

VILLAGE OF SCARSDALE, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MAY 31, 2012
WITH INDEPENDENT AUDITORS' REPORT

VILLAGE OF SCARSDALE, NEW YORK

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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 ("Village") as of and for the year ended May 31, 2012, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of May 31, 2012 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, 2012 on our consideration of the Village'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.

O'CONNOR DAVIES, LLP

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, local governments and non-profit organizations and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 7, 2012

Village of Scarsdale, New York
Management Discussion and Analysis (MD&A)
May 31, 2012

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, 2012. 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.

It is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for the Village's fiscal year ending December 31, 2011; therefore, they are introduced in this report for the first time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

Financial Highlights

Key financial highlights for fiscal year 2011-2012 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 \$43,998,614 (Governmental Activities \$36,427,837 and Business-type Activities \$7,570,777). Of this amount, the unrestricted portion is (\$1,964,877) [(Governmental Activities (\$4,568,447) and Business-type Activities \$2,603,570)]. The Village's total net assets increased by the net of \$2,240,138 (Governmental Activities were up \$2,859,077 and Business-type Activities decreased net assets \$618,939) for the year ended May 31, 2012. The increase in net assets was primarily due to the construction on both the Popham Road Bridge and the Public Safety Building. These were partially offset by 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, 2012, the Village's OPEB obligations of \$11,809,821 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 2011-2012 fiscal year, excluding the Capital Projects Fund and all encumbrances, all of the Village's governmental funds reported combined assigned and unassigned ending fund balances of \$10,567,813, of which 6,026,977 is unassigned and available for spending at the Village's discretion.
- At the end of the 2011-2012 fiscal year, the assigned and unassigned fund balance (exclusive of encumbrances) for the General Fund is \$9,487,243, or 20.08% of total General Fund expenditures and other financing uses. The General Fund unassigned fund balance of \$6,026,977 is 12.8% of total General Fund expenditures and other financing uses.
- During the first two weeks of May, the New York State Comptroller's Office conducted a risk assessment of selected operational areas within the Treasurer's Department for the Town/Village operations. The examiners concluded that "during our assessment nothing came to our attention indicating that the Village was in need of further services from us at this time."
- 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 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 \$43,998,614 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,					
	2012			2011		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Current Assets	\$ 24,018,680	\$ 4,857,974	\$ 28,876,654	\$ 24,290,892	\$ 5,072,946	\$ 29,363,838
Capital Assets, Net	<u>52,412,386</u>	<u>6,624,308</u>	<u>59,036,694</u>	<u>45,868,086</u>	<u>6,758,863</u>	<u>52,626,949</u>
Total Assets	<u>76,431,066</u>	<u>11,482,282</u>	<u>87,913,348</u>	<u>70,158,978</u>	<u>11,831,809</u>	<u>81,990,787</u>
Current Liabilities	8,139,443	1,621,012	9,760,455	7,645,122	1,164,539	8,809,661
Long-Term Liabilities	<u>31,863,786</u>	<u>2,290,493</u>	<u>34,154,279</u>	<u>28,945,096</u>	<u>2,477,554</u>	<u>31,422,650</u>
Total Liabilities	<u>40,003,229</u>	<u>3,911,505</u>	<u>43,914,734</u>	<u>36,590,218</u>	<u>3,642,093</u>	<u>40,232,311</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	36,556,086	4,967,207	41,523,293	31,108,741	4,880,722	35,989,463
Restricted	4,440,198	-	4,440,198	3,366,237	-	3,366,237
Unrestricted	<u>(4,568,447)</u>	<u>2,603,570</u>	<u>(1,964,877)</u>	<u>(906,218)</u>	<u>3,308,994</u>	<u>2,402,776</u>
Total Net Assets	<u>\$ 36,427,837</u>	<u>\$ 7,570,777</u>	<u>\$ 43,998,614</u>	<u>\$ 33,568,760</u>	<u>\$ 8,189,716</u>	<u>\$ 41,758,476</u>

A portion of the Village's net assets \$4,440,198 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$(4,568,447).

Change in Net Assets

	Fiscal Year Ended May 31,					
	2012			2011		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Program Revenues:						
Charges for Services	\$ 8,094,070	\$ 5,649,889	\$ 13,743,959	\$ 7,742,380	\$ 5,809,872	\$ 13,552,252
Operating Grants and Contributions	337,651	-	337,651	262,112	-	262,112
Capital Grants and Contributions	6,262,919	-	6,262,919	4,830,250	-	4,830,250
General Revenues:						
Real Property Taxes	31,863,516	-	31,863,516	30,866,126	-	30,866,126
Other Tax Items	580,754	-	580,754	649,874	-	649,874
Tax Distrib - County	2,265,688	-	2,265,688	2,324,875	-	2,324,875
Non Property Items	754,736	-	754,736	774,790	-	774,790
Unrestricted Use of Money and Property	94,969	19,041	114,010	126,509	22,415	148,924
Sale of Property and Compensation for Loss	164,610	-	164,610	-	-	-
State Aid	1,747,303	-	1,747,303	1,495,048	-	1,495,048
Miscellaneous	141,457	-	141,457	46,622	-	46,622
Gain on sale of real property	903,000	-	903,000	-	-	-
Transfers	160,275	(160,275)	-	157,275	(157,275)	-
Total Revenues	53,370,948	5,508,655	58,879,603	49,275,861	5,675,012	54,950,873
Program Expenses:						
General Government Support	10,754,035	-	10,754,035	10,272,100	-	10,272,100
Public Safety	17,620,216	-	17,620,216	17,566,642	-	17,566,642
Culture and Recreation	8,906,331	955,096	9,861,427	7,227,041	940,259	8,167,300
Home and Community Service	12,688,544	5,172,498	17,861,042	11,928,932	4,698,575	16,627,507
Interest	542,745	-	542,745	570,473	-	570,473
Total Expenses	50,511,871	6,127,594	56,639,465	47,565,188	5,638,834	53,204,022
Change in Net Assets	2,859,077	(618,939)	2,240,138	1,710,673	36,178	1,746,851
Net Assets - Beginning	33,568,760	8,189,716	41,758,476	31,858,087	8,153,538	40,011,625
Net Assets - Ending	\$ 36,427,837	\$ 7,570,777	\$ 43,998,614	\$ 33,568,760	\$ 8,189,716	\$ 41,758,476

Governmental Activities

Governmental activities increased the Village's net assets by \$2,859,077 while Business-type Activities decreased net assets by \$618,939. The increase in net assets from governmental activities largely reflects the increases in charges for services and state aid. Please refer to Business Activities for a discussion of the increase in net assets from business activities.

For the fiscal year ended May 31, 2012, revenues from governmental activities totaled \$53,370,948. Tax revenues (\$31,863,516), which are comprised of real property taxes and other tax items and non-property taxes, represent the largest revenue source (67% which is consistent with recent years).

The largest components of governmental activities' expenses are public safety (35%), home and community services (25%) and general government support (21%).

Public Safety Building Reconstruction

The reconstruction and partial construction of the Public Safety Building project estimated at \$14.775 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 and a \$1.0 million bond issue was marketed in September 2011. Both issues received favorable rates and were used to partially fund the project. Construction is complete. 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 \$17.5 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 and is 70% complete. The expected completion date is the end of 2012 with the assumption that there will be a punch list of items to be completed during the first quarter of 2013.

Crane Road Bridge Construction

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

Business-Type Activities

Business-type activities decreased the Village's net assets by \$618,939. Revenues from business-type activities were \$5,649,889. Offsetting these revenues were expenses of \$6,127,594 for all operations generating net operating loss of (\$477,705). Construction on the upgrade of the Ardsley Road Pump Station, which began during 2007-2008, was completed during 2011-2012. The work was delayed as the Village dealt with hazardous material disposal and the bankruptcy of one of the contractors. This project largely accounted for the increase in Business-type net assets in previous years and is now complete. The bidding for the Reeves Newsom Pump Station rehabilitation will occur over the summer with work scheduled to begin in the fall.

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, assigned and unassigned (with the exclusion of assignments for purchases on order) 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 \$15,259,045, a net decrease of \$594,207 from the prior year. Approximately 71% (\$10,885,726) of the total ending fund balance constitutes unassigned and assigned fund balance, again excluding encumbrances. Of the unassigned fund balance \$1,158,000 has been designated for subsequent year's expenditures. Of this amount \$1,073,000 represents the amount estimated for use in the 2012-2013 General Fund budget and \$85,000 represents the amount estimated for use in the 2012-2013 Library Fund budget. Additionally, \$2,387,266 has been assigned for capital projects and other legal obligations in the General Fund budget, including \$100,000 assigned for other post employment benefit obligation. The remainder of fund balance is non-spendable or restricted to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$464,566), to liquidate contracts and purchase orders of the prior period (\$1,609,838), restricted to pay for debt service (\$138,162), dedicated under terms of a trust agreement (\$1,145,536) and is non-spendable because it is related to a long term receivable (\$1,015,217).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the assigned and unassigned (with the exclusion of assignments for purchases on order) fund balance of the General Fund was \$9,487,243, representing 91% of the total General Fund Balance of \$10,398,839. Two useful measures of liquidity are the percentage of unassigned and assigned fund balance (with the exclusion of assignments for Purchases On Order) to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 12.8% unassigned fund balance to total expenditures, while the total of assigned and unassigned fund balance (exclusive of purchases on order) represents 20.1% of that same amount.

The final General Fund budget anticipated the use of \$4,161,400 of fund balance. However, actual results of operations showed the addition of \$107,245 to fund balance. Revenues and other financing sources were \$47,341,463, which was \$1,458,766 greater than the final budget. While there was a reduction in state revenue from mortgage tax and interest income from previous years, and interest income remained at lower levels, mortgage tax did increase over 2010-2011. Other major areas where revenues exceeded the budget were in licenses and permits and federal aid. These items contributed to the final revenue surplus of \$1,458,766 over budget.

Expenditures and other financing uses were \$47,234,218, which was less than the final budget by \$2,809,879. There are five functional areas of expenditure: General Government Support, Public safety, Culture and Recreation, Home and Community Services and Employee Benefits. All the functional areas exercised strict cost controls over expenses. As a consequence, all were

lower than budget. The respective amounts are as follows: \$1,165,832, \$554,331, \$289,769, \$448,596 and \$351,350.

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 \$6,647,126. Net assets invested in capital assets, net of related debt, were \$4,298,950. The settlement of the Water Rates case which originated in 1993 cleared the path to upgrading the Ardsley Road pump station. The construction began during 2007-2008 and concluded during 2011-2012 with an emphasis on the removal of PCB's and other pollutants which were discovered on site during the early phases of construction. In addition, the bankruptcy of one of the contractors further delayed the project. The Board of Trustees authorized the funding for the improvements in the Reeves Newsom Pump Station during the second half of 2011-2012. The bidding should take place during the summer of 2012 with the work to start in the fall.

Revenue declined 2.7% from \$4,761,455 to \$4,634,641. There was an increase of 5.6% from New York City in the water entitlement rates and a 7.5% increase in the excess water rates which more than offset the 3% decline in pumpage. The increased rates are reflected in the purchase of water which rose from \$2,232,740 in 2010-2011 to \$2,549,327 in 2011-2012. It should be noted that August 2011 was both cool and wet, thus impacting the lower pumpage for the summer of 2011. Total net assets of the Pool fund at year-end were \$923,651, up from \$850,708. Net assets, invested in capital assets, net of related debt were \$668,257, up from \$631,914 last year.

General Fund Budgetary Highlights

Although the final budget for General Fund estimated revenues remained unchanged at \$45,882,697, the shortfall of \$803,675 reflected the fact that the Village collected significant delinquent taxes in 2010-2011, reducing the balance on which penalties are due. Tax penalties, sales tax, interest income and camp revenue all missed their budgets by varying amounts. The shortfalls were offset by increases in Licenses and Permits (\$559,960), Parking revenues (\$59,612) and federal and state aid from FEMA and SEMO for Hurricane Irene (\$182,265).

