

VILLAGE OF SCARSDALE, NEW YORK  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEAR ENDED MAY 31, 2010  
WITH INDEPENDENT AUDITORS' REPORT



VILLAGE OF SCARSDALE, NEW YORK

TABLE OF CONTENTS

---

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Capital Projects Funds	20
Proprietary Funds:	
Statement of Net Assets	22
Statement of Revenues, Expenses and Changes in Net Assets	23
Statement of Cash Flows	24
Statement of Fiduciary Assets and Liabilities	25
Notes to Financial Statements	26
Required Supplementary Information -	
Other Post Employment Benefits -	
Schedule of Funding Progress - Last Three Fiscal Years	46
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Comparative Balance Sheet	47
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	48
Schedule of Revenues and Other Financing Sources Compared to Budget	50
Schedule of Expenditures and Other Financing Uses Compared to Budget	53
Town Fund:	
Comparative Balance Sheet	56
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	57
Capital Projects Fund:	
Comparative Balance Sheet	58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Non-Major Governmental Funds:	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63

VILLAGE OF SCARSDALE, NEW YORK

TABLE OF CONTENTS (Concluded)

---

Library Fund:	
Comparative Balance Sheet	65
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	66
Special Purpose Fund:	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	69
Permanent Fund:	
Comparative Balance Sheet	70
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	71
Proprietary Funds:	
Enterprise Funds:	
Water Fund:	
Comparative Statement of Net Assets	72
Comparative Statement of Revenues, Expenses and Changes in Net Assets	73
Comparative Statement of Cash Flows	74
Pool Fund:	
Comparative Statement of Net Assets	75
Comparative Statement of Revenues, Expenses and Changes in Net Assets	76
Comparative Statement of Cash Flows	77
Internal Service Fund:	
Central Garage Fund:	
Comparative Statement of Net Assets	78
Comparative Statement of Revenues, Expenses and Changes in Net Assets	79
Comparative Statement of Cash Flows	80
Federal Programs:	
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	81
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	83
Schedule of Expenditures of Federal Awards	85
Notes to Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Trustees  
of the Village of Scarsdale, New York:

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 as of and for the year ended May 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Scarsdale, New York as of May 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Capital Projects Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2010 on our consideration of the Village of Scarsdale, New York's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Scarsdale, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Scarsdale, New York. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements of the Village of Scarsdale, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
September 7, 2010

**Village of Scarsdale, New York**  
**Management Discussion and Analysis (MD&A)**  
**May 31, 2010**

---

**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, 2010. 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 2009-2010 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 \$40,011,625 (Governmental Activities \$31,858,087 and Business-type Activities \$8,153,538). Of this amount, the unrestricted portion is \$6,838,501 (Governmental Activities \$2,066,179 and Business-type Activities \$4,772,322). The Village's total net assets decreased by the net of \$1,909,921 (Governmental Activities were down \$2,063,810 and Business-type Activities increased net assets \$153,889) for the year ended May 31, 2010. This was primarily due to the recognition of the other post employment benefit ("OPEB") obligations as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. 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, 2010, the Village's OPEB obligations of \$5,376,215 are reflected as a liability on the entity-wide financial statements, and accordingly were the prime factor in the decrease in total net assets.
- As of the close of the 2009-2010 fiscal year, excluding the Capital Projects Fund, all of the Village's governmental funds reported combined unreserved ending fund balances of \$9,244,834, of which \$5,681,003 is undesignated and available for spending at the Village's discretion.
- At the end of the 2009-2010 fiscal year, the unreserved fund balance for the General Fund is \$8,467,815, or 20.50% of total General Fund expenditures and other financing uses. The General Fund unreserved and undesignated fund balance of \$5,022,815 is 12.2% 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 assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 six individual governmental funds: the General Fund, Capital Projects Fund, Town Fund, Library Fund, Special Purpose 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 three 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, Town 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 \$40,011,625 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 Assets

	May 31,					
	2010			2009		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Current Assets	\$ 29,073,954	\$ 6,148,596	\$ 35,222,550	\$ 22,081,392	\$ 7,542,960	\$ 29,624,352
Capital Assets, Net	37,468,484	5,470,596	42,939,080	32,292,304	4,184,883	36,477,187
<b>Total Assets</b>	<b>66,542,438</b>	<b>11,619,192</b>	<b>78,161,630</b>	<b>54,373,696</b>	<b>11,727,843</b>	<b>66,101,539</b>
Current Liabilities	8,143,236	918,944	9,062,180	6,295,776	1,125,340	7,421,116
Long-Term Liabilities	26,539,115	2,546,710	29,085,825	14,156,023	2,602,854	16,758,877
<b>Total Liabilities</b>	<b>34,682,351</b>	<b>3,465,654</b>	<b>38,148,005</b>	<b>20,451,799</b>	<b>3,728,194</b>	<b>24,179,993</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	27,827,649	3,381,216	31,208,865	24,908,122	2,410,819	27,318,941
Restricted	1,964,259	-	1,964,259	5,311,796	-	5,311,796
Unrestricted	2,066,179	4,772,322	6,838,501	3,701,979	5,588,830	9,290,809
<b>Total Net Assets</b>	<b>\$ 31,858,087</b>	<b>\$ 8,153,538</b>	<b>\$ 40,011,625</b>	<b>\$ 33,921,897</b>	<b>\$ 7,999,649</b>	<b>\$ 41,921,546</b>

A portion of the Village's net assets \$1,964,259 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$2,066,179.

### Change in Net Assets

	Fiscal Year Ended May 31,					
	2010			2009		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Program Revenues:						
Charges for Services	\$ 6,875,418	\$ 4,432,012	\$ 11,307,430	\$ 6,184,049	\$ 5,685,567	\$ 11,869,616
Operating Grants and Contributions	270,504	-	270,504	101,985	-	101,985
Capital Grants and Contributions	1,516,987	-	1,516,987	1,886,227	-	1,886,227
General Revenues:						
Real Property Taxes	29,509,085	-	29,509,085	27,262,992	-	27,262,992
Other Tax Items	508,478	-	508,478	446,560	-	446,560
Tax Distrib - County	2,096,123	-	2,096,123	2,319,357	-	2,319,357
Non Property Items	726,106	-	726,106	751,036	-	751,036
Unrestricted Use of Money and Property	278,704	32,828	311,532	715,365	107,270	822,635
Sale of Property and Compensation for Loss	185,338	-	185,338	-	-	-
State Aid	1,291,084	-	1,291,084	1,609,050	-	1,609,050
Miscellaneous	326,000	-	326,000	140,094	-	140,094
Gain on Sale of Capital Assets	-	-	-	340,000	-	340,000
Transfers	149,275	(149,275)	-	149,275	(149,275)	-
<b>Total Revenues</b>	<b>43,733,102</b>	<b>4,315,565</b>	<b>48,048,667</b>	<b>41,905,990</b>	<b>5,643,562</b>	<b>47,549,552</b>
Program Expenses:						
General Government Support	9,937,245	-	9,937,245	9,185,439	-	9,185,439
Public Safety	18,096,086	-	18,096,086	17,660,754	-	17,660,754
Culture and Recreation	6,643,274	953,234	7,596,508	6,609,657	1,002,922	7,612,579
Home and Community Service	10,516,812	3,208,442	13,725,254	10,340,924	3,744,315	14,085,239
Interest	603,495	-	603,495	321,157	-	321,157
<b>Total Expenses</b>	<b>45,796,912</b>	<b>4,161,676</b>	<b>49,958,588</b>	<b>44,117,931</b>	<b>4,747,237</b>	<b>48,865,168</b>
Change in Net Assets	(2,063,810)	153,889	(1,909,921)	(2,211,941)	896,325	(1,315,616)
Net Assets - Beginning	33,921,897	7,999,649	41,921,546	36,133,838	7,103,324	43,237,162
Net Assets - Ending	<b>\$ 31,858,087</b>	<b>\$ 8,153,538</b>	<b>\$ 40,011,625</b>	<b>\$ 33,921,897</b>	<b>\$ 7,999,649</b>	<b>\$ 41,921,546</b>

## **Governmental Activities**

Governmental activities reduced the Village's net assets by \$2,063,810 while Business Activities increased net assets by \$153,889. The decline in net assets from governmental activities reflects the state of the economy as revenues from state aid, use of money and property and non-property tax distributions from the County all dropped significantly. Please refer to Business Activities for a discussion of the increase in net assets from business activities.

For the fiscal year ended May 31, 2010, revenues from governmental activities totaled \$43,733,102. Tax revenues (\$29,509,085), which are comprised of real property taxes and other tax items and non-property taxes, represent the largest revenue source (67%).

The largest components of governmental activities' expenses are public safety (41%), home and community services (24%) and general government support (24%).

### **Public Safety Building Reconstruction**

The reconstruction and partial construction of the Public Safety Building project estimated at \$13.45 million began during the summer of 2009. Project bids had been received in the spring of 2009 and awarded by the Board late in the spring. A \$10.5 million 15 year bond issue was marketed during June 2009 at a favorable rate to partially fund the project. Construction is approximately 60% complete with a projected completion date of March 2011. The refurbished building will improve the Village's ability to respond to Public Safety concerns.

### **Popham Road Bridge Construction**

The Popham Road Bridge project, which is estimated to total \$17.1 million, became eligible for Federal Stimulus funds. \$12,170,000 of federal funds was awarded during the 2008-2009 fiscal year. In addition, another \$2,253,000 of federal funds was approved and \$422,000 of state funding was provided. The Village's share amounts to \$398,000. Construction began in the fall of 2009.

## **Business-Type Activities**

Business-type activities increased the Village's net assets by \$153,889. Revenues from business-type activities were \$4,315,565. Offsetting these revenues were expenses of \$4,161,676 for all operations. Construction on the upgrade of the Ardsley Road Pump Station began during 2007-2008. The work was delayed as the Village dealt with hazardous material disposal and the bankruptcy of one of the contractors. This project largely accounts for the increase in Business-type net assets.

## 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.

### *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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$20,245,880, a net increase of \$5,274,499 from the prior year. Approximately 53% (\$10,694,535) of the total ending fund balance constitutes unreserved fund balance. Of the unreserved fund balance \$1,541,573 has been designated for subsequent year's expenditures. Of this amount \$800,000 represents the amount estimated for use in the 2010-2011 General Fund budget, \$622,742 represents the amount estimated for use in the 2010-2011 Capital Projects Fund budget and \$118,831 represents the amount estimated for use in the 2010-2011 Library Fund budget. Additionally, \$2,645,000 has been designated for capital projects and other legal obligations in the General Fund budget, including \$100,000 is designated for other post employment benefit obligation. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$372,404), to liquidate contracts and purchase orders of the prior period (\$6,876,407), dedicated to pay for debt service (\$138,333), dedicated to land acquisition and improvements (\$180,513) dedicated under terms of a trust agreement (\$958,646) and is restricted for a long term receivable (\$1,025,042).

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 \$8,467,815, representing 92% of the total General Fund Balance of \$9,224,162. Two useful measures of liquidity are the percentage of unreserved and undesignated fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 12.2% unreserved and undesignated fund balance to total expenditures, while total unreserved fund balance represents 22.3% of that same amount.

The final General Fund budget anticipated the use of \$965,613 of fund balance. However, actual results of operations showed the addition of \$1,266,982 to fund balance. Revenues and other financing sources were \$42,561,842, which was \$803,535 greater than the final budget. While the reduction in state revenue from mortgage tax and interest income dropped significantly, the major areas where revenues exceeded the budget were in licenses and permits, federal aid, departmental income and non-property taxes. These items contributed to the final revenue increase of \$803,535 over budget.

Expenditures and other financing uses were \$41,294,860, which was less than the final budget by \$1,429,060. There are five functional areas of expenditure: General Government Support, Public safety, Employee Benefits, Culture and Recreation and Home and Community Services. While General Government Support was close to the final budget, the other functional areas were lower than budget. The respective amounts are as follows: \$382,383, \$409,227, \$58,851, \$331,271 and \$247,328.

### *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 assets of Water District No. 1 at year end were \$7,424,236. Net assets invested in capital assets, net of related debt, were \$2,787,536. 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 continued during 2009-2010 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 Village resumed construction during 2009-2010. The Village's efforts to reduce water consumption contributed to the decline of \$538,777 in the purchase of water. This was the largest reduction in expenditures which partially offset the drop in revenues of \$1,263,459. The Water Superintendent noted that total gallons pumped over the past two fiscal years declined significantly. The 2009-2010 fiscal year showed a drop of 15.2% from the prior year. This was the lowest pumpage in the last twelve years. Pumpage in 2008-2009 was 12.8% lower than 2007-2008. This is a positive development since the Village is under a mandate to encourage water conservation. Total net assets of the Pool fund at year-end were \$729,302. Net assets, invested in capital assets, net of related debt were \$593,680.

### **General Fund Budgetary Highlights**

Although the final budget for General Fund estimated revenues remained unchanged at \$41,758,307, the shortfall of \$283,732 reflected the fact that the economic conditions reduced revenue from both mortgage aid from New York State and interest income. These major shortfalls were offset to some degree by increases in Licenses and Permits (\$260,314) federal and state aid from FEMA and SEMO for the March 13 storm event (\$284,342) and Departmental Income (\$235,661).

The final appropriations budget for the General Fund was \$38,811,959 which was down \$74,702 from the original budget. The appropriations budget for General Government Support was \$7,684,270 (down from the 2009 budget of \$8,948,873), Public Safety was \$11,505,293, Home and Community Services was \$6,768,932, Culture and Recreation was \$2,352,448 and the combined budgets for Employee Benefits and Debt Service was \$10,501,016.

### *Capital Assets*

The Village's investment in capital assets for governmental and business-type activities at May 31, 2010, net of \$56,335,414 of accumulated depreciation, was \$42,937,080. This is up \$6,459,893 reflecting the investment in the Public Safety Building and in the Ardsley Road Pump Station. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress.

## Capital Assets

ASSET	2010			2009		
	Governmental	Business -	Total	Governmental	Business -	Total
	Activities	Type Activities		Activities	Type Activities	
Land	\$ 3,860,985	\$ 149,789	\$ 4,010,774	\$ 3,860,985	\$ 149,789	\$ 4,010,774
Buildings and Improvements	11,379,797	4,570,108	15,949,905	11,297,695	4,570,108	15,867,803
Land Improvements	3,560,155	-	3,560,155	3,465,127	-	3,465,127
Infrastruture	46,947,213	1,845,331	48,792,544	45,651,555	1,845,331	47,496,886
Machinery and Equipment	15,304,013	1,255,447	16,559,460	14,034,399	1,222,063	15,256,462
Constuction-in-progress	7,385,208	3,034,446	10,419,654	2,015,112	1,564,522	3,579,634
Less-accumulated deprecitaion	<u>(50,970,887)</u>	<u>(5,384,525)</u>	<u>(56,355,412)</u>	<u>(48,032,569)</u>	<u>(5,166,930)</u>	<u>(53,199,499)</u>
Total (net of depreciation)	<u>\$ 37,466,484</u>	<u>\$ 5,470,596</u>	<u>\$ 42,937,080</u>	<u>\$ 32,292,304</u>	<u>\$ 4,184,883</u>	<u>\$ 36,477,187</u>

Additional information on the Village's capital assets can be found in Note 3,C 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 \$19,095,000. 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 \$19,095,000 bonded debt outstanding at fiscal year end, \$664,380 represented debt of the Pool Fund and \$1,425,000 represented debt of the Water Fund.

Additional information on the Village's long-tem debt can be found in Note 3,E 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.

**(This page intentionally left blank.)**



VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS  
MAY 31, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 21,623,041	\$ 5,505,964	\$ 27,129,005
Investments	1,927,461	368,890	2,296,351
Receivables:			
Taxes	3,146,029	-	3,146,029
Accounts	75,033	259,637	334,670
Special assessments	552,925	-	552,925
State and Federal aid	1,084,213	-	1,084,213
Due from other governments	273,108	-	273,108
Prepaid expenses	392,144	14,105	406,249
Capital assets (net of accumulated depreciation):			
Land	3,860,985	149,789	4,010,774
Land improvements	2,811,587	-	2,811,587
Buildings and improvements	6,894,777	1,672,841	8,567,618
Machinery and equipment	4,111,397	189,851	4,301,248
Infrastructure	12,402,530	423,669	12,826,199
Construction-in-progress	7,385,208	3,034,446	10,419,654
<b>Total Assets</b>	<b>66,540,438</b>	<b>11,619,192</b>	<b>78,159,630</b>
<b>LIABILITIES</b>			
Accounts payable	2,447,110	8,187	2,455,297
Accrued liabilities	1,613,972	257,411	1,871,383
Retainages payable	344,875	106,738	451,613
Accrued interest payable	393,147	11,468	404,615
Due to other governments	1,780,596	-	1,780,596
Due to retirement systems	315,541	-	315,541
Unearned revenues	1,247,995	535,140	1,783,135
Non-current liabilities:			
Due within one year:			
Bonds payable	873,761	211,239	1,085,000
Compensated absences	437,183	24,278	461,461
Due in more than one year:			
Bonds payable	16,131,859	1,878,141	18,010,000
Compensated absences	3,934,646	218,503	4,153,149
Other post employment benefit obligations payable	5,161,666	214,549	5,376,215
<b>Total Liabilities</b>	<b>34,682,351</b>	<b>3,465,654</b>	<b>38,148,005</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,827,649	3,381,216	31,208,865
Restricted for:			
Capital projects	686,767	-	686,767
Land acquisition and improvements	180,513	-	180,513
Debt service	138,333	-	138,333
Special Revenues Funds:			
Special purpose	386,046	-	386,046
Permanent	572,600	-	572,600
Unrestricted	2,066,179	4,772,322	6,838,501
<b>Total Net Assets</b>	<b>\$ 31,858,087</b>	<b>\$ 8,153,538</b>	<b>\$ 40,011,625</b>

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF ACTIVITIES  
YEAR ENDED MAY 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government support	\$ 9,937,245	\$ 4,666,907	\$ -	\$ -
Public safety	18,096,086	2,091,841	-	-
Culture and recreation	6,643,274	16,874	26,782	12,071
Home and community services	10,516,812	99,796	243,722	1,430,950
Interest	603,495	-	-	73,966
<b>Total Governmental Activities</b>	<b>45,796,912</b>	<b>6,875,418</b>	<b>270,504</b>	<b>1,516,987</b>
<b>Business-type activities:</b>				
Water	3,265,100	3,480,441	-	-
Pool	896,576	951,571	-	-
<b>Total Business-Type Activities</b>	<b>4,161,676</b>	<b>4,432,012</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 49,958,588</b>	<b>\$ 11,307,430</b>	<b>\$ 270,504</b>	<b>\$ 1,516,987</b>

General Revenues:

Real property taxes

Other tax items:

Special assessments

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

Unrestricted State aid

Miscellaneous

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,270,338)	\$ -	\$ (5,270,338)
(16,004,245)	-	(16,004,245)
(6,587,547)	-	(6,587,547)
(8,742,344)	-	(8,742,344)
<u>(529,529)</u>	<u>-</u>	<u>(529,529)</u>
<u>(37,134,003)</u>	<u>-</u>	<u>(37,134,003)</u>
-	215,341	215,341
<u>-</u>	<u>54,995</u>	<u>54,995</u>
<u>-</u>	<u>270,336</u>	<u>270,336</u>
<u>(37,134,003)</u>	<u>270,336</u>	<u>(36,863,667)</u>
29,509,085	-	29,509,085
6,538	-	6,538
501,940	-	501,940
2,096,123	-	2,096,123
400,431	-	400,431
325,675	-	325,675
278,704	32,828	311,532
185,338	-	185,338
1,291,084	-	1,291,084
326,000	-	326,000
<u>149,275</u>	<u>(149,275)</u>	<u>-</u>
<u>35,070,193</u>	<u>(116,447)</u>	<u>34,953,746</u>
(2,063,810)	153,889	(1,909,921)
<u>33,921,897</u>	<u>7,999,649</u>	<u>41,921,546</u>
<u>\$ 31,858,087</u>	<u>\$ 8,153,538</u>	<u>\$ 40,011,625</u>

VILLAGE OF SCARSDALE, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
MAY 31, 2010

	General	Town	Capital Projects	Non-Major Governmental	Total Governmental Funds
<b>ASSETS</b>					
Cash and Equivalents	\$ 10,994,442	\$ 461,029	\$ 9,599,443	\$ 366,526	\$ 21,421,440
Investments	361,221	46,361	324,213	1,117,434	1,849,229
Taxes Receivable	313,473	2,832,556	-	-	3,146,029
Other Receivables:					
Accounts	75,033	-	-	-	75,033
Special assessments	552,925	-	-	-	552,925
State and Federal aid	782,005	-	302,208	-	1,084,213
Due from other governments	97,841	-	-	-	97,841
	<u>1,507,804</u>	<u>-</u>	<u>302,208</u>	<u>-</u>	<u>1,810,012</u>
Prepaid Expenditures	345,458	-	-	26,946	372,404
Total Assets	<u>\$ 13,522,398</u>	<u>\$ 3,339,946</u>	<u>\$ 10,225,864</u>	<u>\$ 1,510,906</u>	<u>\$ 28,599,114</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,268,819	\$ -	\$ 892,002	\$ 204,406	\$ 2,365,227
Accrued liabilities	868,120	-	441,442	78,197	1,387,759
Retainages payable	-	-	344,875	-	344,875
Due to other governments	-	1,780,596	-	-	1,780,596
Due to retirement systems	511,438	-	-	-	511,438
Deferred revenues - Taxes	313,473	-	-	-	313,473
Deferred revenues - Other	1,336,386	-	313,480	-	1,649,866
Total Liabilities	<u>4,298,236</u>	<u>1,780,596</u>	<u>1,991,799</u>	<u>282,603</u>	<u>8,353,234</u>
Fund Balances:					
Reserved for:					
Encumbrances	272,556	-	6,603,851	-	6,876,407
Prepaid expenditures	345,458	-	-	26,946	372,404
Land acquisition and improvements	-	-	180,513	-	180,513
Trusts	-	-	-	958,646	958,646
Debt service	138,333	-	-	-	138,333
Long term receivable	-	1,025,042	-	-	1,025,042
Unreserved, reported in:					
General Fund	8,467,815	-	-	-	8,467,815
Town Fund	-	534,308	-	-	534,308
Capital Projects Fund	-	-	1,449,701	-	1,449,701
Library Fund	-	-	-	242,711	242,711
Total Fund Balances	<u>9,224,162</u>	<u>1,559,350</u>	<u>8,234,065</u>	<u>1,228,303</u>	<u>20,245,880</u>
Total Liabilities and Fund Balances	<u>\$ 13,522,398</u>	<u>\$ 3,339,946</u>	<u>\$ 10,225,864</u>	<u>\$ 1,510,906</u>	<u>\$ 28,599,114</u>

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

VILLAGE OF SCARSDALE, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS  
MAY 31, 2010

---

Fund Balances - Total Governmental Funds	\$ 20,245,880
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,340,746
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 assets.	881,643
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Real property taxes	313,473
Special assessments	401,871
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Bonds payable	(16,873,620)
Compensated absences	(4,192,122)
Accrued interest payable	(390,659)
Other post employment benefit obligations payable	<u>(4,869,125)</u>
Net Assets of Governmental Activities	<u>\$ 31,858,087</u>

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, 2010

	General	Town	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 29,402,790	\$ -	\$ -
Other tax items	212,987	427,286	-
Non-property taxes	2,822,229	-	-
Departmental income	3,397,977	4,448	-
Intergovernmental revenues	104,117	-	-
Use of money and property	980,851	70,754	71,198
Interfund revenues	540,401	-	-
Licenses and permits	1,375,114	-	-
Fines and forfeitures	857,833	-	-
Sale of property and compensation for loss	185,338	-	-
State aid	761,846	575,055	332,891
Federal aid	243,722	-	852,989
Miscellaneous	589,370	20,255	215,023
	<u>41,474,575</u>	<u>1,097,798</u>	<u>1,472,101</u>
<b>EXPENDITURES</b>			
Current:			
General government support	7,301,887	-	-
Public safety	11,096,066	-	-
Culture and recreation	2,293,597	-	-
Home and community services	6,437,661	-	-
Employee benefits	9,174,944	-	-
Capital outlay	-	-	9,011,750
Debt service:			
Principal	791,562	-	-
Interest	287,182	-	-
	<u>37,382,899</u>	<u>-</u>	<u>9,011,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,091,676</u>	<u>1,097,798</u>	<u>(7,539,649)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	-	-	10,500,000
Transfers in	1,087,267	-	1,123,150
Transfers out	(3,911,961)	(1,056,862)	-
	<u>(2,824,694)</u>	<u>(1,056,862)</u>	<u>11,623,150</u>
Net Change in Fund Balances	1,266,982	40,936	4,083,501
Fund Balances - Beginning of Year	7,957,180	1,518,414	4,150,564
Fund Balances - End of Year	<u>\$ 9,224,162</u>	<u>\$ 1,559,350</u>	<u>\$ 8,234,065</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 29,402,790
-	640,273
-	2,822,229
63,179	3,465,604
-	104,117
15,132	1,137,935
-	540,401
-	1,375,114
-	857,833
-	185,338
6,453	1,676,245
-	1,096,711
20,222	844,870
<u>104,986</u>	<u>44,149,460</u>
-	7,301,887
240	11,096,306
2,490,460	4,784,057
-	6,437,661
669,292	9,844,236
-	9,011,750
-	791,562
-	287,182
<u>3,159,992</u>	<u>49,554,641</u>
<u>(3,055,006)</u>	<u>(5,405,181)</u>
-	10,500,000
2,992,894	5,203,311
<u>(54,808)</u>	<u>(5,023,631)</u>
<u>2,938,086</u>	<u>10,679,680</u>
(116,920)	5,274,499
<u>1,345,223</u>	<u>14,971,381</u>
<u>\$ 1,228,303</u>	<u>\$ 20,245,880</u>

**(This page intentionally left blank.)**



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, 2010

---

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 5,274,499</u>
<p>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 capital outlays exceeded depreciation expense in the current period. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold.</p>	
Capital outlay expenditures	8,205,065
Depreciation expense	<u>(2,982,034)</u>
	<u>5,223,031</u>
<p>Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Special assessments	(131,795)
Real property taxes	<u>106,295</u>
	<u>(25,500)</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Bonds issued	(10,500,000)
Principal paid on bonds	<u>791,562</u>
	<u>(9,708,438)</u>
<p>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.</p>	
Accrued interest	(311,237)
Compensated absences	(112,960)
Other post employment benefit obligations	<u>(2,455,032)</u>
	<u>(2,879,229)</u>
<p>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.</p>	
	<u>51,827</u>
Change in Net Assets of Governmental Activities	<u>\$ (2,063,810)</u>

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 - BUDGET AND ACTUAL  
 GENERAL AND CAPITAL PROJECTS FUNDS  
 YEAR ENDED MAY 31, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 29,374,446	\$ 29,374,446	\$ 29,402,790	\$ 28,344
Other tax items	597,333	597,333	212,987	(384,346)
Non-property taxes	2,674,000	2,674,000	2,822,229	148,229
Departmental income	3,162,316	3,162,316	3,397,977	235,661
Intergovernmental charges	112,500	112,500	104,117	(8,383)
Use of money and property	1,052,167	1,052,167	980,851	(71,316)
Interfund charges	537,230	537,230	540,401	3,171
Licenses and permits	1,114,800	1,114,800	1,375,114	260,314
Fines and forfeitures	769,000	769,000	857,833	88,833
Sale of property and compensation for loss	80,000	80,000	185,338	105,338
State aid	1,882,515	1,882,515	761,846	(1,120,669)
Federal aid	-	-	243,722	243,722
Miscellaneous	402,000	402,000	589,370	187,370
<b>Total Revenues</b>	<b>41,758,307</b>	<b>41,758,307</b>	<b>41,474,575</b>	<b>(283,732)</b>
<b>EXPENDITURES</b>				
Current:				
General government support	7,357,285	7,684,270	7,301,887	382,383
Public safety	11,376,634	11,505,293	11,096,066	409,227
Culture and recreation	2,352,866	2,352,448	2,293,597	58,851
Home and community services	7,178,496	6,768,932	6,437,661	331,271
Employee benefits	9,546,877	9,422,271	9,174,944	247,327
Capital outlay	-	-	-	-
Debt service:				
Principal	791,562	791,562	791,562	-
Interest	282,941	287,183	287,182	1
<b>Total Expenditures</b>	<b>38,886,661</b>	<b>38,811,959</b>	<b>37,382,899</b>	<b>1,429,060</b>
Excess (Deficiency) of Revenues Over Expenditures	2,871,646	2,946,348	4,091,676	1,145,328
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	-	-
Transfers in	-	-	1,087,267	1,087,267
Transfers out	(3,297,259)	(3,911,961)	(3,911,961)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,297,259)</b>	<b>(3,911,961)</b>	<b>(2,824,694)</b>	<b>1,087,267</b>
<b>Net Change in Fund Balances</b>	<b>(425,613)</b>	<b>(965,613)</b>	<b>1,266,982</b>	<b>2,232,595</b>
Fund Balances - Beginning of Year	425,613	965,613	7,957,180	6,991,567
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,224,162</b>	<b>\$ 9,224,162</b>

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

Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
55,000	55,000	71,198	16,198
-	-	-	-
-	-	-	-
992,000	1,449,409	332,891	(1,116,518)
65,000	2,317,849	852,989	(1,464,860)
4,246,500	4,765,138	215,023	(4,550,115)
5,358,500	8,587,396	1,472,101	(7,115,295)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
10,965,814	22,662,765	9,011,750	13,651,015
-	-	-	-
10,965,814	22,662,765	9,011,750	13,651,015
(5,607,314)	(14,075,369)	(7,539,649)	6,535,720
1,700,000	1,700,000	10,500,000	8,800,000
608,000	1,243,022	1,123,150	(119,872)
-	-	-	-
2,308,000	2,943,022	11,623,150	8,680,128
(3,299,314)	(11,132,347)	4,083,501	15,215,848
3,299,314	11,132,347	4,150,564	(6,981,783)
\$ -	\$ -	\$ 8,234,065	\$ 8,234,065

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 MAY 31, 2010

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and equivalents	\$ 4,813,583	\$ 692,381	\$ 5,505,964	\$ 201,601
Investments	368,890	-	368,890	78,232
Accounts receivable	259,637	-	259,637	-
Due from other governments	-	-	-	175,267
Prepaid expenses	14,105	-	14,105	19,740
<b>Total Current Assets</b>	<b>5,456,215</b>	<b>692,381</b>	<b>6,148,596</b>	<b>474,840</b>
<b>Capital Assets:</b>				
Land	31,789	118,000	149,789	-
Buildings	2,012,985	2,557,123	4,570,108	2,114,268
Machinery and equipment	1,054,972	200,475	1,255,447	230,245
Infrastructure	1,601,086	244,245	1,845,331	-
Construction-in-progress	3,034,446	-	3,034,446	-
	7,735,278	3,119,843	10,855,121	2,344,513
Less - Accumulated depreciation	(3,522,742)	(1,861,783)	(5,384,525)	(1,218,775)
<b>Total Capital Assets, net of accumulated depreciation</b>	<b>4,212,536</b>	<b>1,258,060</b>	<b>5,470,596</b>	<b>1,125,738</b>
<b>Total Assets</b>	<b>9,668,751</b>	<b>1,950,441</b>	<b>11,619,192</b>	<b>1,600,578</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	6,532	1,655	8,187	81,883
Accrued liabilities	246,589	10,822	257,411	30,316
Accrued interest payable	2,326	9,142	11,468	2,488
Retainages payable	106,738	-	106,738	-
Unearned revenues	-	535,140	535,140	-
Current maturities of bonds payable	55,000	156,239	211,239	62,000
Current portion of compensated absences	24,278	-	24,278	17,970
<b>Total Current Liabilities</b>	<b>441,463</b>	<b>712,998</b>	<b>1,154,461</b>	<b>194,657</b>
<b>Noncurrent Liabilities:</b>				
Bonds payable, less current maturities	1,370,000	508,141	1,878,141	70,000
Compensated absences, less current portion	218,503	-	218,503	161,737
Other post employment benefit obligations payable	214,549	-	214,549	292,541
	1,803,052	508,141	2,311,193	524,278
<b>Total Liabilities</b>	<b>2,244,515</b>	<b>1,221,139</b>	<b>3,465,654</b>	<b>718,935</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	2,787,536	593,680	3,381,216	993,738
Unrestricted	4,636,700	135,622	4,772,322	(112,095)
<b>Total Net Assets</b>	<b>\$ 7,424,236</b>	<b>\$ 729,302</b>	<b>\$ 8,153,538</b>	<b>\$ 881,643</b>

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED MAY 31, 2010

	Business-type Activities - Enterprise Funds			Governmental
	Water	Pool	Totals	Activities - Internal Service Fund
Operating Revenues - Charges for services	\$ 3,480,441	\$ 951,571	\$ 4,432,012	\$ 2,862,421
Operating Expenses:				
Taxes on Village property	30,830	4,649	35,479	-
Personal services	786,224	345,209	1,131,433	937,404
Contractual services	216,313	118,484	334,797	1,223,856
Supplies	128,624	39,144	167,768	-
Utilities	87,994	53,692	141,686	-
Employee benefits	367,572	32,454	400,026	438,013
Other post employment benefit obligations	115,629	-	115,629	157,662
Insurance	53,623	22,835	76,458	-
Repairs and maintenance	970	35,813	36,783	-
Equipment maintenance	35,065	19,214	54,279	-
Depreciation	122,755	148,652	271,407	48,851
Purchase of water	1,072,363	-	1,072,363	-
Property services	165,680	-	165,680	-
Miscellaneous	24,800	48,007	72,807	-
Total Operating Expenses	3,208,442	868,153	4,076,595	2,805,786
Income from Operations	271,999	83,418	355,417	56,635
Non-Operating Revenues (Expenses):				
Interest income	31,419	1,409	32,828	268
Interest expense	(56,658)	(28,423)	(85,081)	(5,076)
Total Non-Operating Expenses	(25,239)	(27,014)	(52,253)	(4,808)
Income Before Transfers	246,760	56,404	303,164	51,827
Transfers:				
Transfer in	-	10,725	10,725	-
Transfer out	(160,000)	-	(160,000)	-
Total Transfers	(160,000)	10,725	(149,275)	-
Change in Net Assets	86,760	67,129	153,889	51,827
Net Assets - Beginning of Year	7,337,476	662,173	7,999,649	829,816
Net Assets - End of Year	\$ 7,424,236	\$ 729,302	\$ 8,153,538	\$ 881,643

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, 2010

	Business-type Activities - Enterprise Funds			Governmental
	Water	Pool	Totals	Activities - Internal Service Fund
<b>Cash Flows From Operating Activities:</b>				
Cash received from charges for services	\$ 3,524,871	\$ 890,938	\$ 4,415,809	\$ 2,852,245
Cash payments for goods or services	(1,924,661)	(377,140)	(2,301,801)	(1,281,657)
Cash payments to employees	(1,124,131)	(377,663)	(1,501,794)	(1,339,417)
<b>Net Cash Provided by Operating Activities</b>	<b>476,079</b>	<b>136,135</b>	<b>612,214</b>	<b>231,171</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers in	-	10,725	10,725	-
Transfers out	(160,000)	-	(160,000)	-
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>(160,000)</b>	<b>10,725</b>	<b>(149,275)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal paid on bonds	(52,500)	(148,938)	(201,438)	(87,000)
Interest paid on indebtedness	(56,734)	(30,409)	(87,143)	(6,526)
Acquisition and construction of capital assets	(1,529,933)	(27,187)	(1,557,120)	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,639,167)</b>	<b>(206,534)</b>	<b>(1,845,701)</b>	<b>(93,526)</b>
<b>Cash Flow From Investing Activities:</b>				
Sale of investments	3,309,069	-	3,309,069	-
Purchase of investments	-	-	-	(188)
Interest income	31,419	1,409	32,828	268
<b>Net Cash Provided by Investing Activities</b>	<b>3,340,488</b>	<b>1,409</b>	<b>3,341,897</b>	<b>80</b>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>2,017,400</b>	<b>(58,265)</b>	<b>1,959,135</b>	<b>137,725</b>
<b>Cash and Equivalents - Beginning of Year</b>	<b>2,796,183</b>	<b>750,646</b>	<b>3,546,829</b>	<b>63,876</b>
<b>Cash and Equivalents - End of Year</b>	<b>\$ 4,813,583</b>	<b>\$ 692,381</b>	<b>\$ 5,505,964</b>	<b>\$ 201,601</b>
<b>Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:</b>				
Income from operations	\$ 271,999	\$ 83,418	\$ 355,417	\$ 56,635
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	122,755	148,652	271,407	48,851
Changes in operating assets and liabilities:				
Accounts receivable	44,430	-	44,430	-
Due from other governments	-	-	-	(10,176)
Prepaid expenses	-	-	-	(3,010)
Accounts payable	(338,790)	(31,264)	(370,054)	(64,105)
Accrued liabilities	163,074	(4,038)	159,036	9,314
Retainage payable	67,317	-	67,317	-
Unearned revenues	-	(60,633)	(60,633)	-
Compensated absences	29,665	-	29,665	36,000
Other post employment benefit obligations payable	115,629	-	-	157,662
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 476,079</b>	<b>\$ 136,135</b>	<b>\$ 612,214</b>	<b>\$ 231,171</b>

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, 2010

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash - Demand deposits	\$ 4,919,755
Investments	160,575
Accounts Receivable	<u>20,376</u>
Total Assets	<u>\$ 5,100,706</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 95,335
Deposits	5,005,251
Other	<u>120</u>
Total Liabilities	<u>\$ 5,100,706</u>

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

**(This page intentionally left blank.)**



**Note 1 - Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government, which is the Village of Scarsdale, 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 Assets 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 Assets 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 are charges to customers for services. Operating expenses for the Enterprise Funds 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, liabilities, fund balances/net assets, 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 page following, which briefly explains 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 in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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, 2009.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The special revenue funds of the Village are as follows:

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.

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.
- 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus, Basis of Accounting and Financial 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 reports.

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 and 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.

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

**E. Assets, Liabilities and Net Assets or Fund Balances**

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

The 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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, 2010.

**Investments** - The Village participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The Village's position in the pool is equal to the value of the pool shares. Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

CLASS is rated AAA/V1+ by Fitch Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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 1<sup>st</sup>. Real property taxes are due July 1<sup>st</sup> and are payable without penalty until August 1<sup>st</sup>. 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 1<sup>st</sup>. School taxes are levied by the Town effective September 1<sup>st</sup> and are payable by the Town residents between September 1<sup>st</sup> and September 30<sup>th</sup>. County taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied by the County and are payable to the Town by Town residents between April 1<sup>st</sup> and April 30<sup>th</sup>.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 25<sup>th</sup> and the balance of forty percent on October 15<sup>th</sup>. 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 5<sup>th</sup> 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.

**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.

**Prepaid Expenses/Expenditures** - 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 a reservation of 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).

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

Class	Life in Years
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/Deferred 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.

Deferred 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 deferred revenues of \$313,473 for uncollected Village tax liens, \$42,699 for prepaid rent, \$879,095 for advance collections of tennis and day camp fees and \$414,592 for uncollected special assessments in the General Fund. Deferred revenues of \$313,480 in the Capital Projects Fund represent restricted contributions made in advance. The Village has also recorded \$535,140 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.

**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 Assets. Bond premiums and discounts, as well as issuance costs, 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 are amortized over the term of the related debt.

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. 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 Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through

**Note 1 - Summary of Significant Accounting Policies (Continued)**

the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for capital projects, land acquisition and improvements, debt service and special revenue funds. The balance is classified as unrestricted.

**Fund Balances - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, land acquisition and improvements, trusts, debt service and long term receivable represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

**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 reservations of 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/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 September 7, 2010.



**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 20<sup>th</sup>, 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 15<sup>th</sup>.
- c) After the public hearing and on or before May 1<sup>st</sup>, 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, Capital Projects and Library funds are legally adopted annually on a basis consistent with generally accepted accounting principles. 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, Capital Projects 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 2010 fiscal year was \$164,241,241 which exceeded the actual levy by \$134,866,795. The Town component is not limited to the maximum amount of real property taxes which may be raised.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Expenditures in Excess of Budget**

The following functional expenditures categories of certain funds and/or capital projects exceeded their budgetary authorization by the amount indicated:

General Fund – Nature Center	\$	5,782
Library Fund – Employee Benefits		272

**D. Fund Deficits**

The Central Garage Fund has an unrestricted deficit in the amount of \$112,095. The deficit will be addressed in the subsequent year.

**Note 3 - Detailed Notes on All Funds**

**A. Taxes Receivable**

Taxes receivable at May 31, 2010 consisted of the following:

	<u>General</u>	<u>Town</u>	<u>Totals</u>
Taxes - Overdue	\$ 300,087	\$ -	\$ 300,087
Tax Liens	13,386	-	13,386
Taxes - School	-	2,452,111	2,452,111
Taxes - County	-	380,445	380,445
	<u>\$ 313,473</u>	<u>\$ 2,832,556</u>	<u>\$ 3,146,029</u>

**B. Capital Assets**

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

<u>Class</u>	<u>Balance June 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2010</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 3,860,985	\$ -	\$ -	\$ 3,860,985
Construction-in-progress	<u>2,015,112</u>	<u>5,710,946</u>	<u>340,850</u>	<u>7,385,208</u>
Total Capital Assets, not being depreciated	<u>\$ 5,876,097</u>	<u>\$ 5,710,946</u>	<u>\$ 340,850</u>	<u>\$ 11,246,193</u>

VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
MAY 31, 2010

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance June 1, 2009	Additions	Deletions	Balance May 31, 2010
Capital Assets, being depreciated:				
Land Improvements	\$ 3,465,127	\$ 95,028	\$ -	\$ 3,560,155
Buildings and Improvements	11,297,695	82,104	-	11,379,799
Machinery and Equipment	14,034,399	1,362,179	92,565	15,304,013
Infrastructure	45,651,555	1,295,658	-	46,947,213
<b>Total Capital Assets, being depreciated</b>	<b>74,448,776</b>	<b>2,834,969</b>	<b>92,565</b>	<b>77,191,180</b>
Less Accumulated Depreciation for:				
Land Improvements	572,380	176,188	-	748,568
Buildings and Improvements	3,933,751	551,271	-	4,485,022
Machinery and Equipment	10,238,834	1,046,347	92,565	11,192,616
Infrastructure	33,287,604	1,257,079	-	34,544,683
<b>Total Accumulated Depreciation</b>	<b>48,032,569</b>	<b>3,030,885</b>	<b>92,565</b>	<b>50,970,889</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$ 26,416,207</b>	<b>\$ (195,916)</b>	<b>\$ -</b>	<b>\$ 26,220,291</b>
<b>Governmental Capital Assets, net</b>	<b>\$ 32,292,304</b>	<b>\$ 5,515,030</b>	<b>\$ 340,850</b>	<b>\$ 37,466,484</b>

Class	Balance June 1, 2009	Additions	Deletions	Balance May 31, 2010
<b>Business-Type Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 149,789	\$ -	\$ -	\$ 149,789
Construction-in-progress	1,564,522	1,469,924	-	3,034,446
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 1,714,311</b>	<b>\$ 1,469,924</b>	<b>\$ -</b>	<b>\$ 3,184,235</b>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 4,570,108	\$ -	\$ -	\$ 4,570,108
Machinery and Equipment	1,222,063	87,196	53,812	1,255,447
Infrastructure	1,845,331	-	-	1,845,331
<b>Total Capital Assets, being depreciated</b>	<b>7,637,502</b>	<b>87,196</b>	<b>53,812</b>	<b>7,670,886</b>

VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
MAY 31, 2010

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance June 1, 2009	Additions	Deletions	Balance May 31, 2010
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,734,390	\$ 162,877	\$ -	\$ 2,897,267
Machinery and Equipment	1,043,988	75,420	53,812	1,065,596
Infrastructure	1,388,552	33,110	-	1,421,662
Total Accumulated Depreciation	<u>5,166,930</u>	<u>271,407</u>	<u>53,812</u>	<u>5,384,525</u>
Total Capital Assets, being depreciated, net	<u>\$ 2,470,572</u>	<u>\$ (184,211)</u>	<u>\$ -</u>	<u>\$ 2,286,361</u>
Business-Type Capital Assets, net	<u>\$ 4,184,883</u>	<u>\$ 1,285,713</u>	<u>\$ -</u>	<u>\$ 5,470,596</u>

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

Governmental Activities:

General Government Support	\$ 794,367
Public Safety	447,304
Culture and Recreation	298,202
Home and Community Services	<u>1,491,012</u>

Total Depreciation Expense -  
Governmental Activities \$ 3,030,885

Business-Type Activities:

Water Fund	\$ 122,755
Pool Fund	<u>148,652</u>

Total Depreciation Expense -  
Business-Type Activities \$ 271,407

**Construction Commitments**

The Village has active construction projects as of May 31, 2010. These projects include new construction and renovations. At year end, the Village had \$6,603,851 in construction encumbrances.

**C. Pension Plans**

The Village of Scarsdale, New York 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.

**Note 3 - Detailed Notes on All Funds (Continued)**

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2010 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	9.2 %
	2 75I	8.5
	3 A14	6.9
	4 A15	6.9
PFRS	2 384D	13.8 %
	2 384E	14.4
	2 375J	10.3

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

	<u>ERS</u>	<u>PFRS</u>
2010	\$ 912,544	\$ 1,537,127
2009	990,658	1,312,520
2008	951,628	1,379,520

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

The current PFRS contributions for the Village of Scarsdale, New York were charged to the General Fund. The current ERS contributions were distributed as follows: \$590,954 to the General Fund, \$76,000 to the Water Fund, \$157,833 to the Library Fund and \$87,757 to the Central Garage Fund.

**D. Long-Term Liabilities**

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2010:

	<u>Balance June 1, 2009</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance May 31, 2010</u>	<u>Due Within One-Year</u>
Governmental Activities:					
Bonds payable	\$ 7,384,182	\$ 10,500,000	\$ 878,562	\$ 17,005,620	\$ 873,761
Compensated absences	4,222,869	571,246	422,286	4,371,829	437,183
Other post employment benefit obligations payable	2,548,972	4,710,902	2,098,208	5,161,666	-
	<u>\$ 14,156,023</u>	<u>\$ 15,782,148</u>	<u>\$ 3,399,056</u>	<u>\$ 26,539,115</u>	<u>\$ 1,310,944</u>

VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
MAY 31, 2010

**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance June 1, 2009	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2010	Due Within One-Year
Business-Type Activities:					
Bonds payable	\$ 2,290,818	\$ -	\$ 201,438	\$ 2,089,380	\$ 211,239
Compensated absences	213,116	50,976	21,311	242,781	24,278
Other post employment benefit obligations payable	98,920	115,629	-	214,549	-
<b>Total Long-Term Liabilities</b>	<b>\$ 2,602,854</b>	<b>\$ 166,605</b>	<b>\$ 222,749</b>	<b>\$ 2,546,710</b>	<b>\$ 235,517</b>

Each governmental fund's liability for compensated absences are liquidated by the respective fund. The Village's indebtedness for bonds is satisfied by the General Fund or the appropriate Proprietary Fund.

**Bonds Payable**

Bonds payable at May 31, 2010 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2010
Various Village Purposes	1992	\$ 4,645,000	July, 2012	5.250 %	\$ 325,000
Various Village Purposes	1996	1,370,000	September, 2015	5.1 - 5.300	175,000
Various Village Purposes	1997	1,175,000	January, 2013	4.8 - 5.000	225,000
Various Village Purposes	2001	5,650,000	August, 2013	4.0 - 4.250	2,275,000
Various Village Purposes	2002	1,550,000	July, 2017	3.5 - 4.375	985,000
Various Village Purposes	2004	2,000,000	September, 2027	4.0 - 4.500	1,760,000
Various Village Purposes	2008	3,000,000	November, 2027	3.5 - 4.300	2,850,000
Various Village Purposes	2010	10,500,000	June, 2024	2.5 - 4.000	10,500,000
					<b>\$ 19,095,000</b>

Interest expenditures/expense of \$377,339 were recorded in the fund financial statements, as detailed below. Interest expense of \$603,495 was recorded in the government-wide financial statements.

Fund	Amount
Governmental Funds - General-Village	\$ 287,182
Proprietary Funds:	
Enterprise – Water Fund	56,658
Enterprise-Pool Fund	28,423
Internal Service-Central Garage Fund	5,076
	<b>\$ 377,339</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of May 31, 2010, including interest payments of \$5,697,525 are as follows:

Year Ending May 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 873,761	\$ 765,330	\$ 211,239	\$ 79,158	\$ 1,085,000	\$ 844,488
2012	1,463,960	550,389	221,040	70,691	1,685,000	621,080
2013	1,390,620	499,894	229,380	61,768	1,620,000	561,662
2014	1,329,779	451,568	235,221	52,451	1,565,000	504,019
2015	942,500	414,721	62,500	46,584	1,005,000	461,305
2016-2020	4,865,000	1,598,135	365,000	195,030	5,230,000	1,793,165
2021-2025	5,327,500	709,137	447,500	115,631	5,775,000	824,768
2026-2028	812,500	66,341	317,500	20,697	1,130,000	87,038
	<u>\$ 17,005,620</u>	<u>\$ 5,055,515</u>	<u>\$ 2,089,380</u>	<u>\$ 642,010</u>	<u>\$ 19,095,000</u>	<u>\$ 5,697,525</u>

The above general obligation bonds 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, administrative, 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 200 sick days and crossing guards may accrue up to 115 sick days. Upon retirement all employees may be paid their 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 1500 hours or a maximum of 533 hours. The Teamsters' sick day payout is based on a formula: 25% of the first 100 days unused accumulated sick leave days and 1/3 of the next 100 days unused, accumulated sick leave days to a maximum of 200 days. 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

**Note 3 - Detailed Notes on All Funds (Continued)**

recognized revenues and expenditures of \$56,320 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:

Year Ended December 31,	Rate
2011	5.50 %
2012+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 28 years remaining in the amortization period. The actuarial assumptions included a 4.5% 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.



VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
MAY 31, 2010

**Note 3 - Detailed Notes on All Funds (Continued)**

The number of participants as of May 31, 2010 was as follows:

	Governmental Activities	Business-Type Activities	Total	
Active Employees	241	9	250	
Retired Employees	179	2	181	
	<u>420</u>	<u>11</u>	<u>431</u>	
	Governmental Funds	Enterprise Funds	Internal Service Fund	Total
Amortization Component:				
Actuarial Accrued Liability as of June 1, 2008	\$ 57,845,124	\$ 1,006,115	\$ 1,108,494	\$ 59,959,733
Assets at Market Value	-	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 57,845,124</u>	<u>\$ 1,006,115</u>	<u>\$ 1,108,494</u>	<u>\$ 59,959,733</u>
Covered Payroll (active plan members)	<u>\$ 16,556,805</u>	<u>\$ 786,224</u>	<u>\$ 937,404</u>	<u>\$ 18,280,433</u>
UAAL as a Percentage of Covered Payroll	<u>349.37%</u>	<u>127.97%</u>	<u>118.25%</u>	<u>328.00%</u>
Annual Required Contribution	\$ 4,555,099	\$ 115,705	\$ 157,766	\$ 4,828,570
Interest on OPEB obligation	102,599	4,204	5,732	112,535
Adjustment to Annual Required Contribution	<u>(104,458)</u>	<u>(4,280)</u>	<u>(5,836)</u>	<u>(114,574)</u>
Annual OPEB Cost	4,553,240	115,629	157,662	4,826,531
Contributions Made	<u>(2,098,208)</u>	<u>-</u>	<u>-</u>	<u>(2,098,208)</u>
Increase in Net OPEB Cost	2,455,032	115,629	157,662	2,728,323
Net OPEB Cost at May 31, 2009	<u>2,414,093</u>	<u>98,920</u>	<u>134,879</u>	<u>2,647,892</u>
Net OPEB Cost at May 31, 2010	<u>\$ 4,869,125</u>	<u>\$ 214,549</u>	<u>\$ 292,541</u>	<u>\$ 5,376,215</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
2010	\$ 4,826,531	43.47 %	\$ 5,376,215
2009	4,599,310	42.43	2,647,891

The Village first implemented the provisions of GASB Statement No. 45 for the fiscal year ended May 31, 2009.

**Note 3 - Detailed Notes on All Funds (Continued)**

**E. 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	\$ -	\$ 909,702	\$ 2,991,534	\$ 10,725	\$ 3,911,961
Town Fund	1,056,862	-	-	-	1,056,862
Non-Major Governmental Funds	-	53,448	1,360	-	54,808
Water Fund	-	160,000	-	-	160,000
Reconciling Item: Village/Town (Note 1)	30,405	-	-	-	30,405
	<u>\$ 1,087,267</u>	<u>\$ 1,123,150</u>	<u>\$ 2,992,894</u>	<u>\$ 10,725</u>	<u>\$ 5,214,036</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, Water and Pool Funds.

**F. Net Assets**

The components of net assets are detailed below:

*Invested in Capital Assets, net of Related Debt* - the component of net assets 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 Capital Projects* - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Land Acquisition and Improvements* - the component of net assets that has been established pursuant to General Municipal Law to set aside funds to be used for future capital projects.

*Restricted for Debt Service* - the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

**Note 3 - Detailed Notes on All Funds (Continued)**

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

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**G. Fund Balances**

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the Statement of Net Assets but are reported in the governmental funds balance sheet are described below. The reserved and unreserved elements of fund balance are described below:

**Reserved**

Encumbrances outstanding have been reserved as it is 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.

The Reserve for Prepaid Expenditures has been established to account for the purchase of day camp supplies made in advance. This reserve indicates that the 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.

The Reserve for Long-Term Receivable represents a segregation of the fund balance for uncollected taxes of the County and School.

**Unreserved - Designated**

Designations of fund balance are not legally required segregations, but represent intended use for a specific purpose. The following reflects Village's designations at May 31, 2010.

*Designated for Subsequent Year's Expenditures* - At May 31, 2010, the Village Board has designated that \$800,000 of the fund balance of the General Fund, \$622,742 of the fund balance of the Capital Projects Fund and \$118,831 of the fund balance of the Library Fund be appropriated for the ensuing year's budget.

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

*Designated for Capital Projects* - This designation, established by the Village Board, 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.

**Note 3 - Detailed Notes on All Funds (Continued)**

Designated for Taxpayer Relief - This designation is used to segregate a portion of fund balance of the General Fund for taxpayer relief.

Designated for Retirement Obligations - This designation is used to segregate a portion of fund balance of the General Fund for retirement obligations.

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

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

**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 and \$5 million, respectively. The Village also maintains an umbrella policy which provides coverage up to \$15 million. Worker's 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 may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Village's compliance with applicable grant requirements may 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.

VILLAGE OF SCARSDALE, NEW YORK

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, 2008	\$ -	\$ 59,959,733	\$ 59,959,733	- %	\$ 17,577,340	341.12 %
June 1, 2009	-	59,959,733	59,959,733	-	18,280,433	328.00

Note - The Village implemented the provisions of Governmental Accounting Standards Board Statement No. 45 in fiscal year ended May 31, 2009.

**(This page intentionally left blank.)**

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 10,992,070	\$ 2,320,267
Petty cash	2,372	1,972
	<u>10,994,442</u>	<u>2,322,239</u>
Investments	<u>361,221</u>	<u>7,560,042</u>
Taxes Receivable	<u>313,473</u>	<u>243,533</u>
Other Receivables:		
Accounts	75,033	38,297
Special assessments	552,925	686,965
State and Federal aid	782,005	585,554
Due from other funds	-	410
Due from other governments	97,841	70,404
	<u>1,507,804</u>	<u>1,381,630</u>
Prepaid Expenditures	<u>345,458</u>	<u>369,213</u>
Total Assets	<u>\$ 13,522,398</u>	<u>\$ 11,876,657</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,268,819	\$ 1,540,985
Accrued liabilities	868,120	467,887
Due to retirement systems	511,438	315,541
Deferred revenues - Taxes	313,473	207,178
Deferred revenues - Other	1,336,386	1,387,886
Total Liabilities	<u>4,298,236</u>	<u>3,919,477</u>
Fund Balance:		
Reserved for encumbrances	272,556	-
Reserved for prepaid expenditures	345,458	369,213
Reserved for debt service	138,333	137,415
Unreserved:		
Designated for subsequent year's expenditures	800,000	425,613
Designated for contractual obligations	545,000	945,000
Designated for capital projects	1,055,000	454,000
Designated for taxpayer relief	300,000	400,000
Designated for retirement obligations	645,000	-
Designated for other post employment benefit obligations	100,000	-
Undesignated	5,022,815	5,225,939
Total Fund Balance	<u>9,224,162</u>	<u>7,957,180</u>
Total Liabilities and Fund Balance	<u>\$ 13,522,398</u>	<u>\$ 11,876,657</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Real property taxes	\$ 29,374,446	\$ 29,374,446	\$ 29,402,790	\$ 28,344
Other tax items	597,333	597,333	212,987	(384,346)
Non-property taxes	2,674,000	2,674,000	2,822,229	148,229
Departmental income	3,162,316	3,162,316	3,397,977	235,661
Intergovernmental revenues	112,500	112,500	104,117	(8,383)
Use of money and property	1,052,167	1,052,167	980,851	(71,316)
Interfund revenues	537,230	537,230	540,401	3,171
Licenses and permits	1,114,800	1,114,800	1,375,114	260,314
Fines and forfeitures	769,000	769,000	857,833	88,833
Sale of property and compensation for loss	80,000	80,000	185,338	105,338
State aid	1,882,515	1,882,515	761,846	(1,120,669)
Federal aid	-	-	243,722	243,722
Miscellaneous	402,000	402,000	589,370	187,370
<b>Total Revenues</b>	<b>41,758,307</b>	<b>41,758,307</b>	<b>41,474,575</b>	<b>(283,732)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government support	7,357,285	7,684,270	7,301,887	382,383
Public safety	11,376,634	11,505,293	11,096,066	409,227
Culture and recreation	2,352,866	2,352,448	2,293,597	58,851
Home and community services	7,178,496	6,768,932	6,437,661	331,271
Employee benefits	9,546,877	9,422,271	9,174,944	247,327
<b>Debt service:</b>				
Principal	791,562	791,562	791,562	-
Interest	282,941	287,183	287,182	1
<b>Total Expenditures</b>	<b>38,886,661</b>	<b>38,811,959</b>	<b>37,382,899</b>	<b>1,429,060</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,871,646</b>	<b>2,946,348</b>	<b>4,091,676</b>	<b>1,145,328</b>
<b>Other Financing Sources (Uses):</b>				
Sale of real property	-	-	-	-
Transfers in	-	-	1,087,267	1,087,267
Transfers out	(3,297,259)	(3,911,961)	(3,911,961)	-
<b>Total Other Financing Uses</b>	<b>(3,297,259)</b>	<b>(3,911,961)</b>	<b>(2,824,694)</b>	<b>1,087,267</b>
<b>Net Change in Fund Balance</b>	<b>(425,613)</b>	<b>(965,613)</b>	<b>1,266,982</b>	<b>2,232,595</b>
<b>Fund Balance - Beginning of Year</b>	<b>425,613</b>	<b>965,613</b>	<b>7,957,180</b>	<b>6,991,567</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,224,162</b>	<b>\$ 9,224,162</b>



2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 27,206,349	\$ 27,206,349	\$ 27,261,252	\$ 54,903
565,416	565,416	219,323	(346,093)
2,967,000	2,967,000	3,070,393	103,393
3,222,756	3,222,756	2,981,724	(241,032)
112,500	112,500	139,668	27,168
1,640,100	1,640,100	1,014,180	(625,920)
578,180	578,180	578,180	-
1,487,750	1,487,750	1,428,415	(59,335)
719,000	719,000	637,355	(81,645)
70,000	70,000	108,261	38,261
2,669,169	2,669,169	823,795	(1,845,374)
-	-	-	-
372,000	372,000	438,576	66,576
<u>41,610,220</u>	<u>41,610,220</u>	<u>38,701,122</u>	<u>(2,909,098)</u>
7,767,413	8,762,702	6,783,955	1,978,747
11,119,059	11,038,989	10,649,270	389,719
2,472,384	2,352,224	2,243,176	109,048
6,812,663	6,609,222	6,279,602	329,620
9,414,325	9,121,350	8,849,571	271,779
714,704	738,863	738,863	-
343,870	343,870	340,714	3,156
<u>38,644,418</u>	<u>38,967,220</u>	<u>35,885,151</u>	<u>3,082,069</u>
<u>2,965,802</u>	<u>2,643,000</u>	<u>2,815,971</u>	<u>172,971</u>
-	335,000	340,000	5,000
-	-	1,320,671	1,320,671
<u>(3,665,259)</u>	<u>(4,240,259)</u>	<u>(4,240,259)</u>	<u>-</u>
<u>(3,665,259)</u>	<u>(3,905,259)</u>	<u>(2,579,588)</u>	<u>1,325,671</u>
(699,457)	(1,262,259)	236,383	1,498,642
<u>699,457</u>	<u>1,262,259</u>	<u>7,720,797</u>	<u>6,458,538</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,957,180</u>	<u>\$ 7,957,180</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET  
 YEAR ENDED MAY 31, 2010  
 (With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
PROPERTY TAXES	\$ 29,374,446	\$ 29,374,446	\$ 29,402,790	\$ 28,344	\$ 27,261,252
OTHER TAX ITEMS					
Special assessments	137,333	137,333	138,333	1,000	137,415
Interest and penalties - Taxes	460,000	460,000	74,654	(385,346)	81,908
	597,333	597,333	212,987	(384,346)	219,323
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,971,000	1,971,000	2,096,123	125,123	2,319,357
Utilities gross receipts tax	403,000	403,000	400,431	(2,569)	448,786
Franchise fees	300,000	300,000	325,675	25,675	302,250
	2,674,000	2,674,000	2,822,229	148,229	3,070,393
DEPARTMENTAL INCOME					
Clerks fees	4,000	4,000	7,127	3,127	3,648
Police Department fees	6,000	6,000	10,840	4,840	7,645
Fire Department fees	5,000	5,000	-	(5,000)	2,450
Safety inspection fees	52,000	52,000	78,282	26,282	67,725
Public Works fees	7,000	7,000	11,650	4,650	11,225
Parking fees	1,599,870	1,599,870	1,617,558	17,688	1,353,047
Parks and recreation fees	1,408,946	1,408,946	1,543,601	134,655	1,423,295
Zoning and Appeals Board fees	8,000	8,000	10,475	2,475	11,275
Planning Board fees	8,000	8,000	14,750	6,750	13,580
Disposal site fees	55,000	55,000	89,764	34,764	72,450
Board of Architectural Review fees	8,500	8,500	13,930	5,430	14,838
Alarm monitoring fees	-	-	-	-	546
	3,162,316	3,162,316	3,397,977	235,661	2,981,724

INTERGOVERNMENTAL REVENUES

Snow removal	25,000	25,000	36,617	11,617	52,168
Board of Education	87,500	87,500	67,500	(20,000)	87,500

INTERFUND REVENUES

	112,500	112,500	104,117	(8,383)	139,668
	537,230	537,230	540,401	3,171	578,180

USE OF MONEY AND PROPERTY

Interest earnings	450,000	450,000	208,600	(241,400)	518,623
Rental income	602,167	602,167	772,251	170,084	495,557
	1,052,167	1,052,167	980,851	(71,316)	1,014,180

LICENSES AND PERMITS

Occupational licenses	7,500	7,500	7,635	135	8,030
Dog licenses	5,000	5,000	6,004	1,004	5,423
Building permits	680,000	680,000	923,672	243,672	949,617
Alarm user annual permits	304,000	304,000	305,888	1,888	308,623
Other permits	118,300	118,300	131,915	13,615	156,722
	1,114,800	1,114,800	1,375,114	260,314	1,428,415

FINES AND FORFEITURES

Justice Court fines	724,000	724,000	811,031	87,031	586,436
Alarm fines	45,000	45,000	46,802	1,802	50,919

SALE OF PROPERTY AND COMPENSATION

FOR LOSS	769,000	769,000	857,833	88,833	637,355
Minor sales	25,000	25,000	51,149	26,149	11,546
Sale of equipment - Trucks and cars	25,000	25,000	23,001	(1,999)	34,386
Worker's compensation insurance recoveries	30,000	30,000	89,494	59,494	60,915
Payment for loss of revenue - Christy Place	-	-	21,694	21,694	1,414
	80,000	80,000	185,338	105,338	108,261

(Continued)

**(This page intentionally left blank.)**

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)  
 YEAR ENDED MAY 31, 2010  
 (With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
<b>STATE AID</b>					
Per capita	\$ 192,515	\$ 192,515	\$ 150,070	\$ (42,445)	\$ 150,070
Mortgage tax	1,690,000	1,690,000	561,021	(1,128,979)	642,379
STAR reimbursement	-	-	4,938	4,938	-
State Emergency Management Agency	-	-	40,620	40,620	-
Traffic safety	-	-	-	-	18,675
Youth programs	-	-	5,197	5,197	12,671
	<u>1,882,515</u>	<u>1,882,515</u>	<u>761,846</u>	<u>(1,120,669)</u>	<u>823,795</u>
<b>FEDERAL AID</b>					
Federal Emergency Management Agency	-	-	243,722	243,722	-
	<u>-</u>	<u>-</u>	<u>243,722</u>	<u>243,722</u>	<u>-</u>
<b>MISCELLANEOUS</b>					
Refunds of prior year's expenditures	10,000	10,000	62,770	52,770	9,315
Gifts and donations	-	-	4,925	4,925	200
Employee health insurance reimbursements	190,000	190,000	278,700	88,700	223,670
Other	202,000	202,000	242,975	40,975	205,391
	<u>402,000</u>	<u>402,000</u>	<u>589,370</u>	<u>187,370</u>	<u>438,576</u>
<b>TOTAL REVENUES</b>	<u>41,758,307</u>	<u>41,758,307</u>	<u>41,474,575</u>	<u>(283,732)</u>	<u>38,701,122</u>
<b>OTHER FINANCING SOURCES</b>					
Sale of real property	-	-	-	-	340,000
Transfers in - Town Fund	-	-	1,087,267	1,087,267	1,320,671
	<u>-</u>	<u>-</u>	<u>1,087,267</u>	<u>1,087,267</u>	<u>1,660,671</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>1,087,267</u>	<u>1,087,267</u>	<u>1,660,671</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 41,758,307</u>	<u>\$ 41,758,307</u>	<u>\$ 42,561,842</u>	<u>\$ 803,535</u>	<u>\$ 40,361,793</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED MAY 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
Municipal court	\$ 420,603	\$ 424,344	\$ 424,037	\$ 307	\$ 405,204
Village manager	831,885	908,719	875,119	33,600	814,223
Village treasurer	593,723	596,266	547,943	48,323	524,077
Assessor	253,185	279,029	277,923	1,106	225,199
Village clerk	184,032	194,699	191,441	3,258	179,805
Village attorney	339,682	612,378	612,376	2	387,405
Human resources	258,141	270,350	242,294	28,056	237,034
Information technology	567,674	569,157	504,329	64,828	381,637
Building and safety inspection	444,690	504,451	449,636	54,815	454,152
Planning	194,310	197,548	178,656	18,892	194,211
Human services	476,550	467,628	456,550	11,078	471,709
Utilities	35,000	35,130	31,475	3,655	164,894
Liability insurance	489,125	488,995	391,904	97,091	377,190
Central garage	1,670,710	1,670,710	1,670,710	-	1,580,710
Miscellaneous	597,975	464,866	447,494	17,372	386,505
	<u>7,357,285</u>	<u>7,684,270</u>	<u>7,301,887</u>	<u>382,383</u>	<u>6,783,955</u>
<b>PUBLIC SAFETY</b>					
Police	5,989,454	5,996,655	5,867,784	128,871	5,688,474
Fire	5,387,180	5,508,638	5,228,282	280,356	4,960,796
	<u>11,376,634</u>	<u>11,505,293</u>	<u>11,096,066</u>	<u>409,227</u>	<u>10,649,270</u>

CULTURE AND RECREATION

Parks and recreation - Administration	506,300	478,672	471,298	7,374	494,337
Youth camps	601,782	647,949	612,883	35,066	535,405
Nature center	85,000	85,243	91,025	(5,782)	83,811
Playgrounds	349,354	295,053	292,927	2,126	312,523
Recreation	490,129	501,714	490,998	10,716	497,607
Senior citizens	49,949	44,522	44,029	493	42,315
Tennis	270,352	299,295	290,437	8,858	277,178
	<u>2,352,866</u>	<u>2,352,448</u>	<u>2,293,597</u>	<u>58,851</u>	<u>2,243,176</u>

HOME AND COMMUNITY SERVICES

Administration	365,806	400,718	320,497	80,221	387,530
Engineer	306,122	227,621	225,729	1,892	237,030
Facilities maintenance	1,329,493	1,029,375	996,083	33,292	994,320
Highway	2,906,234	2,878,214	2,827,073	51,141	2,665,445
Sanitation	2,270,841	2,233,004	2,068,279	164,725	1,995,277
	<u>7,178,496</u>	<u>6,768,932</u>	<u>6,437,661</u>	<u>331,271</u>	<u>6,279,602</u>

EMPLOYEE BENEFITS

State retirement	2,139,424	2,128,081	2,128,081	-	2,027,804
Social security	1,470,000	1,549,814	1,478,290	71,524	1,394,197
Workers' compensation benefits	449,068	575,337	575,337	-	470,770
Hospital and medical insurance	5,099,520	4,788,750	4,615,451	173,299	4,545,239
Unemployment benefits	45,000	36,141	36,141	-	37,236
Compensated absences	230,000	232,223	232,222	1	278,659
Life insurance	113,865	111,925	109,422	2,503	95,666
	<u>9,546,877</u>	<u>9,422,271</u>	<u>9,174,944</u>	<u>247,327</u>	<u>8,849,571</u>

DEBT SERVICE

Serial Bonds:					
Principal	791,562	791,562	791,562	-	738,863
Interest	282,941	287,183	287,182	1	340,714
	<u>1,074,503</u>	<u>1,078,745</u>	<u>1,078,744</u>	<u>1</u>	<u>1,079,577</u>

TOTAL EXPENDITURES

	<u>38,886,661</u>	<u>38,811,959</u>	<u>37,382,899</u>	<u>1,429,060</u>	<u>35,885,151</u>
--	-------------------	-------------------	-------------------	------------------	-------------------

(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
 YEAR ENDED MAY 31, 2010  
 (With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2009 Actual
				Positive (Negative)	
OTHER FINANCING USES					
Transfers out:					
Capital Projects Fund	\$ 295,000	\$ 909,702	\$ 909,702	\$ -	\$ 1,268,000
Non-Major Governmental Funds	2,991,534	2,991,534	2,991,534	-	2,961,534
Pool Fund	10,725	10,725	10,725	-	10,725
Total Other Financing Uses	3,297,259	3,911,961	3,911,961	-	4,240,259
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 42,183,920	\$ 42,723,920	\$ 41,294,860	\$ 1,429,060	\$ 40,125,410



VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND  
 COMPARATIVE BALANCE SHEET  
 MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 461,029	\$ 615,343
Investments	46,361	46,236
Taxes Receivable:		
School district	2,452,111	2,371,575
County	380,445	406,391
	<u>2,832,556</u>	<u>2,777,966</u>
Total Assets	<u>\$ 3,339,946</u>	<u>\$ 3,439,545</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other governments	\$ 1,780,596	\$ 1,921,131
Fund Balance:		
Reserved for long term receivable	1,025,042	951,651
Unreserved and undesignated	534,308	566,763
Total Fund Balance	<u>1,559,350</u>	<u>1,518,414</u>
Total Liabilities and Fund Balance	<u>\$ 3,339,946</u>	<u>\$ 3,439,545</u>

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010	2009
Revenues:		
Other tax items	\$ 427,286	\$ 358,008
Departmental income	4,448	4,084
Use of money and property	70,754	197,794
State aid	575,055	820,205
Miscellaneous	20,255	8,118
Total Revenues	1,097,798	1,388,209
Expenditures	-	-
Excess of Revenues Over Expenditures	1,097,798	1,388,209
Other Financing Uses -		
Transfers out	(1,056,862)	(1,339,183)
Net Change in Fund Balance	40,936	49,026
Fund Balance - Beginning of Year	1,518,414	1,469,388
Fund Balance - End of Year	<u>\$ 1,559,350</u>	<u>\$ 1,518,414</u>

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEET  
 MAY 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash - Demand deposits	\$ 9,599,443	\$ 1,735,309
Investments	324,213	3,016,306
Receivables:		
Accounts	-	6,313
State and Federal aid	302,208	150,000
	<u>302,208</u>	<u>156,313</u>
 Total Assets	 <u>\$ 10,225,864</u>	 <u>\$ 4,907,928</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 892,002	\$ 111,318
Accrued liabilities	441,442	447,530
Retainages payable	344,875	198,516
Deferred revenues	313,480	-
	<u>1,991,799</u>	<u>757,364</u>
 Total Liabilities	 <u>1,991,799</u>	 <u>757,364</u>
Fund Balance:		
Reserved for encumbrances	6,603,851	1,702,814
Reserved for land acquisition and improvements	180,513	180,084
Unreserved:		
Designated for subsequent year's expenditures	622,742	1,596,500
Designated for cable TV equipment	183,094	-
Undesignated	643,865	671,166
	<u>8,234,065</u>	<u>4,150,564</u>
 Total Fund Balance	 <u>8,234,065</u>	 <u>4,150,564</u>
 Total Liabilities and Fund Balance	 <u>\$ 10,225,864</u>	 <u>\$ 4,907,928</u>

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 55,000	\$ 55,000	\$ 71,198	\$ 16,198
State aid	992,000	1,449,409	332,891	(1,116,518)
Federal aid	65,000	2,317,849	852,989	(1,464,860)
Miscellaneous	4,246,500	4,765,138	215,023	(4,550,115)
Total Revenues	5,358,500	8,587,396	1,472,101	(7,115,295)
Expenditures - Capital outlay	10,965,814	22,662,765	9,011,750	13,651,015
Deficiency of Revenues Over Expenditures	(5,607,314)	(14,075,369)	(7,539,649)	6,535,720
Other Financing Sources:				
Bonds issued	1,700,000	1,700,000	10,500,000	8,800,000
Transfers in	608,000	1,243,022	1,123,150	(119,872)
Total Other Financing Sources	2,308,000	2,943,022	11,623,150	8,680,128
Net Change in Fund Balance	(3,299,314)	(11,132,347)	4,083,501	15,215,848
Fund Balance - Beginning of Year	3,299,314	11,132,347	4,150,564	(6,981,783)
Fund Balance - End of Year	\$ -	\$ -	\$ 8,234,065	\$ 8,234,065

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 210,000	\$ 210,000	\$ 120,832	\$ (89,168)
9,100,155	9,250,155	902,318	(8,347,837)
47,000	47,000	346,592	299,592
<u>2,479,500</u>	<u>2,772,817</u>	<u>395,097</u>	<u>(2,377,720)</u>
11,836,655	12,279,972	1,764,839	(10,515,133)
<u>28,235,743</u>	<u>28,312,542</u>	<u>5,628,313</u>	<u>22,684,229</u>
<u>(16,399,088)</u>	<u>(16,032,570)</u>	<u>(3,863,474)</u>	<u>12,169,096</u>
12,112,000	12,112,000	-	(12,112,000)
<u>999,500</u>	<u>1,629,500</u>	<u>1,524,027</u>	<u>(105,473)</u>
<u>13,111,500</u>	<u>13,741,500</u>	<u>1,524,027</u>	<u>(12,217,473)</u>
(3,287,588)	(2,291,070)	(2,339,447)	(48,377)
<u>3,287,588</u>	<u>2,291,070</u>	<u>6,490,011</u>	<u>4,198,941</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,150,564</u>	<u>\$ 4,150,564</u>

VILLAGE OF SCARSDALE, NEW YORK

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 MAY 31, 2010  
 (With Comparative Totals for 2009)

<u>ASSETS</u>	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Cash and Equivalents	\$ 90,337	\$ 276,189	\$ -
Investments	266,871	277,963	572,600
Accounts Receivable	-	-	-
Prepaid Expenditures	<u>26,946</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 384,154</u>	<u>\$ 554,152</u>	<u>\$ 572,600</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 36,300	\$ 168,106	\$ -
Accrued liabilities	78,197	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>114,497</u>	<u>168,106</u>	<u>-</u>
Fund Balances:			
Reserved for prepaid expenditures	26,946	-	-
Reserved for trusts	-	386,046	572,600
Unreserved:			
Designated for subsequent year's expenditures	118,831	-	-
Undesignated	<u>123,880</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>269,657</u>	<u>386,046</u>	<u>572,600</u>
Total Liabilities and Fund Balances	<u>\$ 384,154</u>	<u>\$ 554,152</u>	<u>\$ 572,600</u>

---

Total Non-Major  
Governmental Funds

---

2010	2009
\$ 366,526	\$ 229,730
1,117,434	1,276,845
-	410
26,946	26,946
\$ 1,510,906	\$ 1,533,931

\$ 204,406	\$ 138,833
78,197	49,465
-	410
282,603	188,708

26,946	26,946
958,646	1,023,817

118,831	178,826
123,880	115,634
1,228,303	1,345,223
\$ 1,510,906	\$ 1,533,931

VILLAGE OF SCARSDALE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED MAY 31, 2010  
 (With Comparative Totals for 2009)

	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Revenues:			
Departmental income	\$ 63,179	\$ -	\$ -
Use of money and property	12,857	915	1,360
State aid	6,453	-	-
Miscellaneous	16,874	3,348	-
Total Revenues	<u>99,363</u>	<u>4,263</u>	<u>1,360</u>
Expenditures -			
Current:			
Public safety	-	240	-
Culture and recreation	2,473,354	17,106	-
Employee benefits	669,292	-	-
Total Expenditures	<u>3,142,646</u>	<u>17,346</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,043,283)</u>	<u>(13,083)</u>	<u>1,360</u>
Other Financing Sources (Uses):			
Transfers in	2,991,534	1,360	-
Transfers out	-	(53,448)	(1,360)
Total Other Financing Sources (Uses)	<u>2,991,534</u>	<u>(52,088)</u>	<u>(1,360)</u>
Net Change in Fund Balances	(51,749)	(65,171)	-
Fund Balances - Beginning of Year	<u>321,406</u>	<u>451,217</u>	<u>572,600</u>
Fund Balances - End of Year	<u>\$ 269,657</u>	<u>\$ 386,046</u>	<u>\$ 572,600</u>





**(This page intentionally left blank.)**

VILLAGE OF SCARSDALE, NEW YORK

LIBRARY FUND  
 COMPARATIVE BALANCE SHEET  
 MAY 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash:		
Demand deposits	\$ 90,027	\$ 224,700
Petty cash	310	310
	<u>90,337</u>	<u>225,010</u>
Investments	266,871	146,232
Prepaid Expenditures	<u>26,946</u>	<u>26,946</u>
Total Assets	<u>\$ 384,154</u>	<u>\$ 398,188</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
Liabilities:		
Accounts payable	\$ 36,300	\$ 27,317
Accrued liabilities	<u>78,197</u>	<u>49,465</u>
Total Liabilities	<u>114,497</u>	<u>76,782</u>
Fund Balance:		
Reserved for prepaid expenditures	26,946	26,946
Unreserved:		
Designated for subsequent year's expenditures	118,831	178,826
Undesignated	<u>123,880</u>	<u>115,634</u>
Total Fund Balance	<u>269,657</u>	<u>321,406</u>
Total Liabilities and Fund Balance	<u>\$ 384,154</u>	<u>\$ 398,188</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, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 70,000	\$ 70,000	\$ 63,179	\$ (6,821)
Use of money and property	12,200	12,200	12,857	657
State aid	7,485	7,485	6,453	(1,032)
Miscellaneous	16,000	16,000	16,874	874
Total Revenues	<u>105,685</u>	<u>105,685</u>	<u>99,363</u>	<u>(6,322)</u>
Expenditures -				
Current:				
Culture and recreation	2,623,025	2,623,025	2,473,354	149,671
Employee benefits	669,020	669,020	669,292	(272)
Total Expenditures	<u>3,292,045</u>	<u>3,292,045</u>	<u>3,142,646</u>	<u>149,399</u>
Deficiency of Revenues Over Expenditures	(3,186,360)	(3,186,360)	(3,043,283)	(143,077)
Other Financing Sources -				
Transfers in	<u>3,007,534</u>	<u>3,007,534</u>	<u>2,991,534</u>	<u>(16,000)</u>
Net Change in Fund Balance	(178,826)	(178,826)	(51,749)	127,077
Fund Balance - Beginning of Year	<u>178,826</u>	<u>178,826</u>	<u>321,406</u>	<u>142,580</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,657</u>	<u>\$ 269,657</u>

---

2009

---

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 65,000	\$ 65,000	\$ 66,823	\$ 1,823
19,250	19,250	10,444	(8,806)
8,210	8,210	7,270	(940)
9,000	9,000	15,596	6,596
<u>101,460</u>	<u>101,460</u>	<u>100,133</u>	<u>(1,327)</u>
2,568,285	2,513,285	2,381,339	131,946
660,709	660,709	649,387	11,322
<u>3,228,994</u>	<u>3,173,994</u>	<u>3,030,726</u>	<u>143,268</u>
(3,127,534)	(3,072,534)	(2,930,593)	(141,941)
<u>3,032,534</u>	<u>2,977,534</u>	<u>2,961,534</u>	<u>(16,000)</u>
(95,000)	(95,000)	30,941	125,941
<u>95,000</u>	<u>95,000</u>	<u>290,465</u>	<u>195,465</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,406</u>	<u>\$ 321,406</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND  
 COMPARATIVE BALANCE SHEET  
 MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash-Demand deposits	\$ 276,189	\$ 4,720
Investments	277,963	558,013
Accounts Receivable	-	410
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 554,152</u>	<u>\$ 563,143</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 168,106	\$ 111,516
Due to other funds	-	410
	<u>          </u>	<u>          </u>
Total Liabilities	168,106	111,926
Fund Balance - Reserved for trusts	<u>386,046</u>	<u>451,217</u>
Total Liabilities and Fund Balance	<u>\$ 554,152</u>	<u>\$ 563,143</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Use of money and property	\$ 915	\$ 2,562
Miscellaneous	<u>3,348</u>	<u>161,575</u>
Total Revenues	<u>4,263</u>	<u>164,137</u>
Expenditures -		
Current:		
Public safety	240	16,931
Culture and recreation	<u>17,106</u>	<u>54,469</u>
Total Expenditures	<u>17,346</u>	<u>71,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,083)</u>	<u>92,737</u>
Other Financing Sources (Uses):		
Transfers in	1,360	5,431
Transfers out	<u>(53,448)</u>	<u>(96,027)</u>
Total Other Financing Uses	<u>(52,088)</u>	<u>(90,596)</u>
Net Change in Fund Balance	(65,171)	2,141
Fund Balance - Beginning of Year	<u>451,217</u>	<u>449,076</u>
Fund Balance - End of Year	<u>\$ 386,046</u>	<u>\$ 451,217</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND  
COMPARATIVE BALANCE SHEET  
MAY 31, 2010 AND 2009

---

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Investments	<u>\$ 572,600</u>	<u>\$ 572,600</u>
<u>FUND BALANCE</u>		
Reserved for Trusts	<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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues - Use of money and property	\$ 1,360	\$ 5,431
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,360	5,431
Other Financing Uses - Transfers out	<u>(1,360)</u>	<u>(5,431)</u>
Net Change in Fund Balance	-	-
Fund Balance - Beginning of Year	<u>572,600</u>	<u>572,600</u>
Fund Balance - End of Year	<u>\$ 572,600</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND  
 COMPARATIVE STATEMENT OF NET ASSETS  
 MAY 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash - Demand deposits	\$ 4,813,583	\$ 2,796,183
Investments	368,890	3,677,959
Accounts receivable	259,637	304,067
Prepaid expenses	14,105	14,105
Total Current Assets	<u>5,456,215</u>	<u>6,792,314</u>
Capital Assets:		
Land	31,789	31,789
Buildings	2,012,985	2,012,985
Machinery and equipment	1,054,972	1,048,775
Infrastructure	1,601,086	1,601,086
Construction-in-progress	3,034,446	1,564,522
	7,735,278	6,259,157
Less - Accumulated depreciation	<u>(3,522,742)</u>	<u>(3,453,799)</u>
Total Capital Assets, net of accumulated depreciation	<u>4,212,536</u>	<u>2,805,358</u>
Total Assets	<u>9,668,751</u>	<u>9,597,672</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	6,532	345,322
Accrued liabilities	246,589	83,515
Accrued interest payable	2,326	2,402
Retainages payable	106,738	39,421
Current portion of compensated absences	24,278	21,311
Current maturities of bonds payable	55,000	52,500
Total Current Liabilities	<u>441,463</u>	<u>544,471</u>
Noncurrent Liabilities:		
Compensated absences, less current portion	218,503	191,805
Bonds payable, less current maturities	1,370,000	1,425,000
Other post employment benefit obligations payable	214,549	98,920
Total Noncurrent Liabilities	<u>1,803,052</u>	<u>1,715,725</u>
Total Liabilities	<u>2,244,515</u>	<u>2,260,196</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	2,787,536	1,844,612
Unrestricted	4,636,700	5,492,864
Total Net Assets	<u>\$ 7,424,236</u>	<u>\$ 7,337,476</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 NET ASSETS  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010	2009
Operating Revenues -		
Charges for services	\$ 3,480,441	\$ 4,743,900
Operating Expenses:		
Taxes on Village property	30,830	49,577
Personal services	786,224	717,932
Contractual services	216,313	203,523
Supplies	128,624	167,315
Utilities	87,994	126,331
Employee benefits	367,572	362,774
Other post employment benefit obligations	115,629	98,920
Insurance	53,623	46,529
Repairs and maintenance	970	28,197
Equipment maintenance	35,065	18,397
Depreciation	122,755	138,039
Purchase of water	1,072,363	1,611,140
Property services	165,680	160,680
Miscellaneous	24,800	14,961
Total Operating Expenses	<u>3,208,442</u>	<u>3,744,315</u>
Income from Operations	<u>271,999</u>	<u>999,585</u>
Non-Operating Revenues (Expenses):		
Interest income	31,419	102,206
Interest expense	<u>(56,658)</u>	<u>(54,605)</u>
Total Non-Operating Revenues (Expenses)	<u>(25,239)</u>	<u>47,601</u>
Income Before Transfers	246,760	1,047,186
Transfers Out	<u>(160,000)</u>	<u>(160,000)</u>
Change in Net Assets	86,760	887,186
Net Assets - Beginning of Year	<u>7,337,476</u>	<u>6,450,290</u>
Net Assets - End of Year	<u>\$ 7,424,236</u>	<u>\$ 7,337,476</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 3,524,871	\$ 4,726,686
Cash payments for goods or services	(1,924,661)	(3,021,467)
Cash payments to employees	(1,124,131)	(1,115,353)
Net Cash Provided by Operating Activities	<u>476,079</u>	<u>589,866</u>
Cash Flows From Non-Capital Financing Activities - Transfers out	<u>(160,000)</u>	<u>(160,000)</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(52,500)	(22,500)
Interest paid on bonds	(56,734)	(83,858)
Acquisition and construction of capital assets	(1,529,933)	(12,907)
Net Cash Used in Capital and Related Financing Activities	<u>(1,639,167)</u>	<u>(119,265)</u>
Cash Flow From Investing Activities:		
Interest income	31,419	102,206
Sale of investments	3,309,069	2,140,000
Purchase of investments	-	(3,677,959)
Net Cash Provided by (Used in) Investing Activities	<u>3,340,488</u>	<u>(1,435,753)</u>
Net Change in Cash	2,017,400	(1,125,152)
Cash - Beginning of Year	<u>2,796,183</u>	<u>3,921,335</u>
Cash - End of Year	<u>\$ 4,813,583</u>	<u>\$ 2,796,183</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 271,999	\$ 999,585
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	122,755	138,039
Changes in operating assets and liabilities:		
Accounts receivable	44,430	(17,914)
Due from other funds	-	700
Prepaid expenses	-	43,075
Accounts payable	(338,790)	73,816
Accrued liabilities	163,074	(722,410)
Retained percentages	67,317	10,702
Compensated absences	29,665	(34,647)
Other post employment benefit obligations payable	115,629	98,920
Net Cash Provided by Operating Activities	<u>\$ 476,079</u>	<u>\$ 589,866</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND  
 COMPARATIVE STATEMENT OF NET ASSETS  
 MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 692,381	\$ 750,446
Petty cash	-	200
Total Current Assets	<u>692,381</u>	<u>750,646</u>
Capital Assets:		
Land	118,000	118,000
Buildings	2,557,123	2,557,123
Machinery and equipment	200,475	173,288
Infrastructure	<u>244,245</u>	<u>244,245</u>
	3,119,843	3,092,656
Less - Accumulated depreciation	<u>(1,861,783)</u>	<u>(1,713,131)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,258,060</u>	<u>1,379,525</u>
Total Assets	<u>1,950,441</u>	<u>2,130,171</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	1,655	32,919
Accrued liabilities	10,822	14,860
Accrued interest payable	9,142	11,128
Unearned revenues	535,140	595,773
Current maturities of bonds payable	<u>156,239</u>	<u>148,938</u>
Total Current Liabilities	712,998	803,618
Noncurrent Liabilities -		
Bonds payable, less current maturities	<u>508,141</u>	<u>664,380</u>
Total Liabilities	<u>1,221,139</u>	<u>1,467,998</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	593,680	566,207
Unrestricted	<u>135,622</u>	<u>95,966</u>
Total Net Assets	<u>\$ 729,302</u>	<u>\$ 662,173</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 NET ASSETS  
 YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues -		
Charges for services	\$ 951,571	\$ 941,667
Operating Expenses:		
Taxes on Village property	4,649	2,655
Personal services	345,209	337,211
Contract services	118,484	131,120
Supplies	39,144	49,499
Utilities	53,692	67,060
Employee benefits	32,454	37,791
Insurance	22,835	21,852
Repairs and maintenance	35,813	35,604
Equipment maintenance	19,214	19,951
Depreciation	148,652	164,832
Miscellaneous	48,007	46,411
Total Operating Expenses	<u>868,153</u>	<u>913,986</u>
Income from Operations	<u>83,418</u>	<u>27,681</u>
Non-Operating Revenues (Expenses):		
Interest income	1,409	5,064
Interest expense	<u>(28,423)</u>	<u>(34,331)</u>
Total Non-Operating Expenses	<u>(27,014)</u>	<u>(29,267)</u>
Income (Loss) Before Transfers	56,404	(1,586)
Transfers In	<u>10,725</u>	<u>10,725</u>
Change in Net Assets	67,129	9,139
Net Assets - Beginning of Year	<u>662,173</u>	<u>653,034</u>
Net Assets - End of Year	<u>\$ 729,302</u>	<u>\$ 662,173</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from charges for services	\$ 890,938	\$ 964,952
Cash payments for goods or services	(377,140)	(340,719)
Cash payments to employees	(377,663)	(375,002)
	<u>136,135</u>	<u>249,231</u>
<b>Cash Flows From Non-Capital Financing Activities -</b>		
Transfers in	<u>10,725</u>	<u>10,725</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Principal paid on bonds	(148,938)	(141,637)
Interest paid on indebtedness	(30,409)	(36,219)
Acquisition and construction of capital assets	(27,187)	(46,085)
	<u>(206,534)</u>	<u>(223,941)</u>
<b>Cash Flow From Investing Activities -</b>		
Interest income	<u>1,409</u>	<u>5,180</u>
	(58,265)	41,195
Cash - Beginning of Year	<u>750,646</u>	<u>709,451</u>
Cash - End of Year	<u>\$ 692,381</u>	<u>\$ 750,646</u>
<b>Reconciliation of Income from Operations to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Income from operations	\$ 83,418	\$ 27,681
<b>Adjustments to reconcile income from operations to net cash provided by operating activities:</b>		
Depreciation	148,652	164,832
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses	-	12,000
Accounts payable	(31,264)	28,515
Accrued liabilities	(4,038)	1,955
Unearned revenues	(60,633)	23,285
Due to other funds	-	(9,037)
	<u>136,135</u>	<u>249,231</u>
Net Cash Provided by Operating Activities	<u>\$ 136,135</u>	<u>\$ 249,231</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND  
 COMPARATIVE STATEMENT OF NET ASSETS  
 MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 201,501	\$ 63,776
Petty cash	100	100
	<u>201,601</u>	<u>63,876</u>
Investments	78,232	78,044
Due from other governments	175,267	165,091
Prepaid expenses	19,740	16,730
Total Current Assets	<u>474,840</u>	<u>323,741</u>
Capital Assets:		
Buildings	2,114,268	2,114,268
Machinery and equipment	230,245	230,245
	<u>2,344,513</u>	<u>2,344,513</u>
Less - Accumulated depreciation	(1,218,775)	(1,169,924)
Total Capital Assets, net of accumulated depreciation	<u>1,125,738</u>	<u>1,174,589</u>
Total Assets	<u>1,600,578</u>	<u>1,498,330</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	81,883	145,988
Accrued liabilities	30,316	21,002
Accrued interest payable	2,488	3,938
Current maturities of bonds payable	62,000	87,000
Current portion of compensated absences	17,970	14,370
Total Current Liabilities	<u>194,657</u>	<u>272,298</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	70,000	132,000
Compensated absences, less current portion	161,737	129,337
Other post employment benefit obligations payable	292,541	134,879
Total Noncurrent Liabilities	<u>524,278</u>	<u>396,216</u>
Total Liabilities	<u>718,935</u>	<u>668,514</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	993,738	955,589
Unrestricted	(112,095)	(125,773)
Total Net Assets	<u>\$ 881,643</u>	<u>\$ 829,816</u>



VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET ASSETS  
 YEARS ENDED MAY 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues -		
Charges for services	\$ 2,862,421	\$ 2,860,061
Operating Expenses:		
Personal services	937,404	844,607
Contractual services	1,223,856	1,243,938
Employee benefits	438,013	402,330
Other post employment benefit obligations	157,662	134,879
Depreciation	48,851	54,196
Total Operating Expenses	<u>2,805,786</u>	<u>2,679,950</u>
Income from Operations	<u>56,635</u>	<u>180,111</u>
Non-Operating Revenues (Expenses):		
Interest income	268	55
Interest expense	(5,076)	(13,274)
Total Non-Operating Expenses	<u>(4,808)</u>	<u>(13,219)</u>
Change in Net Assets	51,827	166,892
Net Assets - Beginning of Year	<u>829,816</u>	<u>662,924</u>
Net Assets - End of Year	<u>\$ 881,643</u>	<u>\$ 829,816</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 YEARS ENDED MAY 31, 2010 AND 2009

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Cash received from charges for services	\$ 2,852,245	\$ 2,830,845
Cash payments for goods or services	(1,281,657)	(1,314,086)
Cash payments to employees	(1,339,417)	(1,272,684)
<b>Net Cash Provided by Operating Activities</b>	<b>231,171</b>	<b>244,075</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Principal paid on bonds	(87,000)	(87,000)
Interest paid on indebtedness	(6,526)	(15,334)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(93,526)</b>	<b>(102,334)</b>
<b>Cash Flow From Investing Activities:</b>		
Purchase of investments	(188)	(78,044)
Interest income	268	55
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>80</b>	<b>(77,989)</b>
<b>Net Change in Cash</b>	<b>137,725</b>	<b>63,752</b>
Cash - Beginning of Year	63,876	124
<b>Cash - End of Year</b>	<b>\$ 201,601</b>	<b>\$ 63,876</b>
<b>Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:</b>		
Income from operations	\$ 56,635	\$ 180,111
<b>Adjustments to reconcile income from operations to net cash provided by operating activities:</b>		
Depreciation	48,851	54,196
<b>Changes in operating assets and liabilities:</b>		
Due from other governments	(10,176)	(29,216)
Prepaid expenses	(3,010)	44,464
Accounts payable	(64,105)	(61,580)
Accrued liabilities	9,314	(53,032)
Compensated absences	36,000	(25,747)
Other post employment benefit obligations payable	157,662	134,879
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 231,171</b>	<b>\$ 244,075</b>



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

To the Board of Trustees of the  
Village of Scarsdale, New York:

We have audited 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 as of and for the year ended May 31, 2010 and have issued our report thereon dated September 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Village of Scarsdale, New York's internal control over financial reporting as a basis for designing our auditing procedure for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Scarsdale, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Scarsdale, New York's financial statements are free of 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 management of the Village of Scarsdale, New York in a separate letter.

This report is intended solely for the information and use of management, board of trustees, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**  
September 7, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of the  
Village of Scarsdale, New York:

**Compliance**

We have audited the compliance of the Village of Scarsdale, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Village of Scarsdale, New York's major federal programs for the year ended May 31, 2010. The Village of Scarsdale, New York's major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings and questions costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Scarsdale, New York's management. Our responsibility is to express an opinion on the Village of Scarsdale, New York's compliance based on our audit.

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 the Village of Scarsdale, New York'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. Our audit does not provide a legal determination of the Village of Scarsdale, New York's compliance with those requirements.

In our opinion, the Village of Scarsdale, New York compiled, in all material respects, with the 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, 2010.

**Internal Control Over Compliance**

The management of the Village of Scarsdale, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Scarsdale, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 of Scarsdale, New York'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Village Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

September 7, 2010

VILLAGE OF SCARSDALE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2010

<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>
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Direct Program:</b>				
Disaster Grants - FEMA -Public Assistance	97.036	243,722		\$ 243,722
<b><u>U.S. Department of Transportation</u></b>				
<b>Indirect Program - Passed through New York State Department of Transportation:</b>				
Highway Planning & Construction (Popham Bridge Construction)	20.205		852,989	852,989
Total		\$ 243,722	\$ 852,989	\$ 1,096,711

- (1) Catalog of Federal Domestic Assistance number.
- (2) American Recovery and Reinvestment Act

**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, 2010. 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 FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MAY 31, 2010

---

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting {*unqualified, qualified, adverse, or disclaimer*}:

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, qualified, adverse, or disclaimer*}:

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 programs:

<u>CFDA Number</u>	<u>Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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, 2010

---

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

Section IV - Summary of Prior Audit Findings

None.