

VILLAGE OF SCARSDALE, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MAY 31, 2011
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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of May 31, 2011 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 August 15, 2011 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.

Accounting principles generally accepted in the United States of America require that the 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 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 Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
August 15, 2011

Village of Scarsdale, New York
Management Discussion and Analysis (MD&A)
May 31, 2011

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, 2011. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010-2011 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 \$41,758,476 (Governmental Activities \$33,568,760 and Business-type Activities \$8,189,716). Of this amount, the unrestricted portion is \$2,402,776 (Governmental Activities (\$906,218) and Business-type Activities \$3,308,994). The Village's total net assets increased by the net of \$1,746,851 (Governmental Activities were up \$1,710,673 and Business-type Activities increased net assets \$36,178) for the year ended May 31, 2011. The increase in net assets was primarily due to the construction on both the Ardsley Road Pump Station 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, 2011, the Village's OPEB obligations of \$8,557,623 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 2010-2011 fiscal year, excluding the Capital Projects Fund, all of the Village's governmental funds reported combined unreserved ending fund balances of \$10,297,548, of which \$6,912,448 is undesignated and available for spending at the Village's discretion.
- At the end of the 2010-2011 fiscal year, the unreserved fund balance for the General Fund is \$9,393,664, or 21.60% of total General Fund expenditures and other financing uses. The General Fund unreserved and undesignated fund balance of \$6,103,664 is 14.0% of total General Fund expenditures and other financing uses.
- The Villages most recent Moody's Aaa bond rating reflects its strong and well managed financial position.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$41,758,476 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,					
	2011			2010		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Current Assets	\$ 24,290,892	\$ 5,072,946	\$ 29,363,838	\$ 29,073,954	\$ 6,148,596	\$ 35,222,550
Capital Assets, Net	45,868,086	6,758,863	52,626,949	37,468,484	5,470,596	42,939,080
Total Assets	70,158,978	11,831,809	81,990,787	66,542,438	11,619,192	78,161,630
Current Liabilities	7,645,122	1,164,539	8,809,661	8,143,236	918,944	9,062,180
Long-Term Liabilities	28,945,096	2,477,554	31,422,650	26,539,115	2,546,710	29,085,825
Total Liabilities	36,590,218	3,642,093	40,232,311	34,682,351	3,465,654	38,148,005
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	31,108,741	4,880,722	35,989,463	27,827,649	3,381,216	31,208,865
Restricted	3,366,237	-	3,366,237	1,964,259	-	1,964,259
Unrestricted	(906,218)	3,308,994	2,402,776	2,066,179	4,772,322	6,838,501
Total Net Assets	\$ 33,568,760	\$ 8,189,716	\$ 41,758,476	\$ 31,858,087	\$ 8,153,538	\$ 40,011,625

A portion of the Village's net assets \$3,366,237 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is (\$906,218).

Change in Net Assets

	Fiscal Year Ended May 31,					
	2011			2010		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Program Revenues:						
Charges for Services	\$ 7,742,380	\$ 5,809,872	\$ 13,552,252	\$ 6,875,418	\$ 4,432,012	\$ 11,307,430
Operating Grants and Contributions	262,112	-	262,112	270,504	-	270,504
Capital Grants and Contributions	4,830,250	-	4,830,250	1,516,987	-	1,516,987
General Revenues:						
Real Property Taxes	30,866,126	-	30,866,126	29,509,085	-	29,509,085
Other Tax Items	649,874	-	649,874	508,478	-	508,478
Tax Distrib - County	2,324,875	-	2,324,875	2,096,123	-	2,096,123
Non Property Items	774,790	-	774,790	726,106	-	726,106
Unrestricted Use of Money and Property	126,509	22,415	148,924	278,704	32,828	311,532
Sale of Property and Compensation for Loss	-	-	-	185,338	-	185,338
State Aid	1,495,048	-	1,495,048	1,291,084	-	1,291,084
Miscellaneous	46,622	-	46,622	326,000	-	326,000
Transfers	157,275	(157,275)	-	149,275	(149,275)	-
Total Revenues	49,275,861	5,675,012	54,950,873	43,733,102	4,315,565	48,048,667
Program Expenses:						
General Government Support	10,272,100	-	10,272,100	9,937,245	-	9,937,245
Public Safety	17,566,642	-	17,566,642	18,096,086	-	18,096,086
Culture and Recreation	7,227,041	940,259	8,167,300	6,643,274	953,234	7,596,508
Home and Community Service	11,928,932	4,698,575	16,627,507	10,516,812	3,208,442	13,725,254
Interest	570,473	-	570,473	603,495	-	603,495
Total Expenses	47,565,188	5,638,834	53,204,022	45,796,912	4,161,676	49,958,588
Change in Net Assets	1,710,673	36,178	1,746,851	(2,063,810)	153,889	(1,909,921)
Net Assets - Beginning	31,858,087	8,153,538	40,011,625	33,921,897	7,999,649	41,921,546
Net Assets - Ending	\$ 33,568,760	\$ 8,189,716	\$ 41,758,476	\$ 31,858,087	\$ 8,153,538	\$ 40,011,625

