:			
Accounts payable	\$ 26,494	\$ 41,623	\$ 68,117
Due to other funds		51,500	51,500
Total Liabilities	<u>26,494</u>	<u>93,123</u>	<u>119,617</u>
<u>EQUITY AND OTHER CREDITS</u>			
Fund Balance <Deficit>			
Reserved for capital projects			
Unreserved			
Designated for Subsequent			
Years Expenditures	\$ 10,000		\$ 10,000
Undesignated	365,045	(45,410)	319,635
Total Fund Balance	<u>375,045</u>	<u>(45,410)</u>	<u>329,635</u>
Total Liabilities and Fund Balances	<u>\$ 401,539</u>	<u>\$ 47,713</u>	<u>\$ 449,252</u>

TOWN OF SOUTHEAST
SPECIAL REVENUE FUNDS - SEWER DISTRICTS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

	<u>Blackberry</u>	<u>Brewster Heights</u>	<u>Totals</u>
Revenues			
Departmental income	\$ 282,138	\$ 401,703	\$ 683,841
Penalties	5,535	5,163	10,698
Earnings on investments	13,079	162	13,241
Total Revenues	<u>300,752</u>	<u>407,028</u>	<u>707,780</u>
Expenditures			
General Governmental support	142,504	343,776	486,280
Home and Community services	142,504	343,776	486,280
Total Expenditures	<u>142,504</u>	<u>343,776</u>	<u>486,280</u>
Excess <Deficiency> of Revenue Over Expenditures	158,248	63,252	221,500
Other Financing Sources:			
Operating transfers out – Capital Projects	(104,214)	(71,551)	(175,765)
Operating transfers out – Debt Service	(104,214)	(71,551)	(175,765)
Total Other Financing Sources <Uses>	<u>(104,214)</u>	<u>(71,551)</u>	<u>(175,765)</u>
Excess <Deficiency> of Revenues and Other Sources Over Expenditures	54,034	(8,299)	45,735
Fund Balance - Beginning of Year	321,011	(37,111)	283,900
Fund Balance - End of Year	<u>\$ 375,045</u>	<u>\$ (45,410)</u>	<u>\$ 329,635</u>

TOWN OF SOUTHEAST
CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

Revenues	\$ 137,163
State Aid	58,640
Earnings on Investments	<u>195,803</u>
Total Revenues	(4,510,943)
Capital Outlays	
Other Financing Sources <Uses>:	(13,000)
Transfer to other Fund	3,046,710
Proceeds from Bond Anticipation Notes	<u>2,140,500</u>
Transfer from other Fund	
Excess <Deficiency> of Revenues and Other Sources over Expenditures	<u>859,070</u>
Fund Balance <Deficit> - Beginning of Year	228,012
Prior Period Adjustment	
Fund Balance - End of Year	<u>\$ 1,087,082</u>

TOWN OF SOUTHEAST

TRUST FUNDS
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEAR ENDED DECEMBER 31, 2007

	Miscellaneous Trust	Zimmer	Good Neighbor Fund	Recreation Fund Raising	Recreation Equipment	Totals
Revenues						
Earnings on investments	\$ 57	\$ 1,285	\$ 14,378	\$ 35	\$ 52,948	\$ 68,703
Miscellaneous					7,500	7,500
Total Revenues	<u>57</u>	<u>1,285</u>	<u>14,378</u>	<u>35</u>	<u>60,448</u>	<u>76,203</u>
Expenditures:						
Economic Assistance			1,300			1,300
Culture and Rec					109,026	109,026
Total Expenditures			<u>1,300</u>		<u>109,026</u>	<u>110,326</u>
Excess <Deficiency> of Revenue Over Expenditures	57	1,285	13,078	35	(48,578)	(34,123)
Other Financing Sources:						
Operating transfers in						
Operating transfers out			(25,000)			(25,000)
Total Other Financing Sources <Uses>			<u>(25,000)</u>			<u>(25,000)</u>
Excess <Deficiency> of Revenue and Other Sources over Expenditures and Other <U	<u>57</u>	<u>1,285</u>	<u>(11,922)</u>	<u>35</u>	<u>(48,578)</u>	<u>(59,123)</u>
Fund Balance - Beginning of Year	11,442	27,362	322,961	5,380	1,132,570	1,499,715
Fund Balance - End of Year	<u>\$ 11,499</u>	<u>\$ 28,647</u>	<u>\$ 311,039</u>	<u>\$ 5,415</u>	<u>\$ 1,083,992</u>	<u>\$ 1,440,592</u>