The final appropriations budget for the General Fund was \$44,315,584 which was up \$400,000 from the original budget as pension payments increased yet again for a cumulative two year increase of 96% overall. The appropriations budget for General Government Support was \$8,459,889, Public Safety was \$11,963,891, Home and Community Services was \$7,383,183, Culture and Recreation was \$2,724,291 and the combined budgets for Employee Benefits and Debt Service were \$13,784,333.

Capital Assets

The Village's investment in capital assets for governmental and business-type activities at May 31, 2012, net of \$62,765,226 of accumulated depreciation, was \$59,036,694. This is up \$6,409,745 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	2012			2011		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Land	\$ 3,860,985	\$ 149,789	\$ 4,010,774	\$ 3,860,985	\$ 149,789	\$ 4,010,774
Buildings and Improvements	26,004,086	8,876,898	34,880,984	11,447,716	4,599,673	16,047,389
Land Improvements	3,627,788	-	3,627,788	3,560,155	-	3,560,155
Infrastructure	59,602,382	1,893,901	61,496,283	47,874,103	1,845,331	49,719,434
Machinery and Equipment	15,679,581	1,421,937	17,101,518	15,569,176	1,411,939	16,981,115
Construction-in-progress	412,134	272,439	684,573	17,082,019	4,416,576	21,498,595
Less-accumulated depreciation	(56,774,570)	(5,990,656)	(62,765,226)	(53,526,068)	(5,664,445)	(59,190,513)
Total (net of depreciation)	<u>\$ 52,412,386</u>	<u>\$ 6,624,308</u>	<u>\$ 59,036,694</u>	<u>\$ 45,868,086</u>	<u>\$ 6,758,863</u>	<u>\$ 52,626,949</u>

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

Long Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$17,325,000. 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 \$17,325,000 bonded debt outstanding at fiscal year end, \$344,601 represented debt of the Pool Fund and \$1,312,500 represented debt of the Water Fund.

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Scarsdale, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Marie Louise McClure, Treasurer, Village of Scarsdale, 1001 Post Road, Scarsdale, New York 10583.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS

MAY 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 14,807,617	\$ 4,199,012	\$ 19,006,629
Investments	2,262	-	2,262
Receivables:			
Taxes	2,881,714	-	2,881,714
Accounts	145,460	639,857	785,317
Special assessments	275,270	-	275,270
State and Federal aid	5,202,955	-	5,202,955
Due from other governments	217,393	-	217,393
Prepaid expenses	486,009	19,105	505,114
Capital assets:			
Not being depreciated	4,273,119	422,228	4,695,347
Being depreciated, net	48,139,267	6,202,080	54,341,347
Total Assets	76,431,066	11,482,282	87,913,348
LIABILITIES			
Accounts payable	2,608,371	56,424	2,664,795
Accrued liabilities	2,692,319	927,217	3,619,536
Accrued interest payable	203,847	6,973	210,820
Retainages payable	144,079	9,684	153,763
Due to other governments	1,611,878	-	1,611,878
Unearned revenues	878,949	620,714	1,499,663
Non-current liabilities:			
Due within one year	1,854,620	248,380	2,103,000
Due in more than one year	30,009,166	2,042,113	32,051,279
Total Liabilities	40,003,229	3,911,505	43,914,734
NET ASSETS			
Invested in capital assets, net of related debt	36,556,086	4,967,207	41,523,293
Restricted for:			
Town	1,532,042	-	1,532,042
Capital projects	1,577,873	-	1,577,873
Library	46,585	-	46,585
Debt service	138,162	-	138,162
Special purpose	572,936	-	572,936
Permanent	572,600	-	572,600
Unrestricted	(4,568,447)	2,603,570	(1,964,877)
Total Net Assets	\$ 36,427,837	\$ 7,570,777	\$ 43,998,614

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 10,754,035	\$ 2,950,960	\$ 36,154	\$ 183,071
Public safety	17,620,216	1,230,714	-	-
Culture and recreation	8,906,331	1,884,795	64,387	-
Home and community services	12,688,544	2,027,601	237,110	6,079,848
Interest	542,745	-	-	-
Total Governmental Activities	50,511,871	8,094,070	337,651	6,262,919
Business-type activities:				
Water	5,172,498	4,634,641	-	-
Pool	955,096	1,015,248	-	-
Total Business-Type Activities	6,127,594	5,649,889	-	-
Total	\$ 56,639,465	\$ 13,743,959	\$ 337,651	\$ 6,262,919

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
 Gain on sale of real property
 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
\$ (7,583,850)	\$ -	\$ (7,583,850)
(16,389,502)	-	(16,389,502)
(6,957,149)	-	(6,957,149)
(4,343,985)	-	(4,343,985)
(542,745)	-	(542,745)
<u>(35,817,231)</u>	<u>-</u>	<u>(35,817,231)</u>
-	(537,857)	(537,857)
-	60,152	60,152
<u>-</u>	<u>(477,705)</u>	<u>(477,705)</u>
<u>(35,817,231)</u>	<u>(477,705)</u>	<u>(36,294,936)</u>
31,863,516	-	31,863,516
4,799	-	4,799
575,955	-	575,955
2,265,688	-	2,265,688
380,564	-	380,564
374,172	-	374,172
94,969	19,041	114,010
164,610	-	164,610
1,747,303	-	1,747,303
141,457	-	141,457
903,000	-	903,000
160,275	(160,275)	-
<u>38,676,308</u>	<u>(141,234)</u>	<u>38,535,074</u>
2,859,077	(618,939)	2,240,138
<u>33,568,760</u>	<u>8,189,716</u>	<u>41,758,476</u>
<u>\$ 36,427,837</u>	<u>\$ 7,570,777</u>	<u>\$ 43,998,614</u>

VILLAGE OF SCARSDALE, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2012

	General	Town	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS					
Cash and Equivalents	\$ 11,832,849	\$ 642,902	\$ -	\$ 2,008,487	\$ 14,484,238
Investments	1,789	473	-	-	2,262
Taxes Receivable	381,169	2,500,545	-	-	2,881,714
Other Receivables:					
Accounts	127,081	-	18,379	-	145,460
Special assessments	275,270	-	-	-	275,270
State and Federal aid	663,610	-	4,539,345	-	5,202,955
Due from other governments	108,739	-	-	-	108,739
	<u>1,174,700</u>	<u>-</u>	<u>4,557,724</u>	<u>-</u>	<u>5,732,424</u>
Prepaid Expenditures	429,741	-	-	34,825	464,566
Total Assets	<u>\$ 13,820,248</u>	<u>\$ 3,143,920</u>	<u>\$ 4,557,724</u>	<u>\$ 2,043,312</u>	<u>\$ 23,565,204</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 542,824	\$ -	\$ 1,808,119	\$ 168,954	\$ 2,519,897
Accrued liabilities	1,534,756	-	978,993	124,067	2,637,816
Retainages payable	-	-	144,079	-	144,079
Due to other governments	-	1,611,878	-	-	1,611,878
Deferred revenues - Taxes	381,169	-	-	-	381,169
Deferred revenues - Other	962,660	-	48,660	-	1,011,320
Total Liabilities	<u>3,421,409</u>	<u>1,611,878</u>	<u>2,979,851</u>	<u>293,021</u>	<u>8,306,159</u>
Fund Balances:					
Nonspendable	429,741	1,015,217	-	607,425	2,052,383
Restricted	138,162	-	-	572,936	711,098
Assigned	3,803,959	516,825	1,577,873	569,930	6,468,587
Unassigned	6,026,977	-	-	-	6,026,977
Total Fund Balances	<u>10,398,839</u>	<u>1,532,042</u>	<u>1,577,873</u>	<u>1,750,291</u>	<u>15,259,045</u>
Total Liabilities and Fund Balances	<u>\$ 13,820,248</u>	<u>\$ 3,143,920</u>	<u>\$ 4,557,724</u>	<u>\$ 2,043,312</u>	<u>\$ 23,565,204</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, 2012

Fund Balances - Total Governmental Funds \$ 15,259,045

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. 51,384,350

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. 546,801

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

Real property taxes	381,169
Special assessments	132,371

Long-term liabilities that are not due and payable in the current period are not reported in the funds.

Accrued interest payable	(203,847)
Bonds payable	(15,667,899)
Compensated absences	(4,442,527)
Loans payable	(188,401)
Other post employment benefit obligations payable	<u>(10,773,225)</u>

Net Assets of Governmental Activities \$ 36,427,837

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, 2012

	General	Town	Capital Projects
REVENUES			
Real property taxes	\$ 31,834,149	\$ -	\$ -
Other tax items	244,289	469,828	-
Non-property taxes	3,020,424	-	-
Departmental income	3,781,822	4,187	-
Intergovernmental revenues	104,828	-	-
Interfund revenues	607,630	-	-
Use of money and property	770,230	34,886	1,254
Licenses and permits	1,902,660	-	-
Fines and forfeitures	930,253	-	-
Sale of property and compensation for loss	106,381	-	-
State aid	953,326	855,482	442,447
Federal aid	182,265	-	5,479,934
Miscellaneous	580,765	13,214	339,284
	<u>45,019,022</u>	<u>1,377,597</u>	<u>6,262,919</u>
Total Revenues			
EXPENDITURES			
Current:			
General government support	7,294,054	-	-
Public safety	11,409,560	-	-
Culture and recreation	2,434,522	-	-
Home and community services	6,934,587	-	-
Employee benefits	11,490,531	-	-
Capital outlay	-	-	11,031,570
Debt service:			
Principal	1,393,960	-	-
Interest	548,491	-	-
	<u>41,505,705</u>	<u>-</u>	<u>11,031,570</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>3,513,317</u>	<u>1,377,597</u>	<u>(4,768,651)</u>
OTHER FINANCING SOURCES (USES)			
Worker's compensation insurance recoveries	58,229	-	-
Sale of real property	903,000	-	-
Bonds issued	-	-	1,000,000
Loans issued	-	-	188,401
Transfers in	1,361,212	-	2,567,550
Transfers out	(5,728,513)	(1,379,683)	-
	<u>(3,406,072)</u>	<u>(1,379,683)</u>	<u>3,755,951</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	107,245	(2,086)	(1,012,700)
Fund Balances - Beginning of Year	<u>10,291,594</u>	<u>1,534,128</u>	<u>2,590,573</u>
Fund Balances - End of Year	<u>\$ 10,398,839</u>	<u>\$ 1,532,042</u>	<u>\$ 1,577,873</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 31,834,149
-	714,117
-	3,020,424
54,045	3,840,054
-	104,828
-	607,630
14,370	820,740
-	1,902,660
-	930,253
-	106,381
43,357	2,294,612
-	5,662,199
188,492	1,121,755
<u>300,264</u>	<u>52,959,802</u>
-	7,294,054
7,833	11,417,393
2,532,930	4,967,452
-	6,934,587
767,405	12,257,936
-	11,031,570
-	1,393,960
-	548,491
<u>3,308,168</u>	<u>55,845,443</u>
<u>(3,007,904)</u>	<u>(2,885,641)</u>
-	58,229
-	903,000
-	1,000,000
-	188,401
3,395,672	7,324,434
(74,434)	(7,182,630)
<u>3,321,238</u>	<u>2,291,434</u>
313,334	(594,207)
<u>1,436,957</u>	<u>15,853,252</u>
<u>\$ 1,750,291</u>	<u>\$ 15,259,045</u>

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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, 2012

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (594,207)</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	10,108,813
Depreciation expense	<u>(3,515,662)</u>
	<u>6,593,151</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	(133,363)
Real property taxes	<u>29,367</u>
	<u>(103,996)</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	(1,000,000)
Loans issued	(188,401)
Principal paid on bonds	<u>1,393,960</u>
	<u>205,559</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	6,305
Compensated absences	(43,016)
Other post employment benefit obligations	<u>(3,001,706)</u>
	<u>(3,038,417)</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>(203,013)</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,859,077</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, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 32,050,110	\$ 32,050,110	\$ 31,834,149	\$ (215,961)
Other tax items	713,162	713,162	244,289	(468,873)
Non-property taxes	3,185,000	3,185,000	3,020,424	(164,576)
Departmental income	3,927,574	3,927,574	3,781,822	(145,752)
Intergovernmental charges	80,000	80,000	104,828	24,828
Interfund charges	607,630	607,630	607,630	-
Use of money and property	960,444	960,444	770,230	(190,214)
Licenses and permits	1,342,700	1,342,700	1,902,660	559,960
Fines and forfeitures	855,000	855,000	930,253	75,253
Sale of property and compensation for loss	65,000	65,000	106,381	41,381
State aid	1,536,277	1,536,277	953,326	(582,951)
Federal aid	-	-	182,265	182,265
Miscellaneous	499,800	499,800	580,765	80,965
Total Revenues	45,822,697	45,822,697	45,019,022	(803,675)
EXPENDITURES				
Current:				
General government support	8,135,994	8,459,886	7,294,054	1,165,832
Public safety	11,986,565	11,963,891	11,409,560	554,331
Culture and recreation	2,723,363	2,724,291	2,434,522	289,769
Home and community services	7,345,257	7,383,183	6,934,587	448,596
Employee benefits	11,783,305	11,841,881	11,490,531	351,350
Capital outlay	-	-	-	-
Debt service:				
Principal	1,388,960	1,393,960	1,393,960	-
Interest	552,140	548,492	548,491	1
Total Expenditures	43,915,584	44,315,584	41,505,705	2,809,879
Excess (Deficiency) of Revenues Over Expenditures	1,907,113	1,507,113	3,513,317	2,006,204
OTHER FINANCING SOURCES (USES)				
Worker's compensation insurance recoveries	60,000	60,000	58,229	(1,771)
Sale of real property	-	-	903,000	903,000
Bonds issued	-	-	-	-
Loans issued	-	-	-	-
Transfers in	-	-	1,361,212	1,361,212
Transfers out	(3,370,720)	(5,728,513)	(5,728,513)	-
Total Other Financing Sources (Uses)	(3,310,720)	(5,668,513)	(3,406,072)	2,262,441
Net Change in Fund Balances	(1,403,607)	(4,161,400)	107,245	4,268,645
Fund Balances - Beginning of Year	1,403,607	4,161,400	10,291,594	6,130,194
Fund Balances - End of Year	\$ -	\$ -	\$ 10,398,839	\$ 10,398,839

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,000	6,000	1,254	(4,746)
-	-	-	-
-	-	-	-
2,626,570	2,626,570	442,447	(2,184,123)
-	-	5,479,934	5,479,934
3,212,000	3,912,000	339,284	(3,572,716)
<u>5,844,570</u>	<u>6,544,570</u>	<u>6,262,919</u>	<u>(281,651)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
10,419,981	27,531,309	11,031,570	16,499,739
-	-	-	-
-	-	-	-
<u>10,419,981</u>	<u>27,531,309</u>	<u>11,031,570</u>	<u>16,499,739</u>
<u>(4,575,411)</u>	<u>(20,986,739)</u>	<u>(4,768,651)</u>	<u>16,218,088</u>
-	-	-	-
-	-	-	-
770,000	770,000	1,000,000	230,000
-	-	188,401	188,401
397,000	2,720,100	2,567,550	(152,550)
-	-	-	-
<u>1,167,000</u>	<u>3,490,100</u>	<u>3,755,951</u>	<u>265,851</u>
(3,408,411)	(17,496,639)	(1,012,700)	16,483,939
<u>3,408,411</u>	<u>17,496,639</u>	<u>2,590,573</u>	<u>(14,906,066)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,577,873</u>	<u>\$ 1,577,873</u>

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 MAY 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
ASSETS				
Current Assets:				
Cash and equivalents	\$ 3,644,813	\$ 554,199	\$ 4,199,012	\$ 323,379
Accounts receivable	247,513	392,344	639,857	-
Due from other governments	-	-	-	108,654
Prepaid expenses	19,105	-	19,105	21,443
Total Current Assets	3,911,431	946,543	4,857,974	453,476
Capital Assets:				
Not being depreciated	304,228	118,000	422,228	-
Being depreciated, net	5,307,222	894,858	6,202,080	1,028,036
Total Capital Assets	5,611,450	1,012,858	6,624,308	1,028,036
Total Assets	9,522,881	1,959,401	11,482,282	1,481,512
LIABILITIES				
Current Liabilities:				
Accounts payable	33,964	22,460	56,424	88,474
Accrued liabilities	884,053	43,164	927,217	54,503
Accrued interest payable	2,162	4,811	6,973	-
Retainages payable	9,684	-	9,684	-
Unearned revenues	-	620,714	620,714	-
Total Current Liabilities	929,863	691,149	1,621,012	142,977
Noncurrent Liabilities:				
Due within one year	79,000	169,380	248,380	19,000
Due in more than one year	1,866,892	175,221	2,042,113	772,734
Total Noncurrent Liabilities	1,945,892	344,601	2,290,493	791,734
Total Liabilities	2,875,755	1,035,750	3,911,505	934,711
NET ASSETS				
Invested in Capital Assets, net of related debt	4,298,950	668,257	4,967,207	1,028,036
Unrestricted	2,348,176	255,394	2,603,570	(481,235)
Total Net Assets	\$ 6,647,126	\$ 923,651	\$ 7,570,777	\$ 546,801

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, 2012

	Business-type Activities - Enterprise Funds			Governmental
	Water	Pool	Totals	Activities - Internal Service Fund
Operating Revenues - Charges for services	\$ 4,634,641	\$ 1,015,248	\$ 5,649,889	\$ 2,894,857
Operating Expenses:				
Taxes on Village property	53,479	5,010	58,489	-
Personal services	769,764	407,394	1,177,158	978,641
Contractual services	491,440	146,081	637,521	1,400,195
Supplies	115,634	35,905	151,539	-
Utilities	112,202	50,182	162,384	-
Employee benefits	489,775	38,448	528,223	522,976
Other post employment benefit obligations	102,576	-	102,576	147,916
Insurance	63,828	24,934	88,762	-
Repairs and maintenance	7,667	50,397	58,064	-
Equipment maintenance	45,831	10,262	56,093	-
Depreciation	186,016	140,195	326,211	48,851
Purchase of water	2,549,327	-	2,549,327	-
Property services	101,680	-	101,680	-
Miscellaneous	30,478	30,729	61,207	-
Total Operating Expenses	5,119,697	939,537	6,059,234	3,098,579
Income (Loss) from Operations	(485,056)	75,711	(409,345)	(203,722)
Non-Operating Revenues (Expenses):				
Interest income	16,975	2,066	19,041	1,268
Interest expense	(52,801)	(15,559)	(68,360)	(559)
Total Non-Operating Revenues (Expenses)	(35,826)	(13,493)	(49,319)	709
Income (Loss) Before Transfers	(520,882)	62,218	(458,664)	(203,013)
Transfers:				
Transfer in	-	10,725	10,725	-
Transfer out	(171,000)	-	(171,000)	-
Total Transfers	(171,000)	10,725	(160,275)	-
Change in Net Assets	(691,882)	72,943	(618,939)	(203,013)
Net Assets - Beginning of Year	7,339,008	850,708	8,189,716	749,814
Net Assets - End of Year	\$ 6,647,126	\$ 923,651	\$ 7,570,777	\$ 546,801

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, 2012

	Business-type Activities - Enterprise Funds			Governmental
	Water	Pool	Totals	Activities - Internal Service Fund
Cash Flows From Operating Activities:				
Cash received from charges for services	\$ 4,590,029	\$ 840,836	\$ 5,430,865	\$ 2,949,401
Cash payments for goods or services	(3,136,333)	(339,717)	(3,476,050)	(1,403,935)
Cash payments to employees	(1,328,136)	(445,842)	(1,773,978)	(1,500,006)
Net Cash Provided by Operating Activities	125,560	55,277	180,837	45,460
Cash Flows From Non-Capital Financing Activities:				
Transfers in	-	10,725	10,725	-
Transfers out	(171,000)	-	(171,000)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(171,000)	10,725	(160,275)	-
Cash Flows From Capital and Related Financing Activities:				
Principal paid on bonds	(57,500)	(163,540)	(221,040)	(70,000)
Interest paid on indebtedness	(52,884)	(17,807)	(70,691)	(1,899)
Acquisition and construction of capital assets	(181,658)	(9,998)	(191,656)	-
Net Cash Used in Capital and Related Financing Activities	(292,042)	(191,345)	(483,387)	(71,899)
Cash Flow From Investing Activities:				
Sale of investments	-	-	-	78,351
Interest income	16,975	2,066	19,041	1,268
Net Cash Provided by Investing Activities	16,975	2,066	19,041	79,619
Net Increase (Decrease) in Cash and Equivalents	(320,507)	(123,277)	(443,784)	53,180
Cash and Equivalents - Beginning of Year	3,965,320	677,476	4,642,796	270,199
Cash and Equivalents - End of Year	\$ 3,644,813	\$ 554,199	\$ 4,199,012	\$ 323,379
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:				
Income (loss) from operations	\$ (485,056)	\$ 75,711	\$ (409,345)	\$ (203,722)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation	186,016	140,195	326,211	48,851
Changes in operating assets and liabilities:				
Accounts receivable	(44,612)	(179,200)	(223,812)	-
Due from other governments	-	-	-	54,544
Prepaid expenses	(5,000)	-	(5,000)	(1,502)
Accounts payable	(19,030)	11,617	(7,413)	(5,906)
Accrued liabilities	616,895	2,166	619,061	3,668
Retainages payable	(157,632)	-	(157,632)	-
Unearned revenues	-	4,788	4,788	-
Compensated absences	(68,597)	-	(68,597)	1,611
Other post employment benefit obligations payable	102,576	-	102,576	147,916
Net Cash Provided by Operating Activities	\$ 125,560	\$ 55,277	\$ 180,837	\$ 45,460

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, 2012

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	\$ 4,637,042
Investments	<u>20,376</u>
Total Assets	<u>\$ 4,657,418</u>
LIABILITIES	
Accounts Payable	\$ 56,694
Deposits	4,599,619
Other	<u>1,105</u>
Total Liabilities	<u>\$ 4,657,418</u>

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

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Note 1 - Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net 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 pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Town Fund - The Town Fund is used to record the collection and remittance of taxes for the Scarsdale School District and the County of Westchester and for certain revenues statutorily required to be recorded in the Town Fund. Information for the Town Fund is as of and for the year ended December 31, 2011.

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

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

Special Revenue Funds:

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

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

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 Statement Presentation

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

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

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

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, 2012.

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 Cutwater Asset Management, a wholly owned subsidiary of 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 AAAm by Standard & Poor's 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 1st. Real property taxes are due July 1st and are payable without penalty until August 1st. The Village is responsible for the billing and collection of its taxes. The Village is also responsible for in-rem foreclosure proceedings.

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

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 25th and the balance of forty percent on October 15th. With respect to school district taxes, New York State Law and the County Charter provide that the Town satisfy the warrant of the school districts by April 5th of the fiscal year for which such taxes were levied. Thus, the Town's fiduciary responsibility for the County and School District's taxes is from the date of the levy until the respective due dates at which time the Town must satisfy its obligations to the respective jurisdictions, regardless of the amounts collected.

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 - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of employee health insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items, which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the governmental funds are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

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

Unearned/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 \$381,169 for uncollected Village tax liens, \$70,092 for prepaid rent, \$755,460 for advance collections of tennis and day camp fees and \$137,108 for uncollected special assessments in the General Fund. Deferred revenues of \$48,660 in the Capital Projects Fund represent restricted contributions made in advance. The Village has also recorded \$620,714 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 Town, capital projects, library, debt service, special purpose and permanent funds. The balance is classified as unrestricted.

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

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

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

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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, 2012.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to March 20th, the budget officer submits to the Village Clerk a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing for the General, Library and Capital Projects funds.
- b) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- c) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget, at which time they are required to file the document with the Village Clerk.
- d) Formal budgetary integration is employed during the year as a management control device for the General, Capital Projects and Library funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 2012 fiscal year was \$172,822,305 which exceeded the actual levy by \$140,772,195. The Town component is not limited to the maximum amount of real property taxes which may be raised. (See Note 5).

C. Fund Deficits

The Central Garage Fund has an unrestricted deficit in the amount of \$481,235. The deficit will be addressed in the subsequent year.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2012 consisted of the following:

	General Fund	Town Fund	Totals
Taxes - Overdue	\$ 367,783	\$ -	\$ 367,783
Tax Liens	13,386	-	13,386
Taxes - School	-	2,169,798	2,169,798
Taxes - County	-	330,747	330,747
	<u>\$ 381,169</u>	<u>\$ 2,500,545</u>	<u>\$ 2,881,714</u>

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

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

Class	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 3,860,985	\$ -	\$ -	\$ 3,860,985
Construction-in-progress	17,082,019	179,869	16,849,754	412,134
Total Capital Assets, not being depreciated	<u>\$ 20,943,004</u>	<u>\$ 179,869</u>	<u>\$ 16,849,754</u>	<u>\$ 4,273,119</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 3,560,155	\$ 67,633	\$ -	\$ 3,627,788
Buildings and Improvements	11,447,716	14,556,370	-	26,004,086
Machinery and Equipment	15,569,176	426,416	316,011	15,679,581
Infrastructure	47,874,103	11,728,279	-	59,602,382
Total Capital Assets, being depreciated	<u>78,451,150</u>	<u>26,778,698</u>	<u>316,011</u>	<u>104,913,837</u>
Less Accumulated Depreciation for:				
Land Improvements	930,822	187,957	-	1,118,779
Buildings and Improvements	5,042,103	826,077	-	5,868,180
Machinery and Equipment	11,787,373	1,029,081	316,011	12,500,443
Infrastructure	35,765,770	1,521,398	-	37,287,168
Total Accumulated Depreciation	<u>53,526,068</u>	<u>3,564,513</u>	<u>316,011</u>	<u>56,774,570</u>
Total Capital Assets, being depreciated, net	<u>\$ 24,925,082</u>	<u>\$ 23,214,185</u>	<u>\$ -</u>	<u>\$ 48,139,267</u>
Governmental Capital Assets, net	<u>\$ 45,868,086</u>	<u>\$ 23,394,054</u>	<u>\$ 16,849,754</u>	<u>\$ 52,412,386</u>

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 149,789	\$ -	\$ -	\$ 149,789
Construction-in-progress	4,416,576	29,198	4,173,335	272,439
Total Capital Assets, not being depreciated	<u>\$ 4,566,365</u>	<u>\$ 29,198</u>	<u>\$ 4,173,335</u>	<u>\$ 422,228</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 4,599,673	\$ 4,277,225	\$ -	\$ 8,876,898
Machinery and Equipment	1,411,939	9,998	-	1,421,937
Infrastructure	1,845,331	48,570	-	1,893,901
Total Capital Assets, being depreciated	<u>7,856,943</u>	<u>4,335,793</u>	<u>-</u>	<u>12,192,736</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,060,143	224,090	-	3,284,233
Machinery and Equipment	1,154,065	79,692	-	1,233,757
Infrastructure	1,450,237	22,429	-	1,472,666
Total Accumulated Depreciation	<u>5,664,445</u>	<u>326,211</u>	<u>-</u>	<u>5,990,656</u>
Total Capital Assets, being depreciated, net	<u>\$ 2,192,498</u>	<u>\$ 4,009,582</u>	<u>\$ -</u>	<u>\$ 6,202,080</u>
Business-Type Capital Assets, net	<u>\$ 6,758,863</u>	<u>\$ 4,038,780</u>	<u>\$ 4,173,335</u>	<u>\$ 6,624,308</u>

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

Governmental Activities:	
General Government Support	\$ 927,401
Public Safety	527,422
Culture and Recreation	351,615
Home and Community Services	<u>1,758,075</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,564,513</u>
Business-Type Activities:	
Water Fund	\$ 186,016
Pool Fund	<u>140,195</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 326,211</u>

Note 3 - Detailed Notes on All Funds (Continued)

Construction Commitments

The Village has active construction projects as of May 31, 2012. These projects include new construction and renovations. At year end, the Village had \$1,259,960 in construction encumbrances.

C. Accrued Liabilities

Accrued liabilities at May 31, 2012 were as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 1,451,447	\$ 60,602	\$ 1,512,049
Other	<u>1,240,872</u>	<u>866,615</u>	<u>2,107,487</u>
Total Accrued Liabilities	<u>\$ 2,692,319</u>	<u>\$ 927,217</u>	<u>\$ 3,619,536</u>

D. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of services, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2012 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.3 %
	2 75I	19.5
	3 A14	15.6
	4 A15	15.6
	5 A15	12.6

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	20.9 %
	2 384E	21.2
	5 384D	16.7
	5 384E	20.3

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 2,111,588	\$ 2,322,246
2011	1,242,695	1,364,120
2010	912,544	1,537,127

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

The current PFRS contribution for the Village was charged to the General Fund. The current ERS contributions were distributed as follows: \$1,578,262 to the General Fund, \$129,083 to the Water Fund, \$254,977 to the Library Fund and \$149,266 to the Central Garage Fund.

E. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2012:

	<u>Balance June 1, 2011</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance May 31, 2012</u>	<u>Due Within One-Year</u>
Governmental Activities:					
Bonds payable	\$ 16,131,859	\$ 1,000,000	\$ 1,463,960	\$ 15,667,899	\$ 1,390,620
Compensated absences	4,592,327	503,627	459,000	4,636,954	464,000
Loans payable	-	188,401	-	188,401	-
Other post employment benefit obligations payable	8,220,910	5,449,511	2,299,889	11,370,532	-
	<u>\$ 28,945,096</u>	<u>\$ 7,141,539</u>	<u>\$ 4,222,849</u>	<u>\$ 31,863,786</u>	<u>\$ 1,854,620</u>
Business-Type Activities:					
Bonds payable	\$ 1,878,141	\$ -	\$ 221,040	\$ 1,657,101	\$ 229,380
Compensated absences	262,700	-	68,597	194,103	19,000
Other post employment benefit obligations payable	336,713	103,072	496	439,289	-
Total Long-Term Liabilities	<u>\$ 2,477,554</u>	<u>\$ 103,072</u>	<u>\$ 290,133</u>	<u>\$ 2,290,493</u>	<u>\$ 248,380</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at May 31, 2012 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2012
Various Village Purposes	1992	\$ 4,645,000	July, 2012	5.250 %	\$ 25,000
Various Village Purposes	1996	1,370,000	September, 2015	5.300	100,000
Various Village Purposes	1997	1,175,000	January, 2013	5.000	75,000
Various Village Purposes	2001	5,650,000	August, 2013	4.125 - 4.250	1,180,000
Various Village Purposes	2002	1,550,000	July, 2017	4.000 - 4.375	770,000
Various Village Purposes	2004	2,000,000	September, 2027	4.000 - 4.500	1,635,000
Various Village Purposes	2008	3,000,000	November, 2027	3.500 - 4.300	2,625,000
Various Village Purposes	2009	10,500,000	June, 2024	2.500 - 4.000	9,915,000
Various Village Purposes	2011	1,000,000	September, 2023	1.000 - 2.450	1,000,000
					\$ 17,325,000

Interest expenditures/expense of \$617,410 were recorded in the fund financial statements, as detailed below. Interest expense of \$542,745 was recorded in the government-wide financial statements for governmental activities.

Fund	Amount
Governmental Funds - General-Village	\$ 548,491
Proprietary Funds:	
Enterprise – Water Fund	52,801
Enterprise-Pool Fund	15,559
Internal Service-Central Garage Fund	559
	\$ 617,410

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2012, including interest payments of \$4,371,820 are as follows:

Year Ending May 31,	Governmental Activities				Business-Type Activities		Total	
	Bonds Payable		Loans Payable		Bonds Payable		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2013	\$ 1,390,620	\$ 525,405	-	-	\$ 229,380	\$ 61,768	\$ 1,620,000	\$ 587,173
2014	1,409,779	468,399	-	-	235,221	52,451	1,645,000	520,850
2015	1,027,500	430,728	188,401	-	62,500	46,584	1,278,401	477,312
2016	1,062,500	400,029	-	-	67,500	44,267	1,130,000	444,296
2017	1,075,000	367,343	-	-	70,000	41,775	1,145,000	409,118
2018-2022	5,375,000	1,310,999	-	-	395,000	166,085	5,770,000	1,477,084
2023-2027	3,957,500	362,466	-	-	487,500	76,866	4,445,000	439,332
2028	370,000	14,290	-	-	110,000	2,365	480,000	16,655
	\$ 15,667,899	\$ 3,879,659	\$ 188,401	\$ -	\$ 1,657,101	\$ 492,161	\$ 17,513,401	\$ 4,371,820

Note 3 - Detailed Notes on All Funds (Continued)

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

Compensated Absences

Vacation time is generally taken in the year earned, although certain employees may accumulate up to two years of vacation time. Pursuant to the terms of its collective bargaining agreements, clerical, firefighters and library employees may accrue unlimited sick days; police officers may accrue up to 375 sick days; public works employees may accrue up to 220 sick days and crossing guards may accrue up to 115 sick days. Upon retirement all employees may be paid their earned and unused accumulated vacation days. Most employees are paid up to 1/3 their unused accumulated sick days. The police payout for sick days is 40% and the Fire Department payout is 33% of 1500 hours or a maximum of 533 hours. The Teamsters' sick day payout is based on a formula: 25% of the first 110 days unused accumulated sick leave days and 1/3 of the next 110 days unused, accumulated sick leave days to a maximum of 220 days. Administrative and non-union clerical sick time is capped at 2,500 hours. The payout is 40% for non-union employees. The value of all compensated absences has been reflected in the government-wide and proprietary fund financial statements.

Loan Payable

The Village entered into two revolving loan agreements in the amount of \$870,000 each with the Environmental Facilities Corporation ("EFC") in 2012. These agreements allow the Village to draw down on these loans up to a maximum amount of \$1,740,000 for eligible project costs. During 2012 the Village drew down \$188,401 for design costs for the South Fox Meadow Drainage project. The first \$870,000 is interest free and the second \$870,000 bears interest at .51%. The first principal payments are due on September 1, 2013, which will be based on the loan outstanding at that time with the final payment due no later than September 2014.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements. The Village has recognized revenues and expenditures of \$78,629 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

Note 3 - Detailed Notes on All Funds (Continued)

claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

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

<u>Year Ended</u> <u>December 31,</u>	<u>Rate</u>
2013	7.50 %
2014	6.00
2015+	4.75

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

The number of participants as of May 31, 2012 was as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Active Employees	243	9	252
Retired Employees	175	0	175
	<u>418</u>	<u>9</u>	<u>427</u>

Note 3 - Detailed Notes on All Funds (Continued)

	Governmental Funds	Enterprise Funds	Internal Service Fund	Total
Amortization Component:				
Actuarial Accrued Liability as of June 1, 2010	\$ 69,003,580	\$ 1,303,275	\$ 1,456,132	\$ 71,762,987
Assets at Market Value	-	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 69,003,580</u>	<u>\$ 1,303,275</u>	<u>\$ 1,456,132</u>	<u>\$ 71,762,987</u>
Covered Payroll (active plan members)	<u>\$ 15,695,534</u>	<u>\$ 769,764</u>	<u>\$ 978,641</u>	<u>\$ 17,443,939</u>
UAAL as a Percentage of Covered Payroll	<u>439.64%</u>	<u>169.31%</u>	<u>148.79%</u>	<u>411.39%</u>
Annual Required Contribution	\$ 5,341,936	\$ 104,850	\$ 154,829	\$ 5,601,615
Interest on OPEB obligation	312,474	12,410	17,421	342,305
Adjustment to Annual Required Contribution	<u>(357,233)</u>	<u>(14,188)</u>	<u>(19,916)</u>	<u>(391,337)</u>
Annual OPEB Cost	5,297,177	103,072	152,334	5,552,583
Contributions Made	<u>(2,295,471)</u>	<u>(496)</u>	<u>(4,418)</u>	<u>(2,300,385)</u>
Increase in Net OPEB Cost	3,001,706	102,576	147,916	3,252,198
Net OPEB Cost at May 31, 2011	<u>7,771,519</u>	<u>336,713</u>	<u>449,391</u>	<u>8,557,623</u>
Net OPEB Cost at May 31, 2012	<u>\$ 10,773,225</u>	<u>\$ 439,289</u>	<u>\$ 597,307</u>	<u>\$ 11,809,821</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
2012	\$ 5,552,583	41.43 %	\$ 11,809,821
2011	5,309,988	40.09	8,557,623
2010	4,826,531	43.47	5,376,215

F. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Pool Fund	
General Fund	\$ -	\$ 2,323,100	\$ 3,394,688	\$ 10,725	\$ 5,728,513
Town Fund	1,379,683	-	-	-	1,379,683
Non-Major Governmental Funds	-	73,450	984	-	74,434
Water Fund	-	171,000	-	-	171,000
Reconciling Item: Village/Town (Note 1)	(18,471)	-	-	-	(18,471)
	<u>\$ 1,361,212</u>	<u>\$ 2,567,550</u>	<u>\$ 3,395,672</u>	<u>\$ 10,725</u>	<u>\$ 7,335,159</u>

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

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

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

Restricted for Library - the component of net assets that reports the amounts restricted for Library Fund operations.

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.

Restricted for Special Purpose 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.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2012				2011				
	General Fund	Town Fund	Capital Projects Fund	Non-Major Governmental Funds	General Fund	Town Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:									
Prepaid expenditures	\$ 429,741	\$ -	\$ -	\$ 34,825	\$ 428,375	\$ -	\$ -	\$ 35,266	\$ 463,641
Long term receivables	-	1,015,217	-	-	-	980,661	-	-	980,661
Permanent fund	-	-	-	572,600	-	-	-	572,600	572,600
Total Nonspendable	429,741	1,015,217	-	607,425	428,375	980,661	-	607,866	2,016,902
Restricted:									
Debt service	138,162	-	-	-	138,948	-	-	-	138,948
Trusts	-	-	-	572,936	-	-	-	475,102	475,102
Total Restricted	138,162	-	-	572,936	138,948	-	-	475,102	614,050
Assigned:									
Purchases on order:									
General government support	161,845	-	-	-	155,239	-	-	-	155,239
Public safety	143,294	-	-	-	154,967	-	-	-	154,967
Culture and recreation	38,554	-	-	6,185	20,401	-	-	3,572	23,973
Capital outlay	-	-	1,259,960	-	-	-	2,290,979	-	2,290,979
Total Assigned	343,693	-	1,259,960	6,185	330,607	-	2,290,979	3,572	2,625,158
Subsequent year's expenditures									
Contractual obligations	1,073,000	-	-	85,000	1,073,000	-	-	95,100	1,168,100
Capital Projects	365,000	-	-	-	365,000	-	-	-	365,000
Workers' compensation claims	1,530,000	-	-	-	1,300,000	-	-	-	1,300,000
Retirement obligations	340,266	-	-	-	340,266	-	-	-	340,266
Other post employment benefit obligations	52,000	-	-	-	452,000	-	-	-	452,000
Town Fund	100,000	-	-	-	100,000	-	-	-	100,000
Cable TV equipment	-	516,825	-	-	-	553,467	-	-	553,467
Library	-	-	317,913	-	-	-	299,594	-	299,594
Total Assigned	3,803,959	516,825	1,577,873	569,930	3,620,607	553,467	2,590,573	353,989	7,118,636
Unassigned									
	6,026,977	-	-	-	6,103,664	-	-	-	6,103,664
Total Fund Balances	\$ 10,398,839	\$ 1,532,042	\$ 1,577,873	\$ 1,750,291	\$ 10,291,594	\$ 1,534,128	\$ 2,590,573	\$ 1,436,957	\$ 15,853,252

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

Assigned for Subsequent Year's Expenditures - At May 31, 2012, the Village Board has designated that \$1,073,000 of the fund balance of the General Fund and \$85,000 of the fund balance of the Library Fund be appropriated for the ensuing year's budget.

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

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

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

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Risk Management

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

C. Contingencies

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

D. Subsequent Event

The Village, on June 21, 2012 issued \$550,000 of Bond anticipation notes with an interest rate of .98%. The note may be redeemed on any date after September 20, 2012 but no later than final maturity on June 20, 2013.

Note 5 - Other Matters

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

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

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

Note 5 - Other Matters (Continued)

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

VILLAGE OF SCARSDALE, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYMENT BENEFITS
 LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2009	\$ -	\$ 59,959,733	\$ 59,959,733	- %	\$ 18,240,433	328.72 %
June 1, 2010	-	68,871,075	68,871,075	-	17,018,477	404.68
June 1, 2011	-	71,762,987	71,762,987	-	17,443,939	411.39

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 11,829,527	\$ 12,102,060
Petty cash	3,322	3,322
	<u>11,832,849</u>	<u>12,105,382</u>
Investments	<u>1,789</u>	<u>251,756</u>
Taxes Receivable	<u>381,169</u>	<u>351,802</u>
Other Receivables:		
Accounts	127,081	35,161
Special assessments	275,270	414,217
State and Federal aid	663,610	522,248
Due from other governments	108,739	95,114
	<u>1,174,700</u>	<u>1,066,740</u>
Prepaid Expenditures	<u>429,741</u>	<u>428,375</u>
Total Assets	<u>\$ 13,820,248</u>	<u>\$ 14,204,055</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 542,824	\$ 1,095,189
Accrued liabilities	1,534,756	1,275,983
Deferred revenues - Taxes	381,169	351,802
Deferred revenues - Other	962,660	1,189,487
Total Liabilities	<u>3,421,409</u>	<u>3,912,461</u>
Fund Balance:		
Nonspendable	429,741	428,375
Restricted	138,162	138,948
Assigned	3,803,959	3,620,607
Unassigned	6,026,977	6,103,664
Total Fund Balance	<u>10,398,839</u>	<u>10,291,594</u>
Total Liabilities and Fund Balance	<u>\$ 13,820,248</u>	<u>\$ 14,204,055</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, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 32,050,110	\$ 32,050,110	\$ 31,834,149	\$ (215,961)
Other tax items	713,162	713,162	244,289	(468,873)
Non-property taxes	3,185,000	3,185,000	3,020,424	(164,576)
Departmental income	3,927,574	3,927,574	3,781,822	(145,752)
Intergovernmental revenues	80,000	80,000	104,828	24,828
Interfund revenues	607,630	607,630	607,630	-
Use of money and property	960,444	960,444	770,230	(190,214)
Licenses and permits	1,342,700	1,342,700	1,902,660	559,960
Fines and forfeitures	855,000	855,000	930,253	75,253
Sale of property and compensation for loss	65,000	65,000	106,381	41,381
State aid	1,536,277	1,536,277	953,326	(582,951)
Federal aid	-	-	182,265	182,265
Miscellaneous	499,800	499,800	580,765	80,965
Total Revenues	45,822,697	45,822,697	45,019,022	(803,675)
Expenditures:				
Current:				
General government support	8,135,994	8,459,886	7,294,054	1,165,832
Public safety	11,986,565	11,963,891	11,409,560	554,331
Culture and recreation	2,723,363	2,724,291	2,434,522	289,769
Home and community services	7,345,257	7,383,183	6,934,587	448,596
Employee benefits	11,783,305	11,841,881	11,490,531	351,350
Debt service:				
Principal	1,388,960	1,393,960	1,393,960	-
Interest	552,140	548,492	548,491	1
Total Expenditures	43,915,584	44,315,584	41,505,705	2,809,879
Excess of Revenues Over Expenditures	1,907,113	1,507,113	3,513,317	2,006,204
Other Financing Sources (Uses):				
Workers' compensation insurance recoveries	60,000	60,000	58,229	(1,771)
Sale of real property	-	-	903,000	903,000
Transfers in	-	-	1,361,212	1,361,212
Transfers out	(3,370,720)	(5,728,513)	(5,728,513)	-
Total Other Financing Uses	(3,310,720)	(5,668,513)	(3,406,072)	2,262,441
Net Change in Fund Balance	(1,403,607)	(4,161,400)	107,245	4,268,645
Fund Balance - Beginning of Year	1,403,607	4,161,400	10,291,594	6,130,194
Fund Balance - End of Year	\$ -	\$ -	\$ 10,398,839	\$ 10,398,839

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 30,830,501	\$ 30,830,501	\$ 30,827,797	\$ (2,704)
608,948	608,948	215,763	(393,185)
2,750,000	2,750,000	3,099,665	349,665
3,481,753	3,481,753	3,613,153	131,400
80,000	80,000	127,071	47,071
454,772	454,772	454,772	-
1,023,000	1,023,000	781,766	(241,234)
1,221,800	1,221,800	1,587,336	365,536
832,000	832,000	904,963	72,963
52,500	52,500	109,486	56,986
1,592,500	1,592,500	817,334	(775,166)
-	-	43,342	43,342
467,800	467,800	601,409	133,609
<u>43,395,574</u>	<u>43,395,574</u>	<u>43,183,857</u>	<u>(211,717)</u>
7,974,006	7,930,600	7,470,160	460,440
11,529,904	11,553,496	11,147,371	406,125
2,587,404	2,592,226	2,459,110	133,116
7,433,185	7,445,566	6,693,205	752,361
9,968,770	9,968,770	9,576,370	392,400
809,261	811,761	811,761	-
759,905	757,405	746,703	10,702
<u>41,062,435</u>	<u>41,059,824</u>	<u>38,904,680</u>	<u>2,155,144</u>
<u>2,333,139</u>	<u>2,335,750</u>	<u>4,279,177</u>	<u>1,943,427</u>
45,000	45,000	81,507	36,507
-	-	16,800	16,800
-	-	1,269,452	1,269,452
<u>(3,450,695)</u>	<u>(4,579,504)</u>	<u>(4,579,504)</u>	<u>-</u>
<u>(3,405,695)</u>	<u>(4,534,504)</u>	<u>(3,211,745)</u>	<u>1,322,759</u>
(1,072,556)	(2,198,754)	1,067,432	3,266,186
<u>1,072,556</u>	<u>2,198,754</u>	<u>9,224,162</u>	<u>7,025,408</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,291,594</u>	<u>\$ 10,291,594</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
 YEAR ENDED MAY 31, 2012
 (With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
PROPERTY TAXES	\$ 32,050,110	\$ 32,050,110	\$ 31,834,149	\$ (215,961)	\$ 30,827,797
OTHER TAX ITEMS					
Special assessments	138,162	138,162	138,162	-	138,948
Interest and penalties - Taxes	575,000	575,000	106,127	(468,873)	76,815
	713,162	713,162	244,289	(468,873)	215,763
NON-PROPERTY TAXES					
Non-property tax distribution from County	2,450,000	2,450,000	2,265,688	(184,312)	2,324,875
Utilities gross receipts tax	395,000	395,000	380,564	(14,436)	422,481
Franchise fees	340,000	340,000	374,172	34,172	352,309
	3,185,000	3,185,000	3,020,424	(164,576)	3,099,665
DEPARTMENTAL INCOME					
Clerks fees	5,200	5,200	7,290	2,090	7,396
Police Department fees	9,000	9,000	10,506	1,506	10,942
Fire Department fees	-	-	-	-	1,150
Safety inspection fees	65,000	65,000	84,310	19,310	85,265
Public Works fees	10,000	10,000	12,705	2,705	10,500
Parking fees	1,882,920	1,882,920	1,942,532	59,612	1,705,846
Parks and recreation fees	1,824,954	1,824,954	1,642,258	(182,696)	1,657,099
Zoning and Appeals Board fees	13,000	13,000	18,500	5,500	11,650
Planning Board fees	11,000	11,000	13,280	2,280	13,690
Disposal site fees	94,000	94,000	32,536	(61,464)	89,525
Board of Architectural Review fees	12,500	12,500	17,905	5,405	20,090
	3,927,574	3,927,574	3,781,822	(145,752)	3,613,153

INTERGOVERNMENTAL REVENUES					
Snow removal	25,000	25,000	39,828	14,828	52,071
Board of Education	55,000	55,000	65,000	10,000	75,000
	80,000	80,000	104,828	24,828	127,071
	607,630	607,630	607,630	-	454,772
USE OF MONEY AND PROPERTY					
Interest earnings	285,000	285,000	94,969	(190,031)	127,124
Rental income	675,444	675,444	675,261	(183)	654,642
	960,444	960,444	770,230	(190,214)	781,766
LICENSES AND PERMITS					
Occupational licenses	7,500	7,500	9,260	1,760	8,600
Dog licenses	9,900	9,900	7,562	(2,338)	6,783
Building permits	945,000	945,000	1,448,720	503,720	1,161,053
Alarm user annual permits	250,000	250,000	261,749	11,749	266,175
Other permits	127,300	127,300	175,369	48,069	144,725
	1,342,700	1,342,700	1,902,660	559,960	1,587,336
FINES AND FORFEITURES					
Justice Court fines	810,000	810,000	878,170	68,170	862,458
Alarm fines	45,000	45,000	52,083	7,083	42,505
	855,000	855,000	930,253	75,253	904,963
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Minor sales	40,000	40,000	55,276	15,276	66,801
Sale of equipment - Trucks and cars	25,000	25,000	51,105	26,105	16,505
Payment for loss of revenue - Christy Place	-	-	-	-	26,180
	65,000	65,000	106,381	41,381	109,486

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VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED MAY 31, 2012
 (With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
STATE AID					
Per capita	\$ 187,877	\$ 187,877	\$ 138,178	\$ (49,699)	\$ 140,998
Mortgage tax	1,338,400	1,338,400	753,643	(584,757)	664,618
Emergency Management Agency	-	-	54,845	54,845	7,224
Youth programs	10,000	10,000	6,660	(3,340)	4,494
	<u>1,536,277</u>	<u>1,536,277</u>	<u>953,326</u>	<u>(582,951)</u>	<u>817,334</u>
FEDERAL AID					
Emergency Management Agency	-	-	182,265	182,265	43,342
MISCELLANEOUS					
Refunds of prior year's expenditures	10,000	10,000	4,939	(5,061)	14,920
Employee health insurance reimbursements	275,000	275,000	246,877	(28,123)	245,884
Medicare part D reimbursement	75,000	75,000	78,629	3,629	76,271
Reimbursement for police overtime	134,800	134,800	205,645	70,845	242,970
Other	5,000	5,000	44,675	39,675	21,364
	<u>499,800</u>	<u>499,800</u>	<u>580,765</u>	<u>80,965</u>	<u>601,409</u>
TOTAL REVENUES	<u>45,822,697</u>	<u>45,822,697</u>	<u>45,019,022</u>	<u>(803,675)</u>	<u>43,183,857</u>
OTHER FINANCING SOURCES					
Workers' compensation insurance recoveries	60,000	60,000	58,229	(1,771)	81,507
Sale of real property	-	-	903,000	903,000	16,800
Transfers in - Town Fund	-	-	1,361,212	1,361,212	1,269,452
	<u>60,000</u>	<u>60,000</u>	<u>2,322,441</u>	<u>2,262,441</u>	<u>1,367,759</u>
TOTAL OTHER FINANCING SOURCES					
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 45,882,697</u>	<u>\$ 45,882,697</u>	<u>\$ 47,341,463</u>	<u>\$ 1,458,766</u>	<u>\$ 44,551,616</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
 YEAR ENDED MAY 31, 2012
 (With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Municipal court	\$ 465,172	\$ 465,172	\$ 432,635	\$ 32,537	\$ 427,636
Village manager	960,568	975,525	916,719	58,806	867,610
Village treasurer	622,868	622,848	603,924	18,924	584,192
Assessor	384,259	403,709	366,989	36,720	411,146
Village clerk	225,016	232,294	226,908	5,386	190,982
Village attorney	478,338	478,339	400,688	77,651	444,641
Human resources	267,376	272,513	258,887	13,626	270,239
Information technology	534,956	535,559	496,346	39,213	525,390
Building and safety inspection	485,173	485,175	434,707	50,468	456,955
Planning	202,181	205,564	202,753	2,811	197,470
Human services	538,661	900,895	532,112	368,783	536,154
Utilities	45,000	31,775	31,774	1	36,559
Liability insurance	443,650	466,688	466,688	-	415,059
Central garage	1,631,776	1,631,776	1,631,776	-	1,696,373
Uncollected taxes	145,000	170,544	-	170,544	-
Refund of real property taxes	220,000	217,058	87,307	129,751	21,751
Taxes on Village property	68,250	68,250	59,579	8,671	57,617
Miscellaneous	167,750	147,568	144,262	3,306	330,386
	<u>8,135,994</u>	<u>8,459,886</u>	<u>7,294,054</u>	<u>1,165,832</u>	<u>7,470,160</u>
PUBLIC SAFETY					
Police	6,326,792	6,322,869	5,988,227	334,642	5,883,224
Fire	5,659,773	5,641,022	5,421,333	219,689	5,264,147
	<u>11,986,565</u>	<u>11,963,891</u>	<u>11,409,560</u>	<u>554,331</u>	<u>11,147,371</u>

CULTURE AND RECREATION

Parks and recreation - Administration	559,850	547,573	542,608	4,965	529,692
Youth camps	826,239	776,312	645,621	130,691	698,591
Nature center	54,194	101,690	60,099	41,591	56,290
Playgrounds	383,431	369,221	358,073	11,148	367,319
Recreation	579,007	602,359	514,477	87,882	504,998
Senior citizens	52,162	54,811	44,870	9,941	43,068
Tennis	268,480	272,325	268,774	3,551	259,152

2,723,363 2,724,291 2,434,522 289,769 2,459,110

HOME AND COMMUNITY SERVICES

Administration	394,614	434,698	433,451	1,247	483,647
Engineer	320,344	328,093	326,810	1,283	202,750
Facilities maintenance	1,116,123	1,316,803	1,164,869	151,934	1,054,225
Highway	3,086,084	2,921,890	2,769,995	151,895	2,892,949
Sanitation	2,428,092	2,381,699	2,239,462	142,237	2,059,634

7,345,257 7,383,183 6,934,587 448,596 6,693,205

EMPLOYEE BENEFITS

State retirement	3,184,284	3,900,508	3,900,508	-	2,219,967
Social security	1,631,707	1,503,697	1,503,696	1	1,476,424
Workers' compensation benefits	760,240	379,870	379,870	-	713,840
Hospital and medical insurance	5,978,245	5,710,577	5,359,728	350,849	4,981,290
Unemployment benefits	40,000	47,164	47,164	-	33,818
Compensated absences	150,000	283,315	283,315	-	108,202
Life insurance	38,829	16,750	16,250	500	42,829

11,783,305 11,841,881 11,490,531 351,350 9,576,370

DEBT SERVICE

Serial bonds:					
Principal	1,388,960	1,393,960	1,393,960	-	811,761
Interest	552,140	548,492	548,491	1	746,703

1,941,100 1,942,452 1,942,451 1 1,558,464

TOTAL EXPENDITURES

43,915,584 44,315,584 41,505,705 2,809,879 38,904,680

(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
 YEAR ENDED MAY 31, 2012
 (With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
OTHER FINANCING USES					
Transfers out:					
Capital Projects Fund	\$ -	\$ 2,323,100	\$ 2,323,100	\$ -	\$ 1,378,809
Non-Major Governmental Funds	3,359,995	3,394,688	3,394,688	-	3,189,970
Pool Fund	10,725	10,725	10,725	-	10,725
Total Other Financing Uses	3,370,720	5,728,513	5,728,513	-	4,579,504
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 47,286,304	\$ 50,044,097	\$ 47,234,218	\$ 2,809,879	\$ 43,484,184

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 642,902	\$ 534,822
Investments	473	46,449
Taxes Receivable:		
School district	2,169,798	2,219,126
County	330,747	313,676
	<u>2,500,545</u>	<u>2,532,802</u>
Total Assets	<u>\$ 3,143,920</u>	<u>\$ 3,114,073</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other governments	\$ 1,611,878	\$ 1,579,945
Fund Balance:		
Nonspendable	1,015,217	980,661
Assigned	516,825	553,467
Total Fund Balance	<u>1,532,042</u>	<u>1,534,128</u>
Total Liabilities and Fund Balance	<u>\$ 3,143,920</u>	<u>\$ 3,114,073</u>

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MAY 31, 2012 AND 2011

	2012	2011
Revenues:		
Other tax items	\$ 469,828	\$ 570,248
Departmental income	4,187	3,967
Use of money and property	34,886	39,588
State aid	855,482	689,432
Miscellaneous	13,214	10,338
Total Revenues	1,377,597	1,313,573
Expenditures	-	-
Excess of Revenues Over Expenditures	1,377,597	1,313,573
Other Financing Uses -		
Transfers out	(1,379,683)	(1,338,795)
Net Change in Fund Balance	(2,086)	(25,222)
Fund Balance - Beginning of Year	1,534,128	1,559,350
Fund Balance - End of Year	\$ 1,532,042	\$ 1,534,128

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ -	\$ 1,860,113
Receivables:		
Accounts	18,379	89,215
State and Federal aid	<u>4,539,345</u>	<u>2,751,152</u>
	<u>4,557,724</u>	<u>2,840,367</u>
 Total Assets	 <u>\$ 4,557,724</u>	 <u>\$ 4,700,480</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,808,119	\$ 1,250,534
Accrued liabilities	978,993	47,218
Retainages payable	144,079	577,691
Deferred revenues	<u>48,660</u>	<u>234,464</u>
 Total Liabilities	 2,979,851	 2,109,907
 Fund Balance - Assigned	 <u>1,577,873</u>	 <u>2,590,573</u>
 Total Liabilities and Fund Balance	 <u>\$ 4,557,724</u>	 <u>\$ 4,700,480</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, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 1,254	\$ (4,746)
State aid	2,626,570	2,626,570	442,447	(2,184,123)
Federal aid	-	-	5,479,934	5,479,934
Miscellaneous	3,212,000	3,912,000	339,284	(3,572,716)
Total Revenues	5,844,570	6,544,570	6,262,919	(281,651)
Expenditures - Capital outlay	10,419,981	27,531,309	11,031,570	16,499,739
Deficiency of Revenues Over Expenditures	(4,575,411)	(20,986,739)	(4,768,651)	16,218,088
Other Financing Sources:				
Bonds issued	770,000	770,000	1,000,000	230,000
Loans issued	-	-	188,401	188,401
Transfers in	397,000	2,720,100	2,567,550	(152,550)
Total Other Financing Sources	1,167,000	3,490,100	3,755,951	265,851
Net Change in Fund Balance	(3,408,411)	(17,496,639)	(1,012,700)	16,483,939
Fund Balance - Beginning of Year	3,408,411	17,496,639	2,590,573	(14,906,066)
Fund Balance - End of Year	\$ -	\$ -	\$ 1,577,873	\$ 1,577,873

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,000	\$ 12,000	\$ 28,355	\$ 16,355
698,961	698,961	436,143	(262,818)
42,000	42,000	3,683,557	3,641,557
<u>2,562,000</u>	<u>2,608,203</u>	<u>681,580</u>	<u>(1,926,623)</u>
3,314,961	3,361,164	4,829,635	1,468,471
<u>13,194,554</u>	<u>36,026,587</u>	<u>12,033,221</u>	<u>23,993,366</u>
<u>(9,879,593)</u>	<u>(32,665,423)</u>	<u>(7,203,586)</u>	<u>25,461,837</u>
2,090,000	2,090,000	-	(2,090,000)
-	-	-	-
<u>563,000</u>	<u>1,691,809</u>	<u>1,560,094</u>	<u>(131,715)</u>
<u>2,653,000</u>	<u>3,781,809</u>	<u>1,560,094</u>	<u>(2,221,715)</u>
(7,226,593)	(28,883,614)	(5,643,492)	23,240,122
<u>7,226,593</u>	<u>28,883,614</u>	<u>8,234,065</u>	<u>(20,649,549)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,590,573</u>	<u>\$ 2,590,573</u>

VILLAGE OF SCARSDALE, NEW YORK

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 MAY 31, 2012
 (With Comparative Totals for 2011)

<u>ASSETS</u>	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Cash and Equivalents	\$ 732,739	\$ 703,148	\$ 572,600
Investments	-	-	-
Prepaid Expenditures	34,825	-	-
Total Assets	<u>\$ 767,564</u>	<u>\$ 703,148</u>	<u>\$ 572,600</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 38,742	\$ 130,212	\$ -
Accrued liabilities	124,067	-	-
Total Liabilities	<u>162,809</u>	<u>130,212</u>	<u>-</u>
Fund Balances:			
Nonspendable	34,825	-	572,600
Restricted	-	572,936	-
Assigned	569,930	-	-
Total Fund Balances	<u>604,755</u>	<u>572,936</u>	<u>572,600</u>
Total Liabilities and Fund Balances	<u>\$ 767,564</u>	<u>\$ 703,148</u>	<u>\$ 572,600</u>

Total Non-Major
Governmental Funds

2012	2011
\$ 2,008,487	\$ 948,621
-	756,708
<u>34,825</u>	<u>35,266</u>
<u>\$ 2,043,312</u>	<u>\$ 1,740,595</u>

\$ 168,954	\$ 212,713
<u>124,067</u>	<u>90,925</u>
<u>293,021</u>	<u>303,638</u>

607,425	607,866
572,936	475,102
<u>569,930</u>	<u>353,989</u>
<u>1,750,291</u>	<u>1,436,957</u>
<u>\$ 2,043,312</u>	<u>\$ 1,740,595</u>

VILLAGE OF SCARSDALE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2012
 (With Comparative Totals for 2011)

	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Revenues:			
Departmental income	\$ 54,045	\$ -	\$ -
Use of money and property	12,621	765	984
State aid	43,357	-	-
Miscellaneous	17,892	170,600	-
Total Revenues	<u>127,915</u>	<u>171,365</u>	<u>984</u>
Expenditures -			
Current:			
Public safety	-	7,833	-
Culture and recreation	2,505,005	27,925	-
Employee benefits	767,405	-	-
Total Expenditures	<u>3,272,410</u>	<u>35,758</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,144,495)</u>	<u>135,607</u>	<u>984</u>
Other Financing Sources (Uses):			
Transfers in	3,359,995	35,677	-
Transfers out	-	(73,450)	(984)
Total Other Financing Sources (Uses)	<u>3,359,995</u>	<u>(37,773)</u>	<u>(984)</u>
Net Change in Fund Balances	215,500	97,834	-
Fund Balances - Beginning of Year	<u>389,255</u>	<u>475,102</u>	<u>572,600</u>
Fund Balances - End of Year	<u>\$ 604,755</u>	<u>\$ 572,936</u>	<u>\$ 572,600</u>

Total Non-Major
Governmental Funds

2012	2011
\$ 54,045	\$ 59,744
14,370	11,643
43,357	18,552
<u>188,492</u>	<u>154,650</u>
<u>300,264</u>	<u>244,589</u>
7,833	10,000
2,532,930	2,491,156
<u>767,405</u>	<u>711,464</u>
<u>3,308,168</u>	<u>3,212,620</u>
<u>(3,007,904)</u>	<u>(2,968,031)</u>
3,395,672	3,190,787
<u>(74,434)</u>	<u>(14,102)</u>
<u>3,321,238</u>	<u>3,176,685</u>
313,334	208,654
<u>1,436,957</u>	<u>1,228,303</u>
<u>\$ 1,750,291</u>	<u>\$ 1,436,957</u>

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VILLAGE OF SCARSDALE, NEW YORK

LIBRARY FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 732,429	\$ 478,694
Petty cash	310	310
	<u>732,739</u>	<u>479,004</u>
Prepaid Expenditures	<u>34,825</u>	<u>35,266</u>
Total Assets	<u>\$ 767,564</u>	<u>\$ 514,270</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 38,742	\$ 34,090
Accrued liabilities	124,067	90,925
Total Liabilities	<u>162,809</u>	<u>125,015</u>
Fund Balance:		
Nonspendable	34,825	35,266
Assigned	569,930	353,989
Total Fund Balance	<u>604,755</u>	<u>389,255</u>
Total Liabilities and Fund Balance	<u>\$ 767,564</u>	<u>\$ 514,270</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, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 55,000	\$ 55,000	\$ 54,045	\$ (955)
Use of money and property	12,500	12,500	12,621	121
State aid	-	-	43,357	43,357
Miscellaneous	20,500	20,500	17,892	(2,608)
Total Revenues	<u>88,000</u>	<u>88,000</u>	<u>127,915</u>	<u>39,915</u>
Expenditures -				
Current:				
Culture and recreation	2,644,749	2,649,730	2,505,005	144,725
Employee benefits	917,918	912,937	767,405	145,532
Total Expenditures	<u>3,562,667</u>	<u>3,562,667</u>	<u>3,272,410</u>	<u>290,257</u>
Deficiency of Revenues Over Expenditures	(3,474,667)	(3,474,667)	(3,144,495)	(330,172)
Other Financing Sources -				
Transfers in	<u>3,375,995</u>	<u>3,375,995</u>	<u>3,359,995</u>	<u>(16,000)</u>
Net Change in Fund Balance	(98,672)	(98,672)	215,500	314,172
Fund Balance - Beginning of Year	<u>98,672</u>	<u>98,672</u>	<u>389,255</u>	<u>290,583</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,755</u>	<u>\$ 604,755</u>

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 65,000	\$ 65,000	\$ 59,744	\$ (5,256)
11,000	11,000	9,189	(1,811)
5,400	5,400	18,552	13,152
15,500	15,500	18,586	3,086
96,900	96,900	106,071	9,171
2,634,164	2,634,164	2,464,979	169,185
787,537	787,537	711,464	76,073
3,421,701	3,421,701	3,176,443	245,258
(3,324,801)	(3,324,801)	(3,070,372)	(254,429)
3,205,970	3,205,970	3,189,970	(16,000)
(118,831)	(118,831)	119,598	238,429
118,831	118,831	269,657	150,826
\$ -	\$ -	\$ 389,255	\$ 389,255

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 703,148	\$ 469,617
Investments	<u>-</u>	<u>184,108</u>
Total Assets	<u>\$ 703,148</u>	<u>\$ 653,725</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Accounts payable	\$ 130,212	\$ 178,623
Fund Balance - Restricted	<u>572,936</u>	<u>475,102</u>
Total Liabilities and Fund Balance	<u>\$ 703,148</u>	<u>\$ 653,725</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Use of money and property	\$ 765	\$ 1,637
Miscellaneous	<u>170,600</u>	<u>136,064</u>
Total Revenues	<u>171,365</u>	<u>137,701</u>
Expenditures -		
Current:		
Public safety	7,833	10,000
Culture and recreation	<u>27,925</u>	<u>26,177</u>
Total Expenditures	<u>35,758</u>	<u>36,177</u>
Excess of Revenues Over Expenditures	<u>135,607</u>	<u>101,524</u>
Other Financing Sources (Uses):		
Transfers in	35,677	817
Transfers out	<u>(73,450)</u>	<u>(13,285)</u>
Total Other Financing Uses	<u>(37,773)</u>	<u>(12,468)</u>
Net Change in Fund Balance	97,834	89,056
Fund Balance - Beginning of Year	<u>475,102</u>	<u>386,046</u>
Fund Balance - End of Year	<u>\$ 572,936</u>	<u>\$ 475,102</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand Deposits	\$ 572,600	\$ -
Investments	<u>-</u>	<u>572,600</u>
Total Assets	<u>\$ 572,600</u>	<u>\$ 572,600</u>
<u>FUND BALANCE</u>		
Nonspendable	<u>\$ 572,600</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE

YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues - Use of money and property	\$ 984	\$ 817
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	984	817
Other Financing Uses - Transfers out	<u>(984)</u>	<u>(817)</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, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash - Demand deposits	\$ 3,644,813	\$ 3,965,320
Accounts receivable	247,513	202,901
Prepaid expenses	19,105	14,105
Total Current Assets	<u>3,911,431</u>	<u>4,182,326</u>
Capital Assets:		
Land	31,789	31,789
Buildings	6,290,210	2,012,985
Machinery and equipment	1,211,464	1,211,464
Infrastructure	1,649,656	1,601,086
Construction-in-progress	272,439	4,416,576
	<u>9,455,558</u>	<u>9,273,900</u>
Less - Accumulated depreciation	<u>(3,844,108)</u>	<u>(3,658,092)</u>
Total Capital Assets, net of accumulated depreciation	<u>5,611,450</u>	<u>5,615,808</u>
Total Assets	<u>9,522,881</u>	<u>9,798,134</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	33,964	52,994
Accrued liabilities	884,053	267,158
Accrued interest payable	2,162	2,245
Retainages payable	9,684	167,316
Current maturities of bonds payable	60,000	57,500
Current portion of compensated absences	19,000	26,000
Total Current Liabilities	<u>1,008,863</u>	<u>573,213</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	1,252,500	1,312,500
Compensated absences, less current portion	175,103	236,700
Other post employment benefit obligations payable	439,289	336,713
Total Noncurrent Liabilities	<u>1,866,892</u>	<u>1,885,913</u>
Total Liabilities	<u>2,875,755</u>	<u>2,459,126</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	4,298,950	4,245,808
Unrestricted	2,348,176	3,093,200
Total Net Assets	<u>\$ 6,647,126</u>	<u>\$ 7,339,008</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET ASSETS
 YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues - Charges for services	\$ 4,634,641	\$ 4,761,455
Operating Expenses:		
Taxes on Village property	53,479	53,546
Personal services	769,764	797,528
Contractual services	491,440	324,729
Supplies	115,634	158,879
Utilities	112,202	125,242
Employee benefits	489,775	391,775
Other post employment benefit obligations	102,576	122,164
Insurance	63,828	60,500
Repairs and maintenance	7,667	82,612
Equipment maintenance	45,831	30,897
Depreciation	186,016	135,350
Purchase of water	2,549,327	2,232,740
Property services	101,680	99,680
Miscellaneous	30,478	28,160
Total Operating Expenses	<u>5,119,697</u>	<u>4,643,802</u>
Income (Loss) from Operations	<u>(485,056)</u>	<u>117,653</u>
Non-Operating Revenues (Expenses):		
Interest income	16,975	19,892
Interest expense	(52,801)	(54,773)
Total Non-Operating Expenses	<u>(35,826)</u>	<u>(34,881)</u>
Income (Loss) Before Transfers	(520,882)	82,772
Transfers Out	<u>(171,000)</u>	<u>(168,000)</u>
Change in Net Assets	(691,882)	(85,228)
Net Assets - Beginning of Year	<u>7,339,008</u>	<u>7,424,236</u>
Net Assets - End of Year	<u>\$ 6,647,126</u>	<u>\$ 7,339,008</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 4,590,029	\$ 4,818,191
Cash payments for goods or services	(3,136,333)	(3,069,376)
Cash payments to employees	(1,328,136)	(1,169,384)
Net Cash Provided by Operating Activities	<u>125,560</u>	<u>579,431</u>
Cash Flows From Non-Capital Financing Activities - Transfers out	<u>(171,000)</u>	<u>(168,000)</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(57,500)	(55,000)
Interest paid on bonds	(52,884)	(54,854)
Acquisition and construction of capital assets	(181,658)	(1,538,622)
Net Cash Used in Capital and Related Financing Activities	<u>(292,042)</u>	<u>(1,648,476)</u>
Cash Flow From Investing Activities:		
Sale of investments	-	368,890
Interest income	16,975	19,892
Net Cash Provided by Investing Activities	<u>16,975</u>	<u>388,782</u>
Net Change in Cash	(320,507)	(848,263)
Cash - Beginning of Year	<u>3,965,320</u>	<u>4,813,583</u>
Cash - End of Year	<u>\$ 3,644,813</u>	<u>\$ 3,965,320</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	\$ (485,056)	\$ 117,653
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	186,016	135,350
Changes in operating assets and liabilities:		
Accounts receivable	(44,612)	56,736
Prepaid expenses	(5,000)	-
Accounts payable	(19,030)	46,462
Accrued liabilities	616,895	20,569
Retainages payable	(157,632)	60,578
Compensated absences	(68,597)	19,919
Other post employment benefit obligations payable	102,576	122,164
Net Cash Provided by Operating Activities	<u>\$ 125,560</u>	<u>\$ 579,431</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 MAY 31, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash:		
Demand deposits	\$ 553,949	\$ 677,076
Petty cash	250	400
	<u>554,199</u>	<u>677,476</u>
Accounts receivable	<u>392,344</u>	<u>213,144</u>
Total Current Assets	<u>946,543</u>	<u>890,620</u>
Capital Assets:		
Land	118,000	118,000
Buildings	2,586,688	2,586,688
Machinery and equipment	210,473	200,475
Infrastructure	<u>244,245</u>	<u>244,245</u>
	3,159,406	3,149,408
Less - Accumulated depreciation	<u>(2,146,548)</u>	<u>(2,006,353)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,012,858</u>	<u>1,143,055</u>
Total Assets	<u>1,959,401</u>	<u>2,033,675</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	22,460	10,843
Accrued liabilities	43,164	40,998
Accrued interest payable	4,811	7,059
Unearned revenues	620,714	615,926
Current maturities of bonds payable	<u>169,380</u>	<u>163,540</u>
Total Current Liabilities	860,529	838,366
Noncurrent Liabilities -		
Bonds payable, less current maturities	<u>175,221</u>	<u>344,601</u>
Total Liabilities	<u>1,035,750</u>	<u>1,182,967</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	668,257	634,914
Unrestricted	<u>255,394</u>	<u>215,794</u>
Total Net Assets	<u>\$ 923,651</u>	<u>\$ 850,708</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS

YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues -		
Charges for services	\$ 1,015,248	\$ 1,048,417
Operating Expenses:		
Taxes on Village property	5,010	4,744
Personal services	407,394	383,315
Contract services	146,081	152,649
Supplies	35,905	39,555
Utilities	50,182	48,283
Employee benefits	38,448	42,202
Insurance	24,934	23,634
Repairs and maintenance	50,397	34,498
Equipment maintenance	10,262	19,685
Depreciation	140,195	144,570
Miscellaneous	30,729	24,902
Total Operating Expenses	<u>939,537</u>	<u>918,037</u>
Income from Operations	<u>75,711</u>	<u>130,380</u>
Non-Operating Revenues (Expenses):		
Interest income	2,066	2,523
Interest expense	<u>(15,559)</u>	<u>(22,222)</u>
Total Non-Operating Expenses	<u>(13,493)</u>	<u>(19,699)</u>
Income Before Transfers	62,218	110,681
Transfers In	<u>10,725</u>	<u>10,725</u>
Change in Net Assets	72,943	121,406
Net Assets - Beginning of Year	<u>850,708</u>	<u>729,302</u>
Net Assets - End of Year	<u>\$ 923,651</u>	<u>\$ 850,708</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 840,836	\$ 916,059
Cash payments for goods or services	(339,717)	(308,586)
Cash payments to employees	(445,842)	(425,517)
	<u>55,277</u>	<u>181,956</u>
Net Cash Provided by Operating Activities		
Cash Flows From Non-Capital Financing Activities -		
Transfers in	<u>10,725</u>	<u>10,725</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(163,540)	(156,239)
Interest paid on indebtedness	(17,807)	(24,305)
Acquisition and construction of capital assets	(9,998)	(29,565)
	<u>(191,345)</u>	<u>(210,109)</u>
Net Cash Used in Capital and Related Financing Activities		
Cash Flow From Investing Activities -		
Interest income	<u>2,066</u>	<u>2,523</u>
Net Change in Cash	(123,277)	(14,905)
Cash - Beginning of Year	<u>677,476</u>	<u>692,381</u>
Cash - End of Year	<u>\$ 554,199</u>	<u>\$ 677,476</u>
Reconciliation of Income from Operations to Net Cash		
Provided by Operating Activities:		
Income from operations	\$ 75,711	\$ 130,380
Adjustments to reconcile income from operations to net		
cash provided by operating activities:		
Depreciation	140,195	144,570
Changes in operating assets and liabilities:		
Accounts receivable	(179,200)	(213,144)
Accounts payable	11,617	9,188
Accrued liabilities	2,166	30,176
Unearned revenues	4,788	80,786
	<u>55,277</u>	<u>181,956</u>
Net Cash Provided by Operating Activities	<u>\$ 55,277</u>	<u>\$ 181,956</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 MAY 31, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash:		
Demand deposits	\$ 323,279	\$ 270,099
Petty cash	100	100
	<u>323,379</u>	<u>270,199</u>
Investments	-	78,351
Due from other governments	108,654	163,198
Prepaid expenses	21,443	19,941
	<u>453,476</u>	<u>531,689</u>
Total Current Assets		
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	(1,316,477)	(1,267,626)
	<u>1,028,036</u>	<u>1,076,887</u>
Total Capital Assets, net of accumulated depreciation		
Total Assets	<u>1,481,512</u>	<u>1,608,576</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	88,474	94,380
Accrued liabilities	54,503	50,835
Accrued interest payable	-	1,340
Current maturities of bonds payable	-	70,000
Current portion of compensated absences	19,000	19,000
	<u>161,977</u>	<u>235,555</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Compensated absences, less current portion	175,427	173,816
Other post employment benefit obligations payable	597,307	449,391
	<u>772,734</u>	<u>623,207</u>
Total Noncurrent Liabilities		
Total Liabilities	<u>934,711</u>	<u>858,762</u>
<u>NET ASSETS (DEFICIT)</u>		
Invested in Capital Assets, net of related debt	1,028,036	1,006,887
Unrestricted	(481,235)	(257,073)
	<u>\$ 546,801</u>	<u>\$ 749,814</u>
Total Net Assets		

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues -		
Charges for services	\$ 2,894,857	\$ 2,945,777
Operating Expenses:		
Personal services	978,641	971,764
Contractual services	1,400,195	1,431,961
Employee benefits	522,976	465,108
Other post employment benefit obligations	147,916	156,850
Depreciation	48,851	48,851
Total Operating Expenses	<u>3,098,579</u>	<u>3,074,534</u>
Loss from Operations	<u>(203,722)</u>	<u>(128,757)</u>
Non-Operating Revenues (Expenses):		
Interest income	1,268	1,205
Interest expense	<u>(559)</u>	<u>(4,277)</u>
Total Non-Operating Revenues (Expenses)	<u>709</u>	<u>(3,072)</u>
Change in Net Assets	(203,013)	(131,829)
Net Assets - Beginning of Year	<u>749,814</u>	<u>881,643</u>
Net Assets - End of Year	<u>\$ 546,801</u>	<u>\$ 749,814</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 2,949,401	\$ 2,957,846
Cash payments for goods or services	(1,403,935)	(1,399,146)
Cash payments to employees	(1,500,006)	(1,423,763)
Net Cash Provided by Operating Activities	<u>45,460</u>	<u>134,937</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(70,000)	(62,000)
Interest paid on indebtedness	(1,899)	(5,425)
Net Cash Used in Capital and Related Financing Activities	<u>(71,899)</u>	<u>(67,425)</u>
Cash Flow From Investing Activities:		
Purchase of investments	-	(119)
Sale of investments	78,351	-
Interest income	1,268	1,205
Net Cash Provided by Investing Activities	<u>79,619</u>	<u>1,086</u>
Net Change in Cash	53,180	68,598
Cash - Beginning of Year	<u>270,199</u>	<u>201,601</u>
Cash - End of Year	<u>\$ 323,379</u>	<u>\$ 270,199</u>
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:		
Loss from operations	\$ (203,722)	\$ (128,757)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	48,851	48,851
Changes in operating assets and liabilities:		
Due from other governments	54,544	12,069
Prepaid expenses	(1,502)	(201)
Accounts payable	(5,906)	12,497
Accrued liabilities	3,668	20,519
Compensated absences	1,611	13,109
Other post employment benefit obligations payable	147,916	156,850
Net Cash Provided by Operating Activities	<u>\$ 45,460</u>	<u>\$ 134,937</u>

**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 ("Village") as of and for the year ended May 31, 2012 which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 7, 2012. 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

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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'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'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 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, LLP

O'Connor Davies, LLP
Harrison, New York
September 7, 2012

**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**

INDEPENDENT AUDITORS' REPORT

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 ("Village") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2012. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village'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'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's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2012.

Internal Control Over Compliance

Management of the Village 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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 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 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.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 7, 2012

VILLAGE OF SCARSDALE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED MAY 31, 2012

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Justice</u>				
Indirect Program - Passed through Westchester County -				
Public Safety Partnership and Community Policing Grants	16.710	16,690		\$ 16,690
<u>U.S Department of Homeland Security</u>				
Indirect Program - Passed through New York State Office of Emergency Management -				
Disaster Grants - FEMA -Public Assistance	97.036	165,575		165,575
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed through New York State Department of Transportation -				
Highway Planning & Construction (Popham Bridge Construction)	20.205		5,479,934	5,479,934
Total		\$ 182,265	\$ 5,479,934	\$ 5,662,199

- (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, 2012. 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.

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MAY 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unqualified

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

yes no

Identification of major 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED MAY 31, 2012

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