Governmental Activities

Governmental activities increased the Village's net assets by \$1,710,673 while Business Activities increased net assets by \$36,178. The increase in net assets from governmental activities largely reflects increases in charges from 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, 2011, revenues from governmental activities totaled \$49,275,861. Tax revenues (\$30,866,126), which are comprised of real property taxes and other tax items and non-property taxes, represent the largest revenue source (63% which is down from 2010's figure of 67%).

The largest components of governmental activities' expenses are public safety (37%), home and community services (25%) and general government support (22%).

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 at a favorable rate to partially fund the project. Construction is approximately 99% complete with a projected completion date of August 2011. The refurbished building will improve the Village's ability to respond to Public Safety concerns.

Popham Road Bridge Construction

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

Business-Type Activities

Business-type activities increased the Village's net assets by \$36,178. Revenues from business-type activities were \$5,675,012. Offsetting these revenues were expenses of \$5,638,834 for all operations. Construction on the upgrade of the Ardsley Road Pump Station began during 2007-2008. The work was delayed as the Village dealt with hazardous material disposal and the bankruptcy of one of the contractors. This project largely accounted for the increase in Business-type net assets in previous years and is almost complete.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$15,853,252, a net decrease of \$4,392,628 from the prior year. Approximately 62% (\$9,879,710) of the total ending fund balance constitutes unreserved fund balance. Of the unreserved fund balance \$1,168,100 has been designated for subsequent year's expenditures. Of this amount \$1,073,000 represents the amount estimated for use in the 2011-2012 General Fund budget and \$95,100 represents the amount estimated for use in the 2011-2012 Library Fund budget. Additionally, \$2,217,000 has been designated for capital projects and other legal obligations in the General Fund budget, including \$100,000 designated for other post employment benefit obligation. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$463,641), to liquidate contracts and purchase orders of the prior period (\$3,342,590), dedicated to pay for debt service (\$138,948), dedicated under terms of a trust agreement (\$1,047,702) and is restricted for a long term receivable (\$980,641).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$9,393,664, representing 91% of the total General Fund Balance of \$10,291,594. Two useful measures of liquidity are the percentage of unreserved and undesignated fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 14.0% unreserved and undesignated fund balance to total expenditures, while total unreserved fund balance represents 21.6% of that same amount.

The final General Fund budget anticipated the use of \$2,198,754 of fund balance. However, actual results of operations showed the addition of \$1,067,432 to fund balance. Revenues and other financing sources were \$44,551,616, which was \$1,111,040 greater than the final budget. While the state aid revenue from mortgage tax and interest income remained at low levels, the major areas where revenues exceeded the budget were in licenses and permits, federal aid, departmental income and non-property taxes. These items contributed to the final revenue increase of \$1,111,040 over budget.

Expenditures and other financing uses were \$43,484,184, which was less than the final budget by \$2,155,146. 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: \$460,442, \$406,125, \$133,116, \$752,361 and \$392,400.

Proprietary Funds

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

Total net assets of Water District No. 1 at year end were \$7,339,008. Net assets invested in capital assets, net of related debt, were \$4,245,808. The settlement of the Water Rates case which originated in 1993 cleared the path to upgrading the Ardsley Road pump station. The construction began during 2007-2008 and continued during 2010-2011 with an emphasis on the removal of PCB's and other pollutants which were discovered on site during the early phases of construction. In addition, the bankruptcy of one of the contractors further delayed the project. The Village will complete construction and testing early in 2011-2012. The extreme temperatures during the summer of 2010 resulted in a 16% increase in pumpage. Along with the increase of 25% from New York City in the water entitlement rates and the 13% increase in the excess water rates, purchase of water increased from \$1,072,363 in 2009-2010 to \$2,232,740 in 2010-2011. The heat and rate increases were the largest factors in the increase in revenues from \$3,480,441 to \$4,761,455. It should be noted that the 2009-2010 summer was both cool and wet, thus impacting the lower pumpage for that period. The Water Superintendent noted that total gallons pumped for the 2009-2010 fiscal year showed a drop of 15.2% from the prior year. Total net assets of the Pool fund at year-end were \$850,708. Net assets, invested in capital assets, net of related debt were \$634,914.

General Fund Budgetary Highlights

Although the final budget for General Fund estimated revenues remained unchanged at \$43,440,574, the shortfall of \$211,717 reflected the fact that the economic conditions reduced revenue from both mortgage aid from New York State and interest income. These major shortfalls were offset to some degree by increases in Licenses and Permits (\$365,536), Non-Property Taxes (\$349,665), federal and state aid from FEMA and SEMO for the March 13 storm event (\$43,342) and Departmental Income (\$131,400).

The final appropriations budget for the General Fund was \$41,059,824 which was down \$2,611 from the original budget. The appropriations budget for General Government Support was \$7,930,600, Public Safety was \$11,553,496, Home and Community Services was \$7,445,566, Culture and Recreation was \$2,592,226 and the combined budgets for Employee Benefits and Debt Service was \$11,537,936.

Capital Assets

The Village's investment in capital assets for governmental and business-type activities at May 31, 2011, net of \$59,190,513 of accumulated depreciation, was \$52,626,949. This is up \$9,689,869 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	2011			2010		
	Governmental	Business -	Total	Governmental	Business -	Total
	Activities	Type Activities		Activities	Type Activities	
Land	\$ 3,860,985	\$ 149,789	\$ 4,010,774	\$ 3,860,985	\$ 149,789	\$ 4,010,774
Buildings and Improvements	11,447,716	4,599,673	16,047,389	11,379,797	4,570,108	15,949,905
Land Improvements	3,560,155	-	3,560,155	3,560,155	-	3,560,155
Infrastructure	47,874,103	1,845,331	49,719,434	46,947,213	1,845,331	48,792,544
Machinery and Equipment	15,569,176	1,411,939	16,981,115	15,304,013	1,255,447	16,559,460
Construction-in-progress	17,082,019	4,416,576	21,498,595	7,385,208	3,034,446	10,419,654
Less-accumulated depreciation	<u>(53,526,068)</u>	<u>(5,664,445)</u>	<u>(59,190,513)</u>	<u>(50,970,887)</u>	<u>(5,384,525)</u>	<u>(56,355,412)</u>
Total (net of depreciation)	<u>\$ 45,868,086</u>	<u>\$ 6,758,863</u>	<u>\$ 52,626,949</u>	<u>\$ 37,466,484</u>	<u>\$ 5,470,596</u>	<u>\$ 42,937,080</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 \$18,010,000. 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 \$18,010,000 bonded debt outstanding at fiscal year end, \$508,141 represented debt of the Pool Fund and \$1,370,000 represented debt of the Water Fund.

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

Requests for Information

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS
MAY 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 15,719,137	\$ 4,642,796	\$ 20,361,933
Investments	1,133,264	-	1,133,264
Receivables:			
Taxes	2,884,604	-	2,884,604
Accounts	124,376	416,045	540,421
Special assessments	414,217	-	414,217
State and Federal aid	3,273,400	-	3,273,400
Due from other governments	258,312	-	258,312
Prepaid expenses	483,582	14,105	497,687
Capital assets (net of accumulated depreciation):			
Land	3,860,985	149,789	4,010,774
Land improvements	2,629,333	-	2,629,333
Buildings and improvements	6,405,613	1,539,530	7,945,143
Machinery and equipment	3,781,803	257,874	4,039,677
Infrastructure	12,108,333	395,094	12,503,427
Construction-in-progress	17,082,019	4,416,576	21,498,595
Total Assets	70,158,978	11,831,809	81,990,787
LIABILITIES			
Accounts payable	2,652,816	63,837	2,716,653
Accrued liabilities	907,191	308,156	1,215,347
Retainages payable	577,691	167,316	745,007
Accrued interest payable	211,492	9,304	220,796
Due to other governments	1,579,945	-	1,579,945
Due to retirement systems	557,770	-	557,770
Unearned revenues	1,158,217	615,926	1,774,143
Non-current liabilities:			
Due within one year:			
Bonds payable	1,463,960	221,040	1,685,000
Compensated absences	459,000	26,000	485,000
Due in more than one year:			
Bonds payable	14,667,899	1,657,101	16,325,000
Compensated absences	4,133,327	236,700	4,370,027
Other post employment benefit obligations payable	8,220,910	336,713	8,557,623
Total Liabilities	36,590,218	3,642,093	40,232,311
NET ASSETS			
Invested in capital assets, net of related debt	31,108,741	4,880,722	35,989,463
Restricted for:			
Town	1,534,128	-	1,534,128
Capital projects	1,218,059	-	1,218,059
Debt service	138,948	-	138,948
Special purpose	475,102	-	475,102
Unrestricted	(906,218)	3,308,994	2,402,776
Total Net Assets	\$ 33,568,760	\$ 8,189,716	\$ 41,758,476

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 10,272,100	\$ 2,903,719	\$ 40,793	\$ 507,368
Public safety	17,566,642	1,245,290	-	34,960
Culture and recreation	7,227,041	1,735,429	170,753	-
Home and community services	11,928,932	1,857,942	50,566	4,287,307
Interest	570,473	-	-	615
Total Governmental Activities	47,565,188	7,742,380	262,112	4,830,250
Business-type activities:				
Water	4,698,575	4,761,455	-	-
Pool	940,259	1,048,417	-	-
Total Business-Type Activities	5,638,834	5,809,872	-	-
Total	\$ 53,204,022	\$ 13,552,252	\$ 262,112	\$ 4,830,250

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
 Unrestricted State aid
 Miscellaneous
 Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (6,820,220)	\$ -	\$ (6,820,220)
(16,286,392)	-	(16,286,392)
(5,320,859)	-	(5,320,859)
(5,733,117)	-	(5,733,117)
(569,858)	-	(569,858)
<u>(34,730,446)</u>	<u>-</u>	<u>(34,730,446)</u>
-	62,880	62,880
-	108,158	108,158
-	171,038	171,038
<u>(34,730,446)</u>	<u>171,038</u>	<u>(34,559,408)</u>
30,866,126	-	30,866,126
2,811	-	2,811
647,063	-	647,063
2,324,875	-	2,324,875
422,481	-	422,481
352,309	-	352,309
126,509	22,415	148,924
1,495,048	-	1,495,048
46,622	-	46,622
157,275	(157,275)	-
<u>36,441,119</u>	<u>(134,860)</u>	<u>36,306,259</u>
1,710,673	36,178	1,746,851
<u>31,858,087</u>	<u>8,153,538</u>	<u>40,011,625</u>
<u>\$ 33,568,760</u>	<u>\$ 8,189,716</u>	<u>\$ 41,758,476</u>

VILLAGE OF SCARSDALE, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2011

	General	Town	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS					
Cash and Equivalents	\$ 12,105,382	\$ 534,822	\$ 1,860,113	\$ 948,621	\$ 15,448,938
Investments	251,756	46,449	-	756,708	1,054,913
Taxes Receivable	351,802	2,532,802	-	-	2,884,604
Other Receivables:					
Accounts	35,161	-	89,215	-	124,376
Special assessments	414,217	-	-	-	414,217
State and Federal aid	522,248	-	2,751,152	-	3,273,400
Due from other governments	95,114	-	-	-	95,114
	<u>1,066,740</u>	<u>-</u>	<u>2,840,367</u>	<u>-</u>	<u>3,907,107</u>
Prepaid Expenditures	428,375	-	-	35,266	463,641
Total Assets	<u>\$ 14,204,055</u>	<u>\$ 3,114,073</u>	<u>\$ 4,700,480</u>	<u>\$ 1,740,595</u>	<u>\$ 23,759,203</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,095,189	\$ -	\$ 1,250,534	\$ 212,713	\$ 2,558,436
Accrued liabilities	718,213	-	47,218	90,925	856,356
Retainages payable	-	-	577,691	-	577,691
Due to other governments	-	1,579,945	-	-	1,579,945
Due to retirement systems	557,770	-	-	-	557,770
Deferred revenues - Taxes	351,802	-	-	-	351,802
Deferred revenues - Other	1,189,487	-	234,464	-	1,423,951
Total Liabilities:	<u>3,912,461</u>	<u>1,579,945</u>	<u>2,109,907</u>	<u>303,638</u>	<u>7,905,951</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	330,607	-	3,008,411	3,572	3,342,590
Prepaid expenditures	428,375	-	-	35,266	463,641
Trusts	-	-	-	1,047,702	1,047,702
Debt service	138,948	-	-	-	138,948
Long term receivable	-	980,661	-	-	980,661
Unreserved, reported in					
General Fund	9,393,664	-	-	-	9,393,664
Town Fund	-	553,467	-	-	553,467
Capital Projects Fund	-	-	(417,838)	-	(417,838)
Library Fund	-	-	-	350,417	350,417
Total Fund Balances	<u>10,291,594</u>	<u>1,534,128</u>	<u>2,590,573</u>	<u>1,436,957</u>	<u>15,853,252</u>
Total Liabilities and Fund Balance:	<u>\$ 14,204,055</u>	<u>\$ 3,114,073</u>	<u>\$ 4,700,480</u>	<u>\$ 1,740,595</u>	<u>\$ 23,759,203</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, 2011

Fund Balances - Total Governmental Funds	\$ 15,853,252
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.	44,791,199
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.	749,814
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Real property taxes	351,802
Special assessments	265,734
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Bonds payable	(16,061,859)
Compensated absences	(4,399,511)
Accrued interest payable	(210,152)
Other post employment benefit obligations payable	<u>(7,771,519)</u>
Net Assets of Governmental Activities	<u><u>\$ 33,568,760</u></u>

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

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2011

	General	Town	Capital Projects
REVENUES			
Real property taxes	\$ 30,827,797	\$ -	\$ -
Other tax items	215,763	570,248	-
Non-property taxes	3,099,665	-	-
Departmental income	3,613,153	3,967	-
Intergovernmental revenues	127,071	-	-
Use of money and property	781,766	39,588	28,355
Interfund revenues	454,772	-	-
Licenses and permits	1,587,336	-	-
Fines and forfeitures	904,963	-	-
Sale of property and compensation for loss	109,486	-	-
State aid	817,334	689,432	436,143
Federal aid	43,342	-	3,683,557
Miscellaneous	601,409	10,338	681,580
	<u>43,183,857</u>	<u>1,313,573</u>	<u>4,829,635</u>
Total Revenues			
EXPENDITURES			
Current:			
General government support	7,470,160	-	-
Public safety	11,147,371	-	-
Culture and recreation	2,459,110	-	-
Home and community services	6,693,205	-	-
Employee benefits	9,576,370	-	-
Capital outlay	-	-	12,033,221
Debt service:			
Principal	811,761	-	-
Interest	746,703	-	-
	<u>38,904,680</u>	<u>-</u>	<u>12,033,221</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>4,279,177</u>	<u>1,313,573</u>	<u>(7,203,586)</u>
OTHER FINANