

Village of Scarsdale, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2014

Village of Scarsdale, New York

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of Scarsdale, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Scarsdale, New York ("Village") as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
August 26, 2014

Village of Scarsdale, New York

Management Discussion and Analysis (MD&A) May 31, 2014

Introduction

The management of the Village of Scarsdale, New York ("Village") herein provides readers this overview and analysis of the financial activities and financial statements of the Village for the fiscal year ended May 31, 2013. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013-2014 are as follows:

- On the entity-wide financial statements, the total assets of the Village exceeded total liabilities at the close of its most recent fiscal year by \$40,637,946 (Governmental Activities \$34,188,386 and Business-type Activities \$6,449,560). Of this amount, the unrestricted portion is (\$8,809,016) [(Governmental Activities (\$9,973,263) and Business-type Activities \$1,164,247)]. The Village's total net position decreased by the net of \$3,299,741 (Governmental Activities were down \$2,638,204 and Business-type Activities decreased net position \$661,537) for the year ended May 31, 2014. The decrease in Governmental net position was primarily due to the construction on the Popham Road Bridge. Additionally, the recognition of the other post employment benefit ("OPEB") obligations as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45 added to the change. The GASB is charged with developing the accounting rules that apply to governments. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 establishes standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending May 31, 2014, the Village's OPEB obligations of \$19,118,750 are reflected as a liability on the entity-wide financial statements, and accordingly were the prime factor in the decrease in total net position.
- As of the close of the 2013-2014 fiscal year, excluding the Capital Projects Fund and all encumbrances, all of the Village's governmental funds reported combined assigned and unassigned ending fund balances of \$11,766,721, of which \$8,486,082 is unassigned and available for spending at the Village's discretion.
- At the end of the 2013-2014 fiscal year, the assigned and unassigned fund balance (exclusive of encumbrances) for the General Fund is \$10,781,708, or 21.25% of total General Fund expenditures and other financing uses. The General Fund unassigned fund balance of \$8,486,082 is 16.7% of total General Fund expenditures and other financing uses.
- The Villages most recent Moody's Aaa bond rating reflects its strong and well managed financial position.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Village that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Village that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Village include general government support, public safety, culture and recreation, home and community services and interest. The business-type activities of the Village include the Scarsdale Water District No.1 and the Enterprise Recreation Fund (the Pool).

Fund Financial Statements

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

Governmental Funds

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

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

expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The Village adopts annual budgets for the General Fund, Capital Projects Fund and the Library Fund. Budgetary comparison statements have been provided for these funds within the financial statements to demonstrate compliance with the respective budgets.

Proprietary Funds

The Village maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for the operations of Water District No. 1 and the Pool. Internal service funds are used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for its Central Garage operations. These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water District No.1 and the Pool which are considered to be major funds of the Village. The internal service fund is presented in the proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains only one type of fiduciary fund that is known as an agency fund. Resources are held in the fund by the Village 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.

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.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$40,637,946 at the close of the most recent fiscal year. By far, the largest portion of the Village's net assets is its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village'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.

Net Position

	May 31,					
	2014			2013		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Current Assets	\$ 28,472,139	\$ 5,766,651	\$ 34,238,790	\$ 23,335,112	\$ 4,329,588	\$ 27,664,700
Capital Assets, Net	55,909,949	9,805,120	65,715,069	56,116,307	6,814,884	62,931,191
Total Assets	84,382,088	15,571,771	99,953,859	79,451,419	11,144,472	90,595,891
Current Liabilities	8,730,692	2,222,994	10,953,686	7,097,171	1,824,581	8,921,752
Long-Term Liabilities	41,463,010	6,899,217	48,362,227	35,527,658	2,208,794	37,736,452
Total Liabilities	50,193,702	9,122,211	59,315,913	42,624,829	4,033,375	46,658,204
Net Position						
Net Invested in Capital Assets	37,486,702	5,285,313	42,772,015	40,314,559	5,387,163	45,701,722
Restricted	6,674,947	-	6,674,947	4,184,952	-	4,184,952
Unrestricted	(9,973,263)	1,164,247	(8,809,016)	(7,672,921)	1,723,934	(5,948,987)
Total Net Position	\$ 34,188,386	\$ 6,449,560	\$ 40,637,946	\$ 36,826,590	\$ 7,111,097	\$ 43,937,687

A portion of the Village's net position \$6,674,947 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$(9,973,263).

Change in Net Position

Fiscal Year Ended May 31,						
2014			2013			
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
REVENUES						
Program Revenues						
Charges for Services	\$ 9,512,870	\$ 6,183,989	\$ 15,696,859	\$ 8,654,134	\$ 6,640,348	\$ 15,294,482
Operating Grants and Contributions	1,110,073	-	1,110,073	320,793	-	320,793
Capital Grants and Contributions	815,808	-	815,808	5,902,585	-	5,902,585
GENERAL REVENUES						
Real Property Taxes	34,714,285	-	34,714,285	33,164,046	-	33,164,046
Other Tax Items	613,227	-	613,227	609,488	-	609,488
Tax Distrib - County	2,426,632	-	2,426,632	2,295,241	-	2,295,241
Non Property Items	801,042	-	801,042	759,587	-	759,587
Unrestricted Use of Money and Property	57,031	6,514	63,545	66,124	11,308	77,432
Sale of Property and Compensation for Loss	95,049	-	95,049	80,401	-	80,401
State Aid	2,139,648	-	2,139,648	1,818,808	-	1,818,808
Miscellaneous	53,609	-	53,609	217,341	-	217,341
Transfers	160,275	(160,275)	-	160,275	(160,275)	-
Total Revenues	52,499,549	6,030,228	58,529,777	54,048,823	6,491,381	60,540,204
PROGRAM EXPENSES						
General Government Support	12,896,593	-	12,896,593	12,314,868	-	12,314,868
Public Safety	20,436,874	-	20,436,874	19,828,863	-	19,828,863
Culture and Recreation	8,013,514	892,573	8,906,087	7,457,784	1,000,391	8,458,175
Home and Community Service	13,225,789	5,799,192	19,024,981	13,542,332	5,950,670	19,493,002
Interest	564,983	-	564,983	506,223	-	506,223
Total Expenses	55,137,753	6,691,765	61,829,518	53,650,070	6,951,061	60,601,131
Change in Net Position	(2,638,204)	(661,537)	(3,299,741)	398,753	(459,680)	(60,927)
NET POSITION						
Beginning	36,826,590	7,111,097	43,937,687	36,427,837	7,570,777	43,998,614
Ending	<u>\$ 34,188,386</u>	<u>\$ 6,449,560</u>	<u>\$ 40,637,946</u>	<u>\$ 36,826,590</u>	<u>\$ 7,111,097</u>	<u>\$ 43,937,687</u>

Governmental Activities

Governmental activities decreased the Village's net position by \$2,638,204 while Business Activities decreased net position by \$661,537. The decrease in net position from governmental activities largely reflects the increases in expenses for General Government Support and Public Safety and reductions in capital grants. Please refer to Business Activities for a discussion of the decrease in net position from business activities.

For the fiscal year ended May 31, 2014, revenues from governmental activities totaled \$52,499,549. Tax revenues (\$34,714,285), which are comprised of real property taxes and other tax items and non-property taxes, represent the largest revenue source (66%).

The largest components of governmental activities' expenses are public safety (37%), home and community services (24%) and general government support (23%).

Popham Road Bridge Construction

The Popham Road Bridge project is estimated to have a total cost of approximately \$19.0 million. Federal Stimulus funds were approved at \$12,170,000 during the 2008-2009 fiscal year. In addition, another \$2,253,000 of federal and state funds was approved and \$422,000 of state funding was provided. The Village's share amounts to approximately \$398,000. Construction began in the fall of 2009 and is now complete. The contractor, ELQ Construction and the Village worked through arbitration and mediation in regard to claims totaling approximately \$4.5 million related to the project. The Village had retained outside counsel and a construction engineering firm to assist with the process. After several months of negotiations, the Village and the contractor agreed that the Village would pay \$2,150,000 to settle all claims. The Board of Trustees approved short term borrowing for \$1.5 million of the obligation with the balance being funded from approved project balances and transfers from the General Fund. The Village is submitting additional requests to New York State to recover the additional costs.

South Fox Meadow Drainage

A severe 2013-2014 winter delayed work of the final segment of the South Fox Meadow Drainage project. The fifth segment, Harcourt Woods, estimated to be approximately \$800,000, is projected to be complete by the fall of 2014. Four segments of the project have been completed: (i) George Field Park was approximately \$900,000; (ii) Cambridge Bowl was approximately \$50,000; (iii) Cooper Green was approximately \$580,000 and (iv) Post Road Open Watercourse was approximately \$60,000. The Village secured long term funding for up to \$1,640,000 from the New York State Environmental Facilities Corp. and a grant of up to \$1,450,000 from Westchester County to cover the cost of the project.

Crane Road Bridge Construction

The Crane Road Bridge Replacement project is a Westchester County project. Construction began June 4, 2012 and will continue for approximately 34 months with a project completion date of March 2015. The Crane Road Bridge is located immediately south of Exit 12 (Crane Road) on the Bronx River Parkway. Information may be obtained by using the link on the Village website or visiting the County website. The Village sold three parcels of land to the County and provided a temporary easement on a fourth parcel in order for the County to proceed with the project. The gross sales price to date is \$903,000.

Business-Type Activities

Business-type activities decreased the Village's net position by \$661,537. Revenues from business-type activities were \$6,183,989. Offsetting these revenues were expenses of \$6,691,765 for all operations generating net operating loss of \$661,537. Construction on the upgrade of the Reeves Newsom Pump Station began during 2013-2014 and should be substantially completed during the fall of 2014. The project is within its budget of \$5.3 million.

Financial Analysis of the Village's Funds

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

Fund Balance Reporting

It is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental*

Fund Type Definitions, in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for the Village's fiscal year ending December 31, 2011; therefore, they are introduced in this report for the first time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Village Board.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$18,975,012, a net increase of \$3,441,332 from the prior year. Approximately 64.1% (\$12,155,790) of the total ending fund balance constitutes unassigned and assigned fund balance, again excluding encumbrances. Of the unassigned fund balance \$1,273,000 has been designated for subsequent year's expenditures. Of this amount \$1,173,000 represents the amount estimated for use in the 2014-2015 General Fund budget and \$50,000 represents the amount estimated for use in the 2014-2015 Library Fund budget. Additionally, \$367,000 has been assigned for legal obligations in the General Fund budget, including \$100,000 assigned for other post employment benefit obligation. The remainder of fund balance is non-spendable or restricted to indicate that it is not available for new spending

because it has already been committed for prepaid expenditures (\$505,831), to liquidate contracts and purchase orders of the prior period (\$2,448,860), dedicated under terms of a trust agreement (\$1,179,854) and is non-spendable because it is related to a long term receivable (\$846,712).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$10,781,708, representing 92% of the total General Fund Balance of \$11,725,833. Two useful measures of liquidity are the percentage of unassigned and assigned fund balance (with the exclusion of assignments for Purchases On Order) to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 16.7% unassigned fund balance to total expenditures, while the total of assigned and unassigned fund balance (exclusive of purchases on order) represents 23.2% of that same amount.

The final General Fund budget anticipated the use of \$3,372,651 of fund balance. However, actual results of operations showed the addition of \$1,111,846 to fund balance. Revenues and other financing sources were \$51,847,688, which was \$2,431,089 greater than the final budget. State revenue from mortgage tax increased from previous years while interest income declined from the low levels of prior years. Other major areas where revenues exceeded the budget were in licenses and permits, federal aid, departmental income and fines and forfeitures. These items contributed to the final revenue increase of \$2,431,089 over budget.

Expenditures and other financing uses were \$50,735,842 which was less than the final budget by \$2,053,408. There are five functional areas of expenditure: General Government Support, Public safety, Culture and Recreation, Home and Community Services and Employee Benefits. All the functional areas exercised strict cost controls over expenses. As a consequence, all were lower than budget. The respective amounts are as follows: \$682,343, \$534,542, \$114,950, \$184,024 and \$494,611.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net position of Water District No. 1 at year end was \$5,442,858. Net investment in capital assets was \$4,521,180. The settlement of the Water Rates case which originated in 1993 cleared the path to upgrading the Ardsley Road pump station. The construction began during 2007-2008 and concluded during 2011-2012 with an emphasis on the removal of PCB's and other pollutants which were discovered on site during the early phases of construction. In addition, the bankruptcy of one of the contractors further delayed the project. The Board of Trustees awarded the contract for the improvements at the Reeves Newsom Pump Station and the work was begun in the fall of 2013. Completion of the project is expected in the fall of 2014.

Revenue declined 6.3% from \$5,611,536 from \$5,260,434. Revenue was impacted due to the failure of 2 pumps at Reeves Newsom, necessitating the imposition of water restrictions early last summer. There was an increase of 12.3% from New York City in the water entitlement rates and a 5.6% increase in the excess water rates. The water restrictions are reflected in the purchase of water which dropped 12.5% from \$2,982,703 in 2012-2013 to \$2,608,557 in 2013-2014. Total net assets of the Pool fund at year-end were \$1,006,702, up from \$964,059. Net investment in capital assets were \$764,133, up from \$729,028 last year.

General Fund Budgetary Highlights

The final budget for General Fund estimated revenues remained unchanged at \$49,343,599. There was a surplus of \$724,839. While interest income, rental income and camp revenue all missed their budgets by varying amounts, the shortfalls were offset by increases in Licenses and Permits (\$596,871), and Federal and State Aid from FEMA and SEMO for Hurricanes Irene and Sandy (\$1,056,831).

The final appropriations budget for the General Fund was \$47,166,191 which was increased \$100,000 from the original budget. Pension payments increased yet again for a cumulative three year increase of 128% overall. The appropriations budget for General Government Support was \$9,070,371, Public Safety was \$12,200,207, Home and Community Services was \$7,502,585, Culture and Recreation was \$2,594,493 and the combined budgets for Employee Benefits and Debt Service were \$15,798,565.

Capital Assets

The Village's investment in capital assets for governmental and business-type activities at May 31, 2014, net of \$71,872,233 of accumulated depreciation, was \$65,715,069. This is up \$2,783,881 reflecting the investment in the Popham Road Bridge and in the Fox Meadow Drainage Project. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress.

Capital Assets

	2014			2013		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
ASSET						
Land	\$ 3,860,985	\$ 149,789	\$ 4,010,774	\$ 3,860,985	\$ 149,789	\$ 4,010,774
Buildings and Improvements	26,499,174	8,876,899	35,376,073	26,410,165	8,876,899	35,287,064
Land Improvements	3,665,013	-	3,665,013	3,627,788	-	3,627,788
Infrastructure	66,528,059	1,941,554	68,469,613	64,976,631	1,938,247	66,914,878
Machinery and Equipment	16,296,827	1,527,269	17,824,096	16,056,577	1,481,261	17,537,838
Construction-in-progress	4,157,067	4,084,667	8,241,734	2,081,636	763,542	2,845,178
Less-accumulated depreciation	(65,097,176)	(6,775,058)	(71,872,234)	(60,897,478)	(6,394,853)	(67,292,331)
Total (net of depreciation)	<u>\$ 55,909,949</u>	<u>\$ 9,805,120</u>	<u>\$ 65,715,069</u>	<u>\$ 56,116,304</u>	<u>\$ 6,814,885</u>	<u>\$ 62,931,189</u>

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

Long Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$22,360,000. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of that fund. Of the \$22,360,000 bonded debt outstanding at fiscal year end, \$5,992,500 represented debt of the Water Fund. Additionally, the Village currently has a short-term loan from the New York State Environmental Facilities Corporation (EFC) in the amount of \$1,065,747 for the South Fox Meadow Drainage Project. The loan is approved up to a maximum of \$1,640,000. When the project is complete, and the full amount of the loan is expended, the loan will be converted to long term status. The maximum period for short term loans under the EFC program is three years. Based on the state long term funding schedule, the Village will converted the loan to long-term status in the EFC financing which took place on July 2, 2014. Finally, the Village is engaged in the revaluation of all the properties in order that assessments may properly reflect current market values. Bank anticipation loans (BAN's) up to \$1,100,000 are approved by the Board to fund this project. The

Village had \$990,000 outstanding at May 31, 2014. The BAN was renewed in June 2014 in the amount of \$770,000.

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Scarsdale, 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 Marie Louise McClure, Treasurer, Village of Scarsdale, 1001 Post Road, Scarsdale, New York 10583.

Village of Scarsdale, New York

Statement of Net Position
May 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 21,797,456	\$ 4,944,465	\$ 26,741,921
Receivables			
Taxes	3,001,779	-	3,001,779
Accounts	132,434	802,668	935,102
State and Federal aid	2,676,075	-	2,676,075
Due from other governments	333,428	-	333,428
Internal balances	(27)	27	-
Prepaid expenses	530,994	19,491	550,485
Capital assets			
Not being depreciated	8,018,052	4,234,456	12,252,508
Being depreciated, net	47,891,897	5,570,664	53,462,561
Total Assets	84,382,088	15,571,771	99,953,859
LIABILITIES			
Accounts payable	1,690,557	635,276	2,325,833
Accrued liabilities	3,794,807	904,674	4,699,481
Accrued interest payable	275,349	67,746	343,095
Retainages payable	127,358	150,917	278,275
Due to other governments	1,890,738	-	1,890,738
Unearned revenues	951,883	464,381	1,416,264
Non-current liabilities			
Due within one year	1,584,380	213,620	1,798,000
Due in more than one year	39,878,630	6,685,597	46,564,227
Total Liabilities	50,193,702	9,122,211	59,315,913
NET POSITION			
Net investment in capital assets	37,486,702	5,285,313	42,772,015
Restricted			
Town	1,278,567	-	1,278,567
Capital projects	4,182,032	-	4,182,032
Special purpose	607,254	-	607,254
Sewer	34,494	-	34,494
Permanent	572,600	-	572,600
Unrestricted	(9,973,263)	1,164,247	(8,809,016)
Total Net Position	\$ 34,188,386	\$ 6,449,560	\$ 40,637,946

The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Activities
Year Ended May 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 12,896,593	\$ 3,554,005	\$ 4,358	\$ 99,907
Public safety	20,436,874	1,359,878	-	-
Culture and recreation	8,013,514	1,904,999	26,992	11,128
Home and community services	13,225,789	2,588,412	1,056,831	704,773
Interest	564,983	-	-	-
Total Governmental Activities	55,137,753	9,407,294	1,088,181	815,808
Business-type activities				
Water	5,799,192	5,260,434	-	-
Pool	892,573	923,555	-	-
Total Business-Type Activities	6,691,765	6,183,989	-	-
Total	\$ 61,829,518	\$ 15,591,283	\$ 1,088,181	\$ 815,808

General revenues
Real property taxes
Other tax items
Interest and penalties - Taxes
Non-property taxes
Non-property tax distribution from County
Utilities gross receipts tax
Franchise fees
Unrestricted use of money and property
Sale of property and compensation for loss
Insurance recovery
Unrestricted State aid
Miscellaneous
Transfers

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (9,238,323)	\$ -	\$ (9,238,323)
(19,076,996)	-	(19,076,996)
(6,070,395)	-	(6,070,395)
(8,875,773)	-	(8,875,773)
(564,983)	-	(564,983)
<hr/> (43,826,470)	<hr/> -	<hr/> (43,826,470)
-	(538,758)	(538,758)
-	30,982	30,982
<hr/> -	<hr/> (507,776)	<hr/> (507,776)
<hr/> (43,826,470)	<hr/> (507,776)	<hr/> (44,334,246)
 34,714,285	 -	 34,714,285
 613,227	 -	 613,227
 2,426,632	 -	 2,426,632
415,705	-	415,705
385,337	-	385,337
78,923	6,514	85,437
105,576	-	105,576
95,049	-	95,049
2,139,648	-	2,139,648
53,609	-	53,609
160,275	(160,275)	-
<hr/> 41,188,266	<hr/> (153,761)	<hr/> 41,034,505
(2,638,204)	(661,537)	(3,299,741)
<hr/> 36,826,590	<hr/> 7,111,097	<hr/> 43,937,687
 \$ 34,188,386	 \$ 6,449,560	 \$ 40,637,946
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Village of Scarsdale, New York

Balance Sheet
Governmental Funds
May 31, 2014

	General	Town	Capital Projects
ASSETS			
Cash and equivalents	\$ 14,406,054	\$ 653,835	\$ 4,428,716
Taxes receivable	486,309	2,515,470	-
Other receivables			
Accounts	107,396	-	-
State and Federal aid	1,147,166	-	1,528,909
Due from other funds	-	-	412,000
Due from other governments	94,388	-	-
	1,348,950	-	1,940,909
Prepaid expenditures	459,763	-	-
Total Assets	<u>\$ 16,701,076</u>	<u>\$ 3,169,305</u>	<u>\$ 6,369,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,256,987	\$ -	\$ 333,681
Accrued liabilities	1,868,064	-	1,726,554
Due to other funds	412,000	-	-
Retainages payable	-	-	127,358
Due to other governments	-	1,890,738	-
Unearned revenues	951,883	-	-
Total Liabilities	4,488,934	1,890,738	2,187,593
Deferred inflows of resources			
Deferred tax revenues	486,309	-	-
Total Liabilities and Deferred Inflows of Resources	<u>4,975,243</u>	<u>1,890,738</u>	<u>2,187,593</u>
Fund balances			
Nonspendable	459,763	846,712	-
Restricted	-	-	3,802,963
Assigned	2,779,988	431,855	379,069
Unassigned	8,486,082	-	-
Total Fund Balances	<u>11,725,833</u>	<u>1,278,567</u>	<u>4,182,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 16,701,076</u>	<u>\$ 3,169,305</u>	<u>\$ 6,369,625</u>

The accompanying notes are an integral part of the financial statements.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
<u>\$ 1,896,268</u>	<u>\$ 21,384,873</u>
<u>-</u>	<u>3,001,779</u>
25,038	132,434
-	2,676,075
-	412,000
-	94,388
<u>25,038</u>	<u>3,314,897</u>
<u>46,068</u>	<u>505,831</u>
<u>\$ 1,967,374</u>	<u>\$ 28,207,380</u>
\$ 39,130	\$ 1,629,798
139,637	3,734,255
27	412,027
-	127,358
-	1,890,738
-	951,883
<u>178,794</u>	<u>8,746,059</u>
<u>-</u>	<u>486,309</u>
<u>178,794</u>	<u>9,232,368</u>
618,668	1,925,143
607,254	4,410,217
562,658	4,153,570
-	8,486,082
<u>1,788,580</u>	<u>18,975,012</u>
<u>\$ 1,967,374</u>	<u>\$ 28,207,380</u>

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Village of Scarsdale, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position May 31, 2014

Fund Balances - Total Governmental Funds	\$ 18,975,012
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,979,614
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Internal service funds are used by management to charge the costs of the Village's Central Garage services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	355,232
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reflected as unearned in the funds. Deferred tax revenue	486,309
--	---------

Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(275,349)
Bonds payable	(16,367,500)
Compensated absences	(4,393,857)
Loans payable	(1,065,747)
Bond anticipation notes payable	(990,000)
Other post employment benefit obligations payable	(17,515,328)

Net Position of Governmental Activities	<u>\$ 34,188,386</u>
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The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended May 31, 2014

	General	Town	Capital Projects
REVENUES			
Real property taxes	\$ 34,657,733	\$ -	\$ -
Other tax items	84,327	528,900	-
Non-property taxes	3,227,674	-	-
Departmental income	4,050,986	3,840	-
Intergovernmental revenues	99,302	-	-
Interfund revenues	890,630	-	-
Use of money and property	917,721	21,892	3,047
Licenses and permits	2,291,371	-	-
Fines and forfeitures	952,011	-	-
Sale of property and compensation for loss	105,576	-	-
State aid	1,130,264	1,014,379	426,904
Federal aid	1,056,831	-	241,094
Miscellaneous	604,012	-	144,763
Total Revenues	50,068,438	1,569,011	815,808
EXPENDITURES			
Current			
General government support	8,387,998	-	-
Public safety	11,665,665	-	-
Culture and recreation	2,479,543	-	-
Home and community services	7,318,561	-	-
Employee benefits	13,237,777	-	-
Capital outlay	-	-	4,916,773
Debt service			
Principal	1,548,941	-	-
Interest	474,298	-	-
Total Expenditures	45,112,783	-	4,916,773
Excess (Deficiency) of Revenues Over Expenditures	4,955,655	1,569,011	(4,100,965)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	95,049	-	-
Bonds issued	-	-	3,500,000
Bond anticipation notes issued	-	-	550,000
Loans issued	-	-	120,440
Transfers in	1,684,201	-	2,621,380
Transfers out	(5,623,059)	(1,692,118)	-
Total Other Financing Sources (Uses)	(3,843,809)	(1,692,118)	6,791,820
Net Change in Fund Balances	1,111,846	(123,107)	2,690,855
FUND BALANCES			
Beginning of Year	10,613,987	1,401,674	1,491,177
End of Year	<u>\$ 11,725,833</u>	<u>\$ 1,278,567</u>	<u>\$ 4,182,032</u>

The accompanying notes are an integral part of the financial statements.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 34,657,733
-	613,227
-	3,227,674
391,269	4,446,095
-	99,302
-	890,630
19,358	962,018
-	2,291,371
-	952,011
-	105,576
6,278	2,577,825
-	1,297,925
207,422	956,197
<u>624,327</u>	<u>53,077,584</u>
-	8,387,998
34,859	11,700,524
2,620,357	5,099,900
360,000	7,678,561
1,009,327	14,247,104
-	4,916,773
-	1,548,941
-	474,298
<u>4,024,543</u>	<u>54,054,099</u>
<u>(3,400,216)</u>	<u>(976,515)</u>
-	95,049
-	3,500,000
-	550,000
-	120,440
3,504,158	7,809,739
<u>(342,204)</u>	<u>(7,657,381)</u>
<u>3,161,954</u>	<u>4,417,847</u>
(238,262)	3,441,332
<u>2,026,842</u>	<u>15,533,680</u>
<u>\$ 1,788,580</u>	<u>\$ 18,975,012</u>

Village of Scarsdale, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended May 31, 2014

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ 3,441,332
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold.

Capital outlay expenditures	4,145,057
Depreciation expense	<u>(4,302,564)</u>
	<u>(157,507)</u>

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

Real property taxes	<u>56,552</u>
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds issued	(3,500,000)
Bond anticipation notes issued	(550,000)
Loans issued	(120,440)
Principal paid on bond anticipation notes	110,000
Principal paid on loans	29,162
Principal paid on bonds	<u>1,409,779</u>
	<u>(2,621,499)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(90,685)
Compensated absences	296,246
Other post employment benefit obligations	<u>(3,417,184)</u>
	<u>(3,211,623)</u>

Internal service funds are used by management to charge the costs of the Village's Central Garage to individual funds. The net revenue of the Internal Service Fund is reported within governmental activities.

	<u>(145,459)</u>
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Change in Net Position of Governmental Activities	<u>\$ (2,638,204)</u>
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The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 34,895,282	\$ 34,895,282	\$ 34,657,733	\$ (237,549)
Other tax items	585,000	585,000	84,327	(500,673)
Non-property taxes	3,111,000	3,111,000	3,227,674	116,674
Departmental income	3,830,305	3,830,305	4,050,986	220,681
Intergovernmental charges	80,000	80,000	99,302	19,302
Interfund charges	930,630	930,630	890,630	(40,000)
Use of money and property	946,193	946,193	917,721	(28,472)
Licenses and permits	1,694,500	1,694,500	2,291,371	596,871
Fines and forfeitures	910,000	910,000	952,011	42,011
Sale of property and compensation for loss	65,000	65,000	105,576	40,576
State aid	1,746,589	1,746,589	1,130,264	(616,325)
Federal aid	-	-	1,056,831	1,056,831
Miscellaneous	549,100	549,100	604,012	54,912
Total Revenues	49,343,599	49,343,599	50,068,438	724,839
EXPENDITURES				
Current				
General government support	9,051,445	9,060,324	8,387,998	672,326
Public safety	12,165,453	12,200,207	11,665,665	534,542
Culture and recreation	2,633,420	2,597,489	2,479,543	117,946
Home and community services	7,524,372	7,502,585	7,318,561	184,024
Employee benefits	13,625,324	13,739,409	13,237,777	501,632
Debt service				
Principal	1,554,779	1,554,779	1,548,941	5,838
Interest	511,398	511,398	474,298	37,100
Total Expenditures	47,066,191	47,166,191	45,112,783	2,053,408
Excess of Revenues Over Expenditures	2,277,408	2,177,408	4,955,655	2,778,247
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	73,000	73,000	95,049	22,049
Transfers in	-	-	1,684,201	1,684,201
Transfers out	(3,923,783)	(5,623,059)	(5,623,059)	-
Total Other Financing Uses	(3,850,783)	(5,550,059)	(3,843,809)	1,706,250
Net Change in Fund Balance	(1,573,375)	(3,372,651)	1,111,846	4,484,497
FUND BALANCE				
Beginning of Year	1,573,375	3,372,651	10,613,987	7,241,336
End of Year	\$ -	\$ -	\$ 11,725,833	\$ 11,725,833

The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Net Position
Proprietary Funds
May 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
ASSETS				
Current assets				
Cash and equivalents	\$ 4,468,544	\$ 475,921	\$ 4,944,465	\$ 412,583
Accounts receivable	486,799	315,869	802,668	-
Due from other funds	27	-	27	-
Due from other governments	-	-	-	239,040
Prepaid expenses	19,491	-	19,491	25,163
Total Current Assets	4,974,861	791,790	5,766,651	676,786
Capital assets				
Not being depreciated	4,116,456	118,000	4,234,456	-
Being depreciated, net	4,924,531	646,133	5,570,664	930,335
Total Capital Assets, net	9,040,987	764,133	9,805,120	930,335
Total Assets	14,015,848	1,555,923	15,571,771	1,607,121
LIABILITIES				
Current liabilities				
Accounts payable	610,099	25,177	635,276	60,759
Accrued liabilities	845,011	59,663	904,674	60,552
Accrued interest payable	67,746	-	67,746	-
Retainages payable	150,917	-	150,917	-
Unearned revenues	-	464,381	464,381	-
Total Current Liabilities	1,673,773	549,221	2,222,994	121,311
Noncurrent liabilities				
Due within one year	213,620	-	213,620	22,000
Due in more than one year	6,685,597	-	6,685,597	1,108,578
Total Noncurrent Liabilities	6,899,217	-	6,899,217	1,130,578
Total Liabilities	8,572,990	549,221	9,122,211	1,251,889
NET POSITION				
Net investment in capital assets	4,521,180	764,133	5,285,313	930,335
Unrestricted	921,678	242,569	1,164,247	(575,103)
Total Net Position	\$ 5,442,858	\$ 1,006,702	\$ 6,449,560	\$ 355,232

The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended May 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
OPERATING REVENUES				
Charges for services	\$ 5,260,434	\$ 923,555	\$ 6,183,989	\$ 3,311,404
OPERATING EXPENSES				
Taxes on Village property	54,750	5,524	60,274	-
Personal services	918,594	343,014	1,261,608	1,043,013
Contractual services	498,685	126,570	625,255	1,574,257
Supplies	228,879	40,956	269,835	-
Utilities	162,808	56,485	219,293	-
Employee benefits	539,990	40,252	580,242	632,690
Other post employment benefit obligations	133,698	-	133,698	158,771
Insurance	78,070	28,551	106,621	-
Repairs and maintenance	55,842	60,297	116,139	-
Equipment maintenance	7,090	17,572	24,662	-
Depreciation	257,482	140,116	397,598	48,851
Purchase of water	2,608,557	-	2,608,557	-
Property services	106,680	-	106,680	-
Miscellaneous	33,667	31,995	65,662	-
Total Operating Expenses	5,684,792	891,332	6,576,124	3,457,582
Income (Loss) from Operations	(424,358)	32,223	(392,135)	(146,178)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	5,578	936	6,514	719
Interest expense	(114,400)	(1,241)	(115,641)	-
Total Non-Operating Revenues (Expenses)	(108,822)	(305)	(109,127)	719
Income (Loss) Before Transfers	(533,180)	31,918	(501,262)	(145,459)
TRANSFERS				
Transfers in	-	10,725	10,725	-
Transfers out	(171,000)	-	(171,000)	-
Total Transfers	(171,000)	10,725	(160,275)	-
Change in Net Position	(704,180)	42,643	(661,537)	(145,459)
NET POSITION				
Beginning of Year	6,147,038	964,059	7,111,097	500,691
End of Year	\$ 5,442,858	\$ 1,006,702	\$ 6,449,560	\$ 355,232

The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Cash Flows
Proprietary Funds
Year Ended May 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 5,066,840	\$ 788,449	\$ 5,855,289	\$ 3,471,434
Cash payments for goods or services	(3,478,260)	(311,606)	(3,789,866)	(1,624,067)
Cash payments to employees	(1,466,638)	(383,266)	(1,849,904)	(1,641,559)
Net Cash From Operating Activities	121,942	93,577	215,519	205,808
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	10,725	10,725	-
Transfers out	(171,000)	-	(171,000)	-
Net Cash From Non-Capital Financing Activities	(171,000)	10,725	(160,275)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bonds issued	4,800,000	-	4,800,000	-
Principal paid on bonds	(60,000)	(175,221)	(235,221)	-
Interest paid on indebtedness	(48,728)	(3,723)	(52,451)	-
Acquisition and construction of capital assets	(3,387,834)	-	(3,387,834)	-
Net Cash From Capital and Related Financing Activities	1,303,438	(178,944)	1,124,494	-
CASH FLOW FROM INVESTING ACTIVITIES				
Interest income	5,578	936	6,514	719
Net Change in Cash and Equivalents	1,259,958	(73,706)	1,186,252	206,527
CASH AND EQUIVALENTS				
Beginning of Year	3,208,586	549,627	3,758,213	206,056
End of Year	\$ 4,468,544	\$ 475,921	\$ 4,944,465	\$ 412,583
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (424,358)	\$ 32,223	\$ (392,135)	\$ (146,178)
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation	257,482	140,116	397,598	48,851
Changes in operating assets and liabilities				
Accounts receivable	(193,594)	(57,943)	(251,537)	-
Due from other funds	726	-	726	-
Due from other governments	-	-	-	160,030
Accounts payable	337,040	9,872	346,912	(15,153)
Accrued liabilities	(109,096)	46,472	(62,624)	(34,657)
Retainages payable	128,098	-	128,098	-
Unearned revenues	-	(77,163)	(77,163)	-
Compensated absences	(8,054)	-	(8,054)	34,144
Other post employment benefit obligations payable	133,698	-	133,698	158,771
Net Cash from Operating Activities	\$ 121,942	\$ 93,577	\$ 215,519	\$ 205,808

The accompanying notes are an integral part of the financial statements.

Village of Scarsdale, New York

Statement of Assets and Liabilities
Fiduciary Fund
May 31, 2014

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 5,273,365
Accounts receivable	<u>20,376</u>
 Total Assets	 <u><u>\$ 5,293,741</u></u>
 LIABILITIES	
Accounts payable	\$ 89,190
Deposits	5,202,386
Other	<u>2,165</u>
 Total Liabilities	 <u><u>\$ 5,293,741</u></u>

The accompanying notes are an integral part of the financial statements.

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Village of Scarsdale, New York

Notes to Financial Statements
May 31, 2014

Note 1 - Summary of Significant Accounting Policies

The Village of Scarsdale, New York ("Village") is a municipality located in the State of New York. It began as a Town in the 1870's and was governed as a Town by a Town Board. The Town was incorporated as a Village in 1915 with coterminous Town and Village boundaries. The Village of Scarsdale operates under New York State's Village Law, General Municipal Law and Local Finance Law, as well as various other applicable laws of the State of New York. Except for certain required functions, the government operates as a village pursuant to State law. The Village Board of Trustees is the legislative body responsible for overall operations. Since the Town of Scarsdale was incorporated as a village, the same officers govern both, avoiding duplication of governmental services and costs. The Village Manager serves as the chief executive officer and the Village Treasurer as the chief financial officer. The Village provides the following services to its residents: public safety, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Village, b) organizations for which the Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole, except for interfund services provided and used. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or

Note 1 - Summary of Significant Accounting Policies (Continued)

privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

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

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

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

Village of Scarsdale, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the Village is as follows.

Town Fund - The Town Fund is used to record the collection and remittance of taxes for the Scarsdale School District and the County of Westchester and for certain revenues statutorily required to be recorded in the Town Fund. Information for the Town Fund is as of and for the year ended December 31, 2013.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

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

Special Revenue Funds:

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

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

Sewer Fund - The Sewer Fund is used to accumulate resources for sewer related capital projects and reimburse the General Fund for sewer related costs.

Permanent Fund - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Village's programs.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Water and Pool Funds are recorded as enterprise funds. The Village has established its Central Garage Fund as an internal service fund. The Village applies all applicable Financial Accounting Standards Board ("FASB") guidance issued prior to November 30, 1989 in accounting and reporting for its enterprise funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

- c. Fiduciary Funds (Not Included in Government-Wide Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Deposits and Risk Disclosure

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

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2014.

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

Taxes Receivable - Real property taxes attach as an enforceable lien on property on July 1st. Real property taxes are due July 1st and are payable without penalty until August 1st. The Village is responsible for the billing and collection of its taxes. The Village is also responsible for in-rem foreclosure proceedings.

The Town of Scarsdale collects taxes for the County of Westchester and the Scarsdale School District. The Scarsdale School District taxes attach as an enforceable lien on property as of July 1st. School taxes are levied by the Town effective September 1st and are payable by the Town residents between September 1st and September 30th. County taxes attach as an enforceable lien on property as of January 1st. Taxes are levied by the County and are payable to the Town by Town residents between April 1st and April 30th.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the Scarsdale School District with respect to the collection and payment of real property taxes levied by such jurisdictions. The County charter provides for the Town to collect County taxes. The Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district taxes, New York State Law and the County Charter provide that the Town satisfy the warrant of the school districts by April 5th of the fiscal year for which such taxes were levied. Thus, the Town's fiduciary responsibility for the County and School District's taxes is from the date of the levy until the respective due dates at which time the Town must satisfy its obligations to the respective jurisdictions, regardless of the amounts collected.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of employee health insurance and other 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 in the governmental funds are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Village. 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20
Buildings and Improvements	10-40
Machinery and Equipment	5-10
Infrastructure	20-40

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of \$951,883 for advance collections of tennis, day camp and Clerk's office fees, tower lease and bid acceptance fees in the General Fund. The Village has also recorded \$464,381 for the advance collection of pool permits in the Pool Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Village has reported deferred inflows of resources of \$486,309 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for Town, capital projects, special purpose, sewer and permanent funds. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Trustees.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 26, 2014.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to March 20th, the budget officer submits to the Village Clerk a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing for the General, Library and Capital Projects funds.
- b) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- c) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget, at which time they are required to file the document with the Village Clerk.
- d) Formal budgetary integration is employed during the year as a management control device for the General, Capital Projects and Library funds.
- e) Budgets for the General, Library funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted by the Board of Trustees for the Special Purpose, Permanent, Town and Proprietary funds.
- f) The Board of Trustees 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 Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- g) Appropriations in the General and Library funds lapse at the end of the fiscal year, except that outstanding encumbrances, if any, are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2014 fiscal year was \$161,140,942 which exceeded the actual levy by \$126,426,657.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Village in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board of Trustees first enacts, by a vote of at least sixty percent of the total voting power of the Village Board of Trustees, a local law to override such limit for such coming fiscal year.

C. Application of Accounting Standards

For the year ended May 31, 2014, the Village implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditure) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Fund Deficits

The Central Garage Fund has an unrestricted deficit in the amount of \$575,103. The deficit will be addressed in the subsequent year.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2014 consisted of the following:

	General Fund	Town Fund	Totals
Taxes - Overdue	\$ 338,903	\$ -	\$ 338,903
Tax Liens	147,406	-	147,406
Taxes - School	-	2,105,961	2,105,961
Taxes - County	-	329,371	329,371
Property acquired for taxes	-	80,138	80,138
	<u>\$ 486,309</u>	<u>\$ 2,515,470</u>	<u>\$ 3,001,779</u>

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2014 were as follows:

	Due From	Due To
General Fund	\$ -	\$ 412,000
Capital Projects Fund	412,000	-
Business-type Activities	27	-
Non-Major Governmental	-	27
	<u>\$ 412,027</u>	<u>\$ 412,027</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occurred, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

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

Class	Balance June 1, 2013	Additions	Deletions	Balance May 31, 2014
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 3,860,985	\$ -	\$ -	\$ 3,860,985
Construction-in-progress	2,081,636	2,075,431	-	4,157,067
Total Capital Assets, not being depreciated	<u>\$ 5,942,621</u>	<u>\$ 2,075,431</u>	<u>\$ -</u>	<u>\$ 8,018,052</u>

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance June 1, 2013	Additions	Deletions	Balance May 31, 2014
Capital Assets, being depreciated				
Land Improvements	\$ 3,627,788	\$ 37,225	\$ -	\$ 3,665,013
Buildings and Improvements	26,410,167	89,007	-	26,499,174
Machinery and Equipment	16,056,576	391,968	151,717	16,296,827
Infrastructure	64,976,633	1,551,426	-	66,528,059
Total Capital Assets, being depreciated	111,071,164	2,069,626	151,717	112,989,073
Less Accumulated Depreciation for				
Land Improvements	1,305,815	187,707	-	1,493,522
Buildings and Improvements	7,164,397	1,305,407	-	8,469,804
Machinery and Equipment	13,155,821	841,799	151,717	13,845,903
Infrastructure	39,271,445	2,016,502	-	41,287,947
Total Accumulated Depreciation	60,897,478	4,351,415	151,717	65,097,176
Total Capital Assets, being depreciated, net	\$ 50,173,686	\$ (2,281,789)	\$ -	\$ 47,891,897
Governmental Capital Assets, net	\$ 56,116,307	\$ (206,358)	\$ -	\$ 55,909,949
Class	Balance June 1, 2013	Additions	Deletions	Balance May 31, 2014
Business-Type Activities:				
Capital Assets, not being depreciated				
Land	\$ 149,789	\$ -	\$ -	\$ 149,789
Construction-in-progress	763,542	3,321,125	-	4,084,667
Total Capital Assets, not being depreciated	\$ 913,331	\$ 3,321,125	\$ -	\$ 4,234,456
Capital Assets, being depreciated				
Buildings and Improvements	\$ 8,876,899	\$ -	\$ -	\$ 8,876,899
Machinery and Equipment	1,481,261	63,403	17,395	1,527,269
Infrastructure	1,938,247	3,307	-	1,941,554
Total Capital Assets, being depreciated	12,296,407	66,710	17,395	12,345,722

Village of Scarsdale, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance June 1, 2013	Additions	Deletions	Balance May 31, 2014
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 3,590,242	\$ 303,182	\$ -	\$ 3,893,424
Machinery and Equipment	1,307,292	67,379	17,395	1,357,276
Infrastructure	1,497,321	27,037	-	1,524,358
Total Accumulated Depreciation	6,394,855	397,598	17,395	6,775,058
Total Capital Assets, being depreciated, net	<u>\$ 5,901,552</u>	<u>\$ (330,888)</u>	<u>\$ -</u>	<u>\$ 5,570,664</u>
Business-Type Capital Assets, net	<u>\$ 6,814,883</u>	<u>\$ 2,990,237</u>	<u>\$ -</u>	<u>\$ 9,805,120</u>

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

Governmental Activities:

General Government Support	\$ 1,124,492
Public Safety	645,385
Culture and Recreation	430,256
Home and Community Services	<u>2,151,282</u>

Total Depreciation Expense - Governmental Activities

\$ 4,351,415

Business-Type Activities:

Water Fund	\$ 257,482
Pool Fund	<u>140,116</u>

Total Depreciation Expense - Business-Type Activities

\$ 397,598

C. Accrued Liabilities

Accrued liabilities at May 31, 2014 were as follows:

	Governmental Activities	Business- Type Activities	Total
Payroll and employee benefits	\$ 1,297,992	\$ 72,735	\$ 1,370,727
Popham Road Bridge Settlement	1,700,000	-	1,700,000
Other	<u>796,815</u>	<u>831,939</u>	<u>1,628,754</u>
Total Accrued Liabilities	<u>\$ 3,794,807</u>	<u>\$ 904,674</u>	<u>\$ 4,699,481</u>

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

D. Pension Plans

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2014 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>	
ERS	1 75I	28.5	%
	2 75I	26.0	
	3 A14	20.8	
	4 A15	20.8	
	5 A15	16.7	
	6 A15	11.3	
PFRS	2 384D	28.4	%
	2 384E	28.8	
	3 38D	27.5	
	5 38D	22.7	
	5 384E	22.7/23.0	
	6 38D	16.0	

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

	<u>ERS</u>	<u>PFRS</u>
2014	\$ 2,770,133	\$ 2,876,877
2013	2,123,876	2,390,992
2012	2,111,588	2,322,246

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

The current PFRS contribution for the Village was charged to the General Fund. The current ERS contributions were distributed as follows: \$2,048,875 to the General Fund, \$173,222 to the Water Fund, \$361,264 to the Library Fund and \$186,772 to the Central Garage Fund.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2014:

	Balance June 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2014	Due Within One-Year
Governmental Activities					
Bonds payable	\$ 14,277,279	\$ 3,500,000	\$ 1,409,779	\$ 16,367,500	\$ 1,122,380
Compensated absences	4,879,670	225,898	488,000	4,617,568	462,000
Loans payable	974,469	120,440	29,162	1,065,747	-
Bond anticipation notes payable	550,000	550,000	110,000	990,000	-
Other post employment benefit obligations payable	14,846,240	6,135,953	2,559,998	18,422,195	-
Governmental Activities Long-Term Liabilities	<u>\$ 35,527,658</u>	<u>\$ 10,532,291</u>	<u>\$ 4,596,939</u>	<u>\$ 41,463,010</u>	<u>\$ 1,584,380</u>
Business-Type Activities					
Bonds payable	\$ 1,427,721	\$ 4,800,000	\$ 235,221	\$ 5,992,500	\$ 192,620
Compensated absences	218,216	13,946	22,000	210,162	21,000
Other post employment benefit obligations payable	562,857	133,698	-	696,555	-
Business - Type Activities Long-Term Liabilities	<u>\$ 2,208,794</u>	<u>\$ 4,947,644</u>	<u>\$ 257,221</u>	<u>\$ 6,899,217</u>	<u>\$ 213,620</u>

Each governmental fund's liability for compensated absences are liquidated by the respective fund. The Village's indebtedness for bonds, loans, bond anticipation notes and other post employment benefit obligations is satisfied by the General Fund or the appropriate Proprietary Fund.

Bonds Payable

Bonds payable at May 31, 2014 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2014
Various Village Purposes	1996	\$ 1,370,000	September, 2015	5.300 %	\$ 50,000
Various Village Purposes	2002	1,550,000	July, 2017	4.000 - 4.375	535,000
Various Village Purposes	2004	2,000,000	September, 2028	4.000 - 4.500	1,495,000
Various Village Purposes	2008	3,000,000	November, 2027	3.500 - 4.300	2,385,000
Various Village Purposes	2009	10,500,000	June, 2024	2.500 - 4.000	8,675,000
Various Village Purposes	2011	1,000,000	September, 2023	1.000 - 2.450	920,000
Various Village Purposes	2013	8,300,000	January, 2039	3.000 - 4.000	8,300,000
					<u>\$ 22,360,000</u>

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures/expense of \$584,040 were recorded in the fund financial statements, as detailed below. Interest expense of \$559,084 was recorded in the government-wide financial statements for governmental activities.

<u>Fund</u>	<u>Amount</u>
Governmental Funds -	
General-Village	\$ 468,399
Proprietary Funds:	
Enterprise – Water Fund	114,400
Enterprise-Pool Fund	<u>1,241</u>
	<u>\$ 584,040</u>

Loan Payable

The Village entered into two revolving loan agreements in the amount of \$870,000 each with the Environmental Facilities Corporation- ("EFC") in 2012. These agreements allow the Village to draw down on these loans up to a maximum amount of \$1,740,000 for eligible project costs. The maximum was subsequently reduced to \$1,640,000. As of May 31, 2014, the Village had drawn down \$1,065,747 for design and construction costs for the South Fox Meadow Drainage project. The first \$870,000 was interest free and the second \$870,000 bears interest at .51%. The loans were converted to long term status in the New York State EFC financing of July 2, 2014. Interest rates on the loan vary from .1815% to 4.2025% before the 50% interest subsidy is applied. Interest expenditures and expenses of \$524 were recorded in the fund financial statements in the General Fund and the government-wide financial statements for governmental activities.

Bond Anticipation Notes Payable

The schedule below details the changes in bond anticipation notes payable.

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 1, 2013</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance at May 31, 2014</u>
Property Tax Revaluation Project	6/21/2012	6/19/2014	0.98 %	\$ 550,000	\$ -	\$ 110,000	\$ 440,000
Property Tax Revaluation Project	11/12/2013	6/19/2014	1.25 %	-	550,000	-	550,000
Total				<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 110,000</u>	<u>\$ 990,000</u>

The Village, pursuant to FASB guidance, has not recorded these liabilities in the fund financial statements since it has demonstrated ability to consummate refinancing. The ability to consummate refinancing was evidenced by obtaining permanent financing or a renewal of the notes prior to the issuance of the financial statements.

Interest expenditures and expenses of \$5,375 were recorded in the fund financial statements in the General Fund and the government-wide financial statements for governmental activities.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2014, including interest payments of \$7,629,621 are as follows:

Year Ending May 31,	Governmental Activities					
	Bonds Payable		Loans Payable		Bond Anticipation Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,122,380	\$ 545,807	\$ 1,065,747	\$ -	\$ 990,000	\$ 9,572
2016	1,157,379	515,213	-	-	-	-
2017	1,171,988	479,680	-	-	-	-
2018	1,216,596	441,733	-	-	-	-
2019	1,108,313	404,272	-	-	-	-
2020-2024	6,182,953	1,416,795	-	-	-	-
2025-2029	2,632,591	518,472	-	-	-	-
2030-2034	807,530	281,771	-	-	-	-
2035-2039	967,770	119,084	-	-	-	-
	<u>\$ 16,367,500</u>	<u>\$ 4,722,827</u>	<u>\$ 1,065,747</u>	<u>\$ -</u>	<u>\$ 990,000</u>	<u>\$ 9,572</u>

Year Ending May 31,	Business-Type Activities		Total	
	Bonds Payable			
	Principal	Interest	Principal	Interest
2015	\$ 192,620	\$ 204,408	\$ 3,370,747	\$ 759,787
2016	197,621	202,233	1,355,000	717,446
2017	203,012	195,838	1,375,000	675,518
2018	208,404	189,237	1,425,000	630,970
2019	216,687	182,394	1,325,000	586,666
2020-2024	1,202,047	797,334	7,385,000	2,214,129
2025-2029	1,337,409	576,033	3,970,000	1,094,505
2030-2034	1,107,470	386,429	1,915,000	668,200
2035-2039	1,327,230	163,316	2,295,000	282,400
	<u>\$ 5,992,500</u>	<u>\$ 2,897,222</u>	<u>\$ 24,415,747</u>	<u>\$ 7,629,621</u>

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

Compensated Absences

Vacation time is generally taken in the year earned, although certain employees may accumulate up to two years of vacation time. Pursuant to the terms of its collective bargaining agreements, clerical, firefighters and library employees may accrue unlimited sick days; police officers may accrue up to 375 sick days; public works employees may accrue up to 220 sick days and crossing guards may accrue up to 115 sick days. Upon retirement all employees may be paid their earned and unused accumulated vacation days. Most employees are paid up to 1/3 their unused accumulated sick days. The police payout for sick days is 40% and the Fire Department payout is 33% of 1600 hours or a maximum of 533 hours. The Teamsters' sick day payout is based on a formula: 25% of the first 110 days unused accumulated sick leave days and 1/3 of the next 110 days unused, accumulated sick leave days to a maximum of 220 days. Administrative and non-union clerical sick time is capped at 2,500 hours. The payout is 40% for non-union employees.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

The value of all compensated absences has been reflected in the government-wide and proprietary fund financial statements.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements. The Village has recognized revenues and expenditures of \$- for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Village's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Pre- 65</u> <u>Rate</u>
2015	6.00 %
2016	5.00
2017+	4.75

Village of Scarsdale, New York

Notes to Financial Statements (Continued)
May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percentage of payroll method with an open amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 4% investment rate of return and a 2.5% annual payroll growth rate. The Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the entry age normal method.

The number of participants as of May 31, 2014 was as follows:

	Governmental Activities	Business-Type Activities	Total
Active Employees	242	9	251
Retired Employees	180	0	180
	<u>422</u>	<u>9</u>	<u>431</u>

	Governmental Funds	Enterprise Funds	Internal Service Fund	Total
Amortization Component:				
Actuarial Accrued Liability as of June 1, 2013	\$ 78,265,415	\$ 1,420,921	\$ 1,322,409	\$ 81,008,745
Assets at Market Value	-	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 78,265,415</u>	<u>\$ 1,420,921</u>	<u>\$ 1,322,409</u>	<u>\$ 81,008,745</u>
Covered Payroll (active plan members)	<u>\$ 17,118,917</u>	<u>\$ 918,594</u>	<u>\$ 1,043,013</u>	<u>\$ 19,080,524</u>
UAAL as a Percentage of Covered Payroll	<u>457.19%</u>	<u>154.68%</u>	<u>126.79%</u>	<u>424.56%</u>
Annual Required Contribution	\$ 6,088,175	\$ 138,182	\$ 165,417	\$ 6,391,774
Interest on OPEB obligation	563,808	22,632	29,924	616,364
Adjustment to Annual Required Contribution	<u>(675,518)</u>	<u>(27,116)</u>	<u>(35,853)</u>	<u>(738,487)</u>
Annual OPEB Cost	5,976,465	133,698	159,488	6,269,651
Contributions Made	<u>(2,559,281)</u>	<u>-</u>	<u>(717)</u>	<u>(2,559,998)</u>
Increase in Net OPEB Cost	3,417,184	133,698	158,771	3,709,653
Net OPEB Cost at May 31, 2013	<u>14,098,144</u>	<u>562,857</u>	<u>748,096</u>	<u>15,409,097</u>
Net OPEB Cost at May 31, 2014	<u>\$ 17,515,328</u>	<u>\$ 696,555</u>	<u>\$ 906,867</u>	<u>\$ 19,118,750</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 6,269,651	40.83 %	\$ 19,118,750
2013	6,006,249	40.07	15,409,097
2012	5,552,583	41.43	11,809,821

Village of Scarsdale, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

F. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Pool Fund	
General Fund	\$ -	\$ 2,109,276	\$ 3,503,058	\$ 10,725	\$ 5,623,059
Town Fund	1,692,118	-	-	-	1,692,118
Non-Major Governmental Funds	-	341,104	1,100	-	342,204
Water Fund	-	171,000	-	-	171,000
Reconciling Item: Village/Town (Note 1)	(7,917)	-	-	-	(7,917)
	<u>\$ 1,684,201</u>	<u>\$ 2,621,380</u>	<u>\$ 3,504,158</u>	<u>\$ 10,725</u>	<u>\$ 7,820,464</u>

Transfers are used to 1) move funds earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures, 2) move funds from the operating funds to fulfill commitments for Library Fund expenditures and 3) move amounts earmarked in the operating funds to fulfill commitments of the General, Special Purpose and Pool Funds.

G. Net Position

The components of net position are detailed below:

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

Restricted for Town - the component of net position that reports the amounts for the collection and remittance of taxes for the Scarsdale School District and the County of Westchester and for certain revenues statutorily required to be recorded in the Town Fund.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Special Purpose - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Restricted for Sewer - the component of net position that represents the difference between assets and liabilities of the Sewer Fund with constraints placed on their use by statute.

Village of Scarsdale, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Permanent - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Village of Scarsdale, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2014					2013				
	General Fund	Town Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Town Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:										
Prepaid expenditures	\$ 459,763	\$ -	\$ -	\$ 46,068	\$ 505,831	\$ 440,018	\$ -	\$ -	\$ 45,416	\$ 485,434
Long term receivables	-	846,712	-	-	846,712	-	865,732	-	-	865,732
Permanent fund	-	-	-	572,600	572,600	-	-	-	572,600	572,600
Total Nonspendable	459,763	846,712	-	618,668	1,925,143	440,018	865,732	-	618,016	1,923,766
Restricted:										
Debt service	-	-	-	-	-	137,108	-	-	-	137,108
Capital projects	-	-	3,802,963	-	3,802,963	-	-	1,157,448	-	1,157,448
Trusts	-	-	-	607,254	607,254	-	-	-	532,405	532,405
Total Restricted	-	-	3,802,963	607,254	4,410,217	137,108	-	1,157,448	532,405	1,826,961
Assigned:										
Purchases on order:										
General government support	263,562	-	-	-	263,562	155,794	-	-	-	155,794
Public safety	161,694	-	-	-	161,694	166,742	-	-	-	166,742
Culture and recreation	59,106	-	-	9,500	68,606	27,839	-	-	11,235	39,074
	484,362	-	-	9,500	493,862	350,375	-	-	11,235	361,610
Subsequent year's expenditures	1,173,000	-	-	50,000	1,223,000	1,223,000	-	-	100,000	1,323,000
Contractual obligations	215,000	-	-	-	215,000	215,000	-	-	-	215,000
Capital Projects	695,000	-	-	-	695,000	238,464	-	-	-	238,464
Workers' compensation claims	60,626	-	-	-	60,626	410,626	-	-	-	410,626
Retirement obligations	52,000	-	-	-	52,000	52,000	-	-	-	52,000
Other post employment benefit obligations	100,000	-	-	-	100,000	100,000	-	-	-	100,000
Town Fund	-	431,855	-	-	431,855	-	535,942	-	-	535,942
Cable TV equipment	-	-	379,069	-	379,069	-	-	333,729	-	333,729
Library	-	-	-	468,664	468,664	-	-	-	715,198	715,198
Sewer	-	-	-	34,494	34,494	-	-	-	49,988	49,988
Total Assigned	2,779,988	431,855	379,069	562,658	4,153,570	2,589,465	535,942	333,729	876,421	4,335,557
Unassigned	8,486,082	-	-	-	8,486,082	7,447,396	-	-	-	7,447,396
Total Fund Balances	\$ 11,725,833	\$ 1,278,567	\$ 4,182,032	\$ 1,788,580	\$ 18,975,012	\$ 10,613,987	\$ 1,401,674	\$ 1,491,177	\$ 2,026,842	\$ 15,533,680

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for the purchase of day camp supplies made in advance. This amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-Term Receivables represents funds set aside to indicate the long term nature of taxes receivable collected for other governments. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Trusts has been established to set aside funds in accordance with terms of the grants.

Purchases on order are assigned and represent the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transaction.

Assigned for Subsequent Year's Expenditures - At May 31, 2014, the Village Board has assigned these amounts of the fund balance to be appropriated for the ensuing year's budget.

Assigned for Contractual Obligations - This assignment is used to segregate a portion of fund balance of the General Fund for contractual obligations.

Assigned for Capital Projects - This assignment is used to segregate a portion of the fund balance of the General Fund to be utilized for the purpose of funding future Village capital projects.

Assigned for Workers' Compensation Claims - This assignment is used to segregate a portion of fund balance to provide funding for Workers' Compensations claims.

Assigned for Retirement Obligations - This assignment is used to segregate a portion of fund balance of the General Fund for Workers' Compensation claims.

Assigned for Other Post Employment Benefit Obligations - This assignment is used to segregate a portion of fund balance to provide funding for post retirement health care employee benefits.

Assigned for Cable TV Equipment - This assignment is used to segregate a portion of fund balance of the Capital Projects Fund for the purchase of cable TV equipment.

Assigned for Library - This assignment is used to segregate the fund balance of the Library Fund.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Village is involved in various claims and lawsuits, arising in the normal course of operations. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Village's financial position.

The Village is also defendant in numerous tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year the payments are made.

B. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains general liability and public entity management liability insurance coverage, with policy limits of \$2 million. The Village also maintains an umbrella policy which provides coverage up to \$15 million. Workers' compensation is secured with statutory coverages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Village also purchases conventional health insurance from various providers.

C. Contingencies

The Village participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Village's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Village anticipates such amounts, if any, to be immaterial.

Note 5 - Subsequent Events

The Village, on July 10, 2014, issued a \$1.5 million bond anticipation note. The note is due on July 10, 2015 with interest at .69%.

The Village, on June 19, 2014, issued a \$770,000 bond anticipation note. The note is due on June 19, 2015 with interest at 1.09%.

The Village, on July 2, 2014, issued \$1.6 million in EFC Bonds with interest rates ranging from .18% to 4.2025% with final maturity in May 2037.

Village of Scarsdale, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2011	\$ -	\$ 71,762,987	\$ 71,762,987	- %	\$ 17,443,939	411.39 %
June 1, 2012	-	77,851,655	77,851,655	-	18,615,145	418.22
June 1, 2013	-	81,008,745	81,008,745	-	19,080,524	424.56

Village of Scarsdale, New YorkGeneral Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	\$ 14,406,054	\$ 13,153,848
Taxes receivable	486,309	429,757
Other receivables		
Accounts	107,396	80,479
Special assessments	-	137,107
State and Federal aid	1,147,166	591,574
Due from other governments	94,388	107,281
	1,348,950	916,441
Prepaid expenditures	459,763	440,018
Total Assets	\$ 16,701,076	\$ 14,940,064
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,256,987	\$ 1,130,839
Accrued liabilities	1,868,064	1,890,587
Due to other funds	412,000	-
Unearned revenues	951,883	874,894
Total Liabilities	4,488,934	3,896,320
Deferred inflows of resources		
Deferred tax revenues	486,309	429,757
Total Liabilities and Deferred Inflows of Resources	4,975,243	4,326,077
Fund balance		
Nonspendable	459,763	440,018
Restricted	-	137,108
Assigned	2,779,988	2,589,465
Unassigned	8,486,082	7,447,396
Total Fund Balance	11,725,833	10,613,987
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,701,076	\$ 14,940,064

Village of Scarsdale, New York

General Fund

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Years Ended May 31,

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 34,895,282	\$ 34,895,282	\$ 34,657,733	\$ (237,549)
Other tax items	585,000	585,000	84,327	(500,673)
Non-property taxes	3,111,000	3,111,000	3,227,674	116,674
Departmental income	3,830,305	3,830,305	4,050,986	220,681
Intergovernmental revenues	80,000	80,000	99,302	19,302
Interfund revenues	930,630	930,630	890,630	(40,000)
Use of money and property	946,193	946,193	917,721	(28,472)
Licenses and permits	1,694,500	1,694,500	2,291,371	596,871
Fines and forfeitures	910,000	910,000	952,011	42,011
Sale of property and compensation for loss	65,000	65,000	105,576	40,576
State aid	1,746,589	1,746,589	1,130,264	(616,325)
Federal aid	-	-	1,056,831	1,056,831
Miscellaneous	549,100	549,100	604,012	54,912
Total Revenues	49,343,599	49,343,599	50,068,438	724,839
EXPENDITURES				
Current				
General government support	9,051,445	9,060,324	8,387,998	672,326
Public safety	12,165,453	12,200,207	11,665,665	534,542
Culture and recreation	2,633,420	2,597,489	2,479,543	117,946
Home and community services	7,524,372	7,502,585	7,318,561	184,024
Employee benefits	13,625,324	13,739,409	13,237,777	501,632
Debt service				
Principal	1,554,779	1,554,779	1,548,941	5,838
Interest	511,398	511,398	474,298	37,100
Total Expenditures	47,066,191	47,166,191	45,112,783	2,053,408
Excess of Revenues Over Expenditures	2,277,408	2,177,408	4,955,655	2,778,247
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	73,000	73,000	95,049	22,049
Transfers in	-	-	1,684,201	1,684,201
Transfers out	(3,923,783)	(5,623,059)	(5,623,059)	-
Total Other Financing Uses	(3,850,783)	(5,550,059)	(3,843,809)	1,706,250
Net Change in Fund Balance	(1,573,375)	(3,372,651)	1,111,846	4,484,497
FUND BALANCE				
Beginning of Year	1,573,375	3,372,651	10,613,987	7,241,336
End of Year	\$ -	\$ -	\$ 11,725,833	\$ 11,725,833

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 33,228,095	\$ 33,228,095	\$ 33,115,458	\$ (112,637)
712,108	712,108	238,026	(474,082)
3,210,000	3,210,000	3,054,828	(155,172)
3,739,149	3,739,149	3,876,316	137,167
90,000	90,000	88,660	(1,340)
530,630	530,630	530,630	-
913,065	913,065	644,555	(268,510)
1,642,600	1,642,600	2,176,621	534,021
881,500	881,500	997,812	116,312
65,000	65,000	84,753	19,753
1,618,959	1,618,959	1,023,242	(595,717)
158,223	158,223	265,425	107,202
512,800	512,800	773,836	261,036
<u>47,302,129</u>	<u>47,302,129</u>	<u>46,870,162</u>	<u>(431,967)</u>
8,958,248	8,479,432	8,014,390	465,042
11,702,342	12,018,987	11,527,409	491,578
2,568,156	2,606,692	2,431,016	175,676
7,358,448	7,665,794	7,504,626	161,168
12,669,118	12,605,407	11,812,429	792,978
1,510,620	1,390,620	1,390,620	-
559,406	559,406	525,406	34,000
<u>45,326,338</u>	<u>45,326,338</u>	<u>43,205,896</u>	<u>2,120,442</u>
<u>1,975,791</u>	<u>1,975,791</u>	<u>3,664,266</u>	<u>1,688,475</u>
70,000	70,000	80,401	10,401
-	-	1,487,965	1,487,965
<u>(3,462,484)</u>	<u>(5,017,484)</u>	<u>(5,017,484)</u>	<u>-</u>
<u>(3,392,484)</u>	<u>(4,947,484)</u>	<u>(3,449,118)</u>	<u>1,498,366</u>
(1,416,693)	(2,971,693)	215,148	3,186,841
<u>1,416,693</u>	<u>2,971,693</u>	<u>10,398,839</u>	<u>7,427,146</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,613,987</u>	<u>\$ 10,613,987</u>

Village of Scarsdale, New York

General Fund

**Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended May 31, 2014
(With Comparative Actuals for 2013)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
PROPERTY TAXES	\$ 34,895,282	\$ 34,895,282	\$ 34,657,733	\$ (237,549)	\$ 33,115,458
OTHER TAX ITEMS					
Special assessments	585,000	585,000	84,327	-	137,108
Interest and penalties - Taxes				(500,673)	100,918
	585,000	585,000	84,327	(500,673)	238,026
NON-PROPERTY TAXES					
Non-property tax distribution from County	2,350,000	2,350,000	2,426,632	76,632	2,295,241
Utilities gross receipts tax	391,000	391,000	415,705	24,705	388,866
Franchise fees	370,000	370,000	385,337	15,337	370,721
	3,111,000	3,111,000	3,227,674	116,674	3,054,828
DEPARTMENTAL INCOME					
Clerks fees	6,200	6,200	3,574	(2,626)	3,959
Police Department fees	9,000	9,000	9,122	122	9,645
Fire Department fees	-	-	2,950	2,950	-
Safety inspection fees	70,000	70,000	99,035	29,035	88,902
Public Works fees	11,000	11,000	9,150	(1,850)	9,300
Parking fees	1,970,661	1,970,661	2,183,545	212,884	2,079,008
Parks and recreation fees	1,707,944	1,707,944	1,647,175	(60,769)	1,600,489
Zoning and Appeals Board fees	18,000	18,000	24,075	6,075	20,800
Planning Board fees	14,000	14,000	23,230	9,230	15,930
Disposal site fees	2,000	2,000	20,575	18,575	25,573
Board of Architectural Review fees	21,500	21,500	28,555	7,055	22,710
	3,830,305	3,830,305	4,050,986	220,681	3,876,316

INTERGOVERNMENTAL REVENUES

Snow removal	25,000	25,000	34,302	9,302	23,660
Board of Education	55,000	55,000	65,000	10,000	65,000

INTERFUND REVENUES

	80,000	80,000	99,302	19,302	88,660
	930,630	930,630	890,630	(40,000)	530,630

USE OF MONEY AND PROPERTY

Interest earnings	250,000	250,000	57,031	(192,969)	66,124
Rental income	696,193	696,193	860,690	164,497	578,431
	946,193	946,193	917,721	(28,472)	644,555

LICENSES AND PERMITS

Occupational licenses	9,000	9,000	8,940	(60)	10,275
Dog licenses	7,500	7,500	7,107	(393)	7,325
Marriage licenses	3,000	3,000	-	(3,000)	-
Building permits	1,275,000	1,275,000	1,815,202	540,202	1,719,358
Alarm user annual permits	250,000	250,000	246,274	(3,726)	252,702
Other permits	150,000	150,000	213,848	63,848	186,961
	1,694,500	1,694,500	2,291,371	596,871	2,176,621

FINES AND FORFEITURES

Justice court fines	870,000	870,000	911,810	41,810	946,881
Alarm fines	40,000	40,000	40,201	201	50,931
	910,000	910,000	952,011	42,011	997,812

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Minor sales	45,000	45,000	47,864	2,864	58,688
Sale of equipment	20,000	20,000	4,100	(15,900)	26,065
Reimbursement for damage to property	-	-	53,612	53,612	-
	65,000	65,000	105,576	40,576	84,753

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Village of Scarsdale, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended May 31, 2014

(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
STATE AID					
Per capita	\$ 186,589	\$ 186,589	\$ 151,860	\$ (34,729)	\$ 138,178
Mortgage tax	1,555,000	1,555,000	973,409	(581,591)	871,082
Emergency Management Agency	-	-	-	-	8,987
Youth programs	5,000	5,000	4,995	(5)	4,995
	<u>1,746,589</u>	<u>1,746,589</u>	<u>1,130,264</u>	<u>(616,325)</u>	<u>1,023,242</u>
FEDERAL AID					
Emergency Management Agency	-	-	947,654	947,654	265,425
DOT emergency relief project	-	-	109,177	109,177	-
	<u>-</u>	<u>-</u>	<u>1,056,831</u>	<u>1,056,831</u>	<u>265,425</u>
MISCELLANEOUS					
Refunds of prior year's expenditures	10,000	10,000	7,988	(2,012)	8,447
Employee health insurance reimbursements	297,500	297,500	253,643	(43,857)	249,308
Medicare part D reimbursement	79,200	79,200	-	(79,200)	80,014
Reimbursement for police overtime	152,400	152,400	296,760	144,360	312,547
Other	10,000	10,000	45,621	35,621	123,520
	<u>549,100</u>	<u>549,100</u>	<u>604,012</u>	<u>54,912</u>	<u>773,836</u>
	<u>49,343,599</u>	<u>49,343,599</u>	<u>50,068,438</u>	<u>724,839</u>	<u>46,870,162</u>
TOTAL REVENUES					
OTHER FINANCING SOURCES					
Insurance recoveries	73,000	73,000	95,049	22,049	80,401
Transfers in	-	-	1,684,201	1,684,201	1,487,965
Town Fund	-	-	-	-	-
	<u>73,000</u>	<u>73,000</u>	<u>1,779,250</u>	<u>1,706,250</u>	<u>1,568,366</u>
TOTAL OTHER FINANCING SOURCES					
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 49,416,599</u>	<u>\$ 49,416,599</u>	<u>\$ 51,847,688</u>	<u>\$ 2,431,089</u>	<u>\$ 48,438,528</u>

Village of Scarsdale, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2014

(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
GENERAL GOVERNMENT SUPPORT					
Municipal court	\$ 482,475	\$ 551,289	\$ 506,523	\$ 44,766	\$ 426,218
Village manager	1,021,104	1,024,047	990,497	33,550	984,568
Village treasurer	641,653	647,420	642,890	4,530	610,521
Assessor	395,931	399,238	378,751	20,487	360,746
Village clerk	230,944	230,815	219,077	11,738	223,589
Village attorney	472,126	772,174	733,503	38,671	612,216
Human resources	273,305	342,834	286,196	56,638	317,705
Information technology	576,060	573,754	533,653	40,101	521,987
Building and safety inspection	566,248	557,085	528,229	28,856	490,002
Planning	209,020	217,594	195,294	22,300	209,235
Human services	520,770	538,915	513,048	25,867	528,524
Utilities	45,000	45,048	40,796	4,252	53,784
Liability insurance	521,074	605,220	605,220	-	501,332
Central garage	1,883,808	1,883,808	1,883,808	-	1,898,168
Uncollected taxes	165,000	189,292	-	189,292	-
Refund of real property taxes	230,000	190,000	134,980	55,020	80,141
Taxes on Village property	74,400	74,400	68,472	5,928	64,993
Miscellaneous	182,527	138,255	127,061	11,194	130,661
Special contingency	560,000	79,136	-	79,136	-
	<u>9,051,445</u>	<u>9,060,324</u>	<u>8,387,998</u>	<u>672,326</u>	<u>8,014,390</u>
PUBLIC SAFETY					
Police	6,194,490	6,333,268	5,980,229	353,039	5,996,309
Fire	5,970,963	5,866,939	5,685,436	181,503	5,531,100
	<u>12,165,453</u>	<u>12,200,207</u>	<u>11,665,665</u>	<u>534,542</u>	<u>11,527,409</u>

CULTURE AND RECREATION

Parks and recreation - administration						
Youth camps	602,299	555,213	550,903	4,310	550,453	
Nature center	701,967	682,408	654,252	28,156	645,088	
Playgrounds	59,309	66,553	65,136	1,417	60,193	
Recreation	425,578	416,218	399,045	17,173	361,177	
Senior citizens	531,532	545,960	496,753	49,207	503,330	
Tennis	53,795	54,640	42,407	12,233	42,142	
	258,940	276,497	271,047	5,450	268,633	
	<u>2,633,420</u>	<u>2,597,489</u>	<u>2,479,543</u>	<u>117,946</u>	<u>2,431,016</u>	

HOME AND COMMUNITY SERVICES

Administration						
Engineer	535,825	565,779	427,484	138,295	427,131	
Facilities maintenance	304,395	291,870	287,426	4,444	319,324	
Highway	1,202,450	1,207,878	1,200,333	7,545	1,140,690	
Sanitation	3,190,195	3,215,731	3,215,238	493	3,306,684	
	2,291,507	2,221,327	2,188,080	33,247	2,310,797	
	<u>7,524,372</u>	<u>7,502,585</u>	<u>7,318,561</u>	<u>184,024</u>	<u>7,504,626</u>	

EMPLOYEE BENEFITS

State retirement	4,827,625	4,925,752	4,925,752	-	3,976,643	
Social security	1,663,360	1,676,890	1,557,534	119,356	1,527,626	
Workers' compensation benefits	669,334	872,008	872,008	-	585,986	
Hospital and medical insurance	6,217,180	6,034,680	5,814,897	219,783	5,678,237	
Unemployment benefits	40,000	41,746	41,745	1	27,812	
Compensated absences	160,000	160,000	-	160,000	-	
Life insurance	47,825	28,333	25,841	2,492	16,125	
	<u>13,625,324</u>	<u>13,739,409</u>	<u>13,237,777</u>	<u>501,632</u>	<u>11,812,429</u>	

DEBT SERVICE

Principal						
Serial bonds	1,409,779	1,409,779	1,409,779	-	1,390,620	
Bond anticipation notes	110,000	110,000	110,000	-	-	
Loans	35,000	35,000	29,162	5,838	-	
Interest						
Serial bonds	489,898	489,898	468,399	21,499	525,406	
Bond anticipation notes	5,500	5,500	5,375	125	-	
Loans	16,000	16,000	524	15,476	-	
	<u>2,066,177</u>	<u>2,066,177</u>	<u>2,023,239</u>	<u>42,938</u>	<u>1,916,026</u>	
	<u>47,066,191</u>	<u>47,166,191</u>	<u>45,112,783</u>	<u>2,053,408</u>	<u>43,205,896</u>	

TOTAL EXPENDITURES

(Continued)

Village of Scarsdale, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended May 31, 2014

(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	\$ 410,000	\$ 2,109,276	\$ 2,109,276	\$ -	\$ 1,555,000
Non-Major Governmental Funds	3,503,058	3,503,058	3,503,058	-	3,451,759
Pool Fund	10,725	10,725	10,725	-	10,725
TOTAL OTHER FINANCING USES	3,923,783	5,623,059	5,623,059	-	5,017,484
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 50,989,974	\$ 52,789,250	\$ 50,735,842	\$ 2,053,408	\$ 48,223,380

Village of Scarsdale, New York

Town Fund
Comparative Balance Sheet
May 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	<u>\$ 653,835</u>	<u>\$ 790,343</u>
Taxes receivable		
School district	2,105,961	2,212,824
County	329,371	318,202
Property acquired for taxes	<u>80,138</u>	<u>-</u>
	<u>2,515,470</u>	<u>2,531,026</u>
Total Assets	<u><u>\$ 3,169,305</u></u>	<u><u>\$ 3,321,369</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other governments	<u>\$ 1,890,738</u>	<u>\$ 1,919,695</u>
Fund balance		
Nonspendable	846,712	865,732
Assigned	<u>431,855</u>	<u>535,942</u>
Total Fund Balance	<u>1,278,567</u>	<u>1,401,674</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,169,305</u></u>	<u><u>\$ 3,321,369</u></u>

Village of Scarsdale, New York

Town Fund

**Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended May 31,**

	<u>2014</u>	<u>2013</u>
REVENUES		
Other tax items	\$ 528,900	\$ 503,833
Departmental income	3,840	3,479
Use of money and property	21,892	21,923
State aid	1,014,379	809,548
Miscellaneous	-	5,360
	<u>1,569,011</u>	<u>1,344,143</u>
Total Revenues	1,569,011	1,344,143
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,569,011	1,344,143
OTHER FINANCING USES		
Transfers out	<u>(1,692,118)</u>	<u>(1,474,511)</u>
Net Change in Fund Balance	(123,107)	(130,368)
FUND BALANCE		
Beginning of Year	<u>1,401,674</u>	<u>1,532,042</u>
End of Year	<u>\$ 1,278,567</u>	<u>\$ 1,401,674</u>

Village of Scarsdale, New YorkCapital Projects Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	\$ 4,428,716	\$ 825
Receivables		
Accounts	-	171,412
State and Federal aid	1,528,909	2,002,444
Due from other funds	412,000	-
	1,940,909	2,173,856
Total Assets	\$ 6,369,625	\$ 2,174,681
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 333,681	\$ 284,657
Accrued liabilities	1,726,554	258,042
Retainages payable	127,358	123,944
Unearned revenues	-	16,861
Total Liabilities	2,187,593	683,504
Fund balance		
Restricted	3,802,963	1,157,448
Assigned	379,069	333,729
Total Fund Balance	4,182,032	1,491,177
Total Liabilities and Fund Balance	\$ 6,369,625	\$ 2,174,681

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Village of Scarsdale, New York**Capital Projects Fund****Comparative Statement of Revenues, Expenditures and Changes in Fund Balance****Years Ended May 31,**

	<u>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 3,047	\$ 464
State aid	426,904	575,141
Federal aid	241,094	4,527,464
Miscellaneous	<u>144,763</u>	<u>799,516</u>
Total Revenues	815,808	5,902,585
EXPENDITURES		
Capital outlay	<u>4,916,773</u>	<u>9,207,691</u>
Deficiency of Revenues Over Expenditures	<u>(4,100,965)</u>	<u>(3,305,106)</u>
OTHER FINANCING SOURCES		
Bonds issued	3,500,000	-
Bond anticipation notes issued	550,000	550,000
Loans issued	120,440	786,068
Transfers in	<u>2,621,380</u>	<u>1,882,342</u>
Total Other Financing Sources	<u>6,791,820</u>	<u>3,218,410</u>
Net Change in Fund Balance	2,690,855	(86,696)
FUND BALANCE		
Beginning of Year	<u>1,491,177</u>	<u>1,577,873</u>
End of Year	<u>\$ 4,182,032</u>	<u>\$ 1,491,177</u>

Village of Scarsdale, New York

Combining Balance Sheet
Non-Major Governmental Funds
May 31, 2014
(With Comparative Totals for 2013)

	Library	Special Purpose	Sewer
ASSETS			
Cash and equivalents	\$ 688,388	\$ 625,797	\$ 9,483
Accounts receivable	-	-	25,038
Prepaid expenditures	46,068	-	-
	<u>46,068</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 734,456</u>	<u>\$ 625,797</u>	<u>\$ 34,521</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 20,587	\$ 18,543	\$ -
Accrued liabilities	139,637	-	-
Due to other funds	-	-	27
	<u>-</u>	<u>-</u>	<u>27</u>
Total Liabilities	<u>160,224</u>	<u>18,543</u>	<u>27</u>
Fund balances			
Nonspendable	46,068	-	-
Restricted	-	607,254	-
Assigned	528,164	-	34,494
	<u>528,164</u>	<u>-</u>	<u>34,494</u>
Total Fund Balances	<u>574,232</u>	<u>607,254</u>	<u>34,494</u>
Total Liabilities and Fund Balances	<u>\$ 734,456</u>	<u>\$ 625,797</u>	<u>\$ 34,521</u>

	Total Non-Major Governmental Funds	
Permanent	2014	2013
\$ 572,600	\$ 1,896,268	\$ 2,214,443
-	25,038	9,603
-	46,068	45,416
<u>\$ 572,600</u>	<u>\$ 1,967,374</u>	<u>\$ 2,269,462</u>
\$ -	\$ 39,130	\$ 115,041
-	139,637	126,826
-	27	753
<u>-</u>	<u>178,794</u>	<u>242,620</u>
572,600	618,668	618,016
-	607,254	532,405
-	562,658	876,421
<u>572,600</u>	<u>1,788,580</u>	<u>2,026,842</u>
<u>\$ 572,600</u>	<u>\$ 1,967,374</u>	<u>\$ 2,269,462</u>

Village of Scarsdale, New York

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

Year Ended May 31, 2014

(With Comparative Totals for 2013)

	Library	Special Purpose	Sewer	Permanent
REVENUES				
Departmental income	\$ 50,402	\$ -	\$ 340,867	\$ -
Use of money and property	14,001	618	3,639	1,100
State aid	6,278	-	-	-
Miscellaneous	17,396	190,026	-	-
Total Revenues	88,077	190,644	344,506	1,100
EXPENDITURES				
Current				
Public safety	-	34,859	-	-
Culture and recreation	2,599,425	20,932	-	-
Home and community services	-	-	360,000	-
Employee benefits	1,009,327	-	-	-
Total Expenditures	3,608,752	55,791	360,000	-
Excess (Deficiency) of Revenues Over Expenditures	(3,520,675)	134,853	(15,494)	1,100
OTHER FINANCING SOURCES (USES)				
Transfers in	3,503,058	1,100	-	-
Transfers out	(280,000)	(61,104)	-	(1,100)
Total Other Financing Sources (Uses)	3,223,058	(60,004)	-	(1,100)
Net Change in Fund Balances	(297,617)	74,849	(15,494)	-
FUND BALANCES				
Beginning of Year	871,849	532,405	49,988	572,600
End of Year	\$ 574,232	\$ 607,254	34,494	\$ 572,600

Total Non-Major Governmental Funds	
2014	2013
\$ 391,269	\$ 100,418
19,358	12,892
6,278	5,985
207,422	185,788
624,327	305,083
34,859	33,120
2,620,357	2,502,948
360,000	-
1,009,327	787,881
4,024,543	3,323,949
(3,400,216)	(3,018,866)
3,504,158	3,452,864
(342,204)	(157,447)
3,161,954	3,295,417
(238,262)	276,551
2,026,842	1,750,291
\$ 1,788,580	\$ 2,026,842

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Village of Scarsdale, New York

Library Fund
Comparative Balance Sheet
May 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 688,388	\$ 978,744
Prepaid expenditures	<u>46,068</u>	<u>45,416</u>
Total Assets	<u>\$ 734,456</u>	<u>\$ 1,024,160</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 20,587	\$ 25,485
Accrued liabilities	<u>139,637</u>	<u>126,826</u>
Total Liabilities	<u>160,224</u>	<u>152,311</u>
Fund balance		
Nonspendable	46,068	45,416
Assigned	<u>528,164</u>	<u>826,433</u>
Total Fund Balance	<u>574,232</u>	<u>871,849</u>
Total Liabilities and Fund Balance	<u>\$ 734,456</u>	<u>\$ 1,024,160</u>

Village of Scarsdale, New York

Library Fund

**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Years Ended May 31,**

	2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 50,000	\$ 50,000	\$ 50,402	\$ 402
Use of money and property	12,200	12,200	14,001	1,801
State aid	5,000	5,000	6,278	1,278
Miscellaneous	11,000	11,000	17,396	6,396
Total Revenues	78,200	78,200	88,077	9,877
EXPENDITURES				
Current				
Culture and recreation	2,704,847	2,694,184	2,599,425	94,759
Employee benefits	1,003,646	1,014,309	1,009,327	4,982
Total Expenditures	3,708,493	3,708,493	3,608,752	99,741
Deficiency of Revenues Over Expenditures	(3,630,293)	(3,630,293)	(3,520,675)	(109,618)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,519,058	3,519,058	3,503,058	(16,000)
Transfers out	-	(280,000)	(280,000)	-
Total Other Financing Sources	3,519,058	3,239,058	3,223,058	(16,000)
Net Change in Fund Balance	(111,235)	(391,235)	(297,617)	93,618
FUND BALANCE				
Beginning of Year	111,235	391,235	871,849	480,614
End of Year	\$ -	\$ -	\$ 574,232	\$ 574,232

2013

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 50,000	\$ 50,000	\$ 50,430	\$ 430
13,500	13,500	10,886	(2,614)
-	-	5,985	5,985
15,500	15,500	21,927	6,427
79,000	79,000	89,228	10,228
2,680,959	2,680,959	2,486,012	194,947
956,985	956,985	787,881	169,104
3,637,944	3,637,944	3,273,893	364,051
(3,558,944)	(3,558,944)	(3,184,665)	(374,279)
3,467,759	3,467,759	3,451,759	(16,000)
-	-	-	-
3,467,759	3,467,759	3,451,759	(16,000)
(91,185)	(91,185)	267,094	358,279
91,185	91,185	604,755	513,570
\$ -	\$ -	\$ 871,849	\$ 871,849

Village of Scarsdale, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	<u>\$ 625,797</u>	<u>\$ 621,961</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 18,543	\$ 89,556
Fund balance		
Restricted	<u>607,254</u>	<u>532,405</u>
Total Liabilities and Fund Balance	<u>\$ 625,797</u>	<u>\$ 621,961</u>

Village of Scarsdale, New York

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Years Ended May 31,

	<u>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 618	\$ 901
Miscellaneous	<u>190,026</u>	<u>163,861</u>
Total Revenues	<u>190,644</u>	<u>164,762</u>
EXPENDITURES		
Current		
Public safety	34,859	33,120
Culture and recreation	<u>20,932</u>	<u>16,936</u>
Total Expenditures	<u>55,791</u>	<u>50,056</u>
Excess of Revenues Over Expenditures	<u>134,853</u>	<u>114,706</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	1,100	1,105
Transfers out	<u>(61,104)</u>	<u>(156,342)</u>
Total Other Financing Uses	<u>(60,004)</u>	<u>(155,237)</u>
Net Change in Fund Balance	74,849	(40,531)
FUND BALANCE		
Beginning of Year	<u>532,405</u>	<u>572,936</u>
End of Year	<u>\$ 607,254</u>	<u>\$ 532,405</u>

Village of Scarsdale, New York

Sewer Fund
Comparative Balance Sheet
May 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 9,483	\$ 41,138
Accounts receivable	<u>25,038</u>	<u>9,603</u>
Total Assets	<u>\$ 34,521</u>	<u>\$ 50,741</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 27	\$ 753
Fund balance		
Assigned	<u>34,494</u>	<u>49,988</u>
Total Liabilities and Fund Balance	<u>\$ 34,521</u>	<u>\$ 50,741</u>

Village of Scarsdale, New York**Sewer Fund****Comparative Statement of Revenues, Expenditures and Changes in Fund Balance****Years Ended May 31**

	<u>2014</u>	<u>2013</u>
REVENUES		
Departmental income	\$ 340,867	\$ 49,988
Use of money and property	<u>3,639</u>	<u>-</u>
Total Revenues	344,506	49,988
EXPENDITURES		
Home and community services	<u>360,000</u>	<u>-</u>
Net Change in Fund Balance	(15,494)	49,988
FUND BALANCE		
Beginning of Year	<u>49,988</u>	<u>-</u>
End of Year	<u>\$ 34,494</u>	<u>\$ 49,988</u>

Village of Scarsdale, New York

Permanent Fund
Comparative Balance Sheet
May 31,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	<u>\$ 572,600</u>	<u>\$ 572,600</u>
FUND BALANCE		
Nonspendable	<u>\$ 572,600</u>	<u>\$ 572,600</u>

Village of Scarsdale, New York

Permanent Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 1,100	\$ 1,105
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,100	1,105
OTHER FINANCING USES		
Transfers out	<u>(1,100)</u>	<u>(1,105)</u>
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	<u>572,600</u>	<u>572,600</u>
End of Year	<u><u>\$ 572,600</u></u>	<u><u>\$ 572,600</u></u>

Village of Scarsdale, New York

Enterprise Fund - Water Fund
Comparative Statement of Net Position
May 31,

	2014	2013
ASSETS		
Current assets		
Cash and equivalents	\$ 4,468,544	\$ 3,208,586
Accounts receivable	486,799	293,205
Due from other funds	27	753
Prepaid expenses	19,491	19,491
Total Current Assets	4,974,861	3,522,035
Capital assets		
Land	31,789	31,789
Buildings	6,290,211	6,290,211
Machinery and equipment	1,283,081	1,237,073
Infrastructure	1,697,309	1,694,002
Construction-in-progress	4,084,667	763,542
	13,387,057	10,016,617
Less - Accumulated depreciation	(4,346,070)	(4,105,982)
Total Capital Assets, net of accumulated depreciation	9,040,987	5,910,635
Total Assets	14,015,848	9,432,670
LIABILITIES		
Current liabilities		
Accounts payable	610,099	273,059
Accrued liabilities	845,011	954,107
Accrued interest payable	67,746	2,074
Retainages payable	150,917	22,819
Current maturities of bonds payable	192,620	60,000
Current portion of compensated absences	21,000	22,000
Total Current Liabilities	1,887,393	1,334,059
Noncurrent liabilities		
Bonds payable, less current maturities	5,799,880	1,192,500
Compensated absences, less current portion	189,162	196,216
Other post employment benefit obligations payable	696,555	562,857
Total Noncurrent Liabilities	6,685,597	1,951,573
Total Liabilities	8,572,990	3,285,632
NET POSITION		
Net investment in capital assets	4,521,180	4,658,135
Unrestricted	921,678	1,488,903
Total Net Position	\$ 5,442,858	\$ 6,147,038

Village of Scarsdale, New York

Enterprise Fund - Water Fund

Comparative Statement of Revenues, Expenses and Changes in

Net Position

Years Ended May 31,

	2014	2013
OPERATING REVENUES		
Charges for services	\$ 5,260,434	\$ 5,611,556
OPERATING EXPENSES		
Taxes on Village property	54,750	53,719
Personal services	918,594	924,090
Contractual services	498,685	483,976
Supplies	228,879	130,575
Utilities	162,808	142,895
Employee benefits	539,990	425,546
Other post employment benefit obligations	133,698	123,568
Insurance	78,070	67,658
Repairs and maintenance	55,842	134,676
Equipment maintenance	7,090	32,237
Depreciation	257,482	261,874
Purchase of water	2,608,557	2,982,703
Property services	106,680	101,680
Miscellaneous	33,667	34,732
Total Operating Expenses	5,684,792	5,899,929
Loss from Operations	(424,358)	(288,373)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	5,578	10,026
Interest expense	(114,400)	(50,741)
Total Non-Operating Expenses	(108,822)	(40,715)
Loss Before Transfers	(533,180)	(329,088)
Transfers Out	(171,000)	(171,000)
Change in Net Position	(704,180)	(500,088)
NET POSITION		
Beginning of Year	6,147,038	6,647,126
End of Year	\$ 5,442,858	\$ 6,147,038

Village of Scarsdale, New York

Enterprise Fund - Water Fund
Comparative Statement of Cash Flows
Years Ended May 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 5,066,840	\$ 5,565,864
Cash payments for goods or services	(3,478,260)	(3,843,706)
Cash payments to employees	(1,466,638)	(1,325,523)
Net Cash From Operating Activities	121,942	396,635
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	(171,000)	(171,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bonds issued	4,800,000	-
Principal paid on bonds	(60,000)	(60,000)
Interest paid on bonds	(48,728)	(50,829)
Acquisition and construction of capital assets	(3,387,834)	(561,059)
Net Cash From Capital and Related Financing Activities	1,303,438	(671,888)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	5,578	10,026
Net Change in Cash and Equivalents	1,259,958	(436,227)
CASH AND EQUIVALENTS		
Beginning of Year	3,208,586	3,644,813
End of Year	\$ 4,468,544	\$ 3,208,586
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (424,358)	\$ (288,373)
Adjustments to reconcile loss from operations to net cash from operating activities		
Depreciation	257,482	261,874
Changes in operating assets and liabilities		
Accounts receivable	(193,594)	(45,692)
Due from other funds	726	(753)
Prepaid expenses	-	(386)
Accounts payable	337,040	239,095
Accrued liabilities	(109,096)	70,054
Retainages payable	128,098	13,135
Compensated absences	(8,054)	24,113
Other post employment benefit obligations payable	133,698	123,568
Net Cash from Operating Activities	\$ 121,942	\$ 396,635

Village of Scarsdale, New York

Enterprise Fund - Pool Fund
Comparative Statement of Net Position
May 31,

	2014	2013
ASSETS		
Current assets		
Cash and equivalents	\$ 475,921	\$ 549,627
Accounts receivable	315,869	257,926
Total Current Assets	791,790	807,553
Capital assets		
Land	118,000	118,000
Buildings	2,586,688	2,586,688
Machinery and equipment	244,188	244,188
Infrastructure	244,245	244,245
	3,193,121	3,193,121
Less - Accumulated depreciation	(2,428,988)	(2,288,872)
Total Capital Assets, net of accumulated depreciation	764,133	904,249
Total Assets	1,555,923	1,711,802
LIABILITIES		
Current liabilities		
Accounts payable	25,177	15,305
Accrued liabilities	59,663	13,191
Accrued interest payable	-	2,482
Unearned revenues	464,381	541,544
Bonds payable	-	175,221
Total Current Liabilities	549,221	747,743
NET POSITION		
Net investment in capital assets	764,133	729,028
Unrestricted	242,569	235,031
Total Net Position	\$ 1,006,702	\$ 964,059

Village of Scarsdale, New York

Enterprise Fund - Pool Fund

Comparative Statement of Revenues, Expenses and Changes in
Net Position
Years Ended May 31,

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Charges for services	<u>\$ 923,555</u>	<u>\$ 1,028,792</u>
Operating expenses		
Taxes on Village property	5,524	5,607
Personal services	343,014	412,487
Contract services	126,570	225,604
Supplies	40,956	37,150
Utilities	56,485	43,313
Employee benefits	40,252	40,062
Insurance	28,551	26,430
Repairs and maintenance	60,297	4,169
Equipment maintenance	17,572	23,234
Depreciation	140,116	142,324
Miscellaneous	<u>31,995</u>	<u>31,400</u>
Total Operating Expenses	<u>891,332</u>	<u>991,780</u>
Income from Operations	<u>32,223</u>	<u>37,012</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	936	1,282
Interest expense	<u>(1,241)</u>	<u>(8,611)</u>
Total Non-Operating Expenses	<u>(305)</u>	<u>(7,329)</u>
Income Before Transfers	31,918	29,683
Transfers In	<u>10,725</u>	<u>10,725</u>
Change in Net Position	42,643	40,408
NET POSITION		
Beginning of Year	<u>964,059</u>	<u>923,651</u>
End Year	<u><u>\$ 1,006,702</u></u>	<u><u>\$ 964,059</u></u>

Village of Scarsdale, New York

Enterprise Fund - Pool Fund
Comparative Statement of Cash Flows
Years Ended May 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 788,449	\$ 1,084,040
Cash payments for goods or services	(311,606)	(434,035)
Cash payments to employees	(383,266)	(452,549)
Net Cash From Operating Activities	93,577	197,456
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	10,725	10,725
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bonds	(175,221)	(169,380)
Interest paid on indebtedness	(3,723)	(10,940)
Acquisition and construction of capital assets	-	(33,715)
Net Cash From Capital and Related Financing Activities	(178,944)	(214,035)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	936	1,282
Net Change in Cash and Equivalents	(73,706)	(4,572)
CASH AND EQUIVALENTS		
Beginning of Year	549,627	554,199
End of Year	\$ 475,921	\$ 549,627
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 32,223	\$ 37,012
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	140,116	142,324
Changes in operating assets and liabilities		
Accounts receivable	(57,943)	134,418
Accounts payable	9,872	(7,155)
Accrued liabilities	46,472	(29,973)
Unearned revenues	(77,163)	(79,170)
Net Cash From Operating Activities	\$ 93,577	\$ 197,456

Village of Scarsdale, New York

Internal Service Fund - Central Garage Fund Comparative Statement of Net Position May 31,

	2014	2013
ASSETS		
Current assets		
Cash and equivalents	\$ 412,583	\$ 206,056
Due from other governments	239,040	399,070
Prepaid expenses	25,163	25,163
Total Current Assets	676,786	630,289
Capital assets		
Buildings	2,114,268	2,114,268
Machinery and equipment	230,245	230,245
	2,344,513	2,344,513
Less - Accumulated depreciation	(1,414,178)	(1,365,327)
Total Capital Assets, net of accumulated depreciation	930,335	979,186
Total Assets	1,607,121	1,609,475
LIABILITIES		
Current liabilities		
Accounts payable	60,759	75,912
Accrued liabilities	60,552	95,209
Current portion of compensated absences	22,000	19,000
Total Current Liabilities	143,311	190,121
Noncurrent liabilities		
Compensated absences, less current portion	201,711	170,567
Other post employment benefit obligations payable	906,867	748,096
Total Noncurrent Liabilities	1,108,578	918,663
Total Liabilities	1,251,889	1,108,784
NET POSITION		
Net investment in capital assets	930,335	979,186
Unrestricted	(575,103)	(478,495)
Total Net Position	\$ 355,232	\$ 500,691

Village of Scarsdale, New York

Internal Service Fund - Central Garage Fund
Comparative Statement of Revenues, Expenses and Changes
in Net Position
Years Ended May 31,

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Charges for services	<u>\$ 3,311,404</u>	<u>\$ 3,312,458</u>
OPERATING EXPENSES		
Personal services	1,043,013	1,040,303
Contractual services	1,574,257	1,596,444
Employee benefits	632,690	522,768
Other post employment benefit obligations	158,771	150,789
Depreciation	<u>48,851</u>	<u>48,850</u>
Total Operating Expenses	<u>3,457,582</u>	<u>3,359,154</u>
Loss from Operations	(146,178)	(46,696)
NON-OPERATING REVENUES		
Interest income	<u>719</u>	<u>586</u>
Change in Net Position	(145,459)	(46,110)
NET POSITION		
Beginning of Year	<u>500,691</u>	<u>546,801</u>
End of Year	<u><u>\$ 355,232</u></u>	<u><u>\$ 500,691</u></u>

Village of Scarsdale, New York

Internal Service Fund - Central Garage Fund
Comparative Statement of Cash Flows
Years Ended May 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 3,471,434	\$ 3,022,042
Cash payments for goods or services	(1,624,067)	(1,572,020)
Cash payments to employees	(1,641,559)	(1,567,931)
Net Cash From Operating Activities	205,808	(117,909)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	719	586
Net Change in Cash and Equivalents	206,527	(117,323)
CASH AND EQUIVALENTS		
Beginning of Year	206,056	323,379
End of Year	\$ 412,583	\$ 206,056
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (146,178)	\$ (46,696)
Adjustments to reconcile loss from operations to net cash provided from operating activities		
Depreciation	48,851	48,850
Changes in operating assets and liabilities		
Due from other governments	160,030	(290,416)
Prepaid expenses	-	(3,720)
Accounts payable	(15,153)	(12,562)
Accrued liabilities	(34,657)	40,706
Compensated absences	34,144	(4,860)
Other post employment benefit obligations payable	158,771	150,789
Net Cash Provided by Operating Activities	\$ 205,808	\$ (117,909)

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

Independent Auditors' Report

**The Honorable Mayor and Board of Trustees of the
Village of Scarsdale, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Scarsdale, New York ("Village") as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Village in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
August 26, 2014

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

Independent Auditor's Report

**The Honorable Mayor and Board of Trustees
of the Village of Scarsdale, New York**

Report on Compliance for Each Major Federal Program

We have audited the Village of Scarsdale, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2014. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2014.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

August 26, 2014

Village of Scarsdale, New YorkSchedule of Expenditures of Federal Awards
Year Ended May 31, 2014

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through New York State Division of Homeland Security and Emergency Service				
Disaster Grants - FEMA - Public Assistance	97.036	\$ 947,654	\$ -	\$ 947,654
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed through New York State Department of Transportation				
Highway Planning & Construction (Popham Bridge Construction)	20.205	-	241,094	241,094
Federal Transit - Capital Investment Grants	20.500		109,177	109,177
Total U.S. Department of Transportation		-	350,271	350,271
Total		\$ 947,654	\$ 350,271	\$ 1,297,925

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

The accompanying notes are an integral part of this schedule.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal award programs for the year ended May 31, 2014. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The Village's fund financial statements are presented using the modified accrual basis of accounting.

Village of Scarsdale, New York

Schedule of Prior Year Findings
Year Ended May 31, 2014

NONE

Village of Scarsdale, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major program:

CFDA

Number Federal Program or Cluster

97.036 Disaster Grants – FEMA – Public Assistance

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

Village of Scarsdale, New York

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 2014

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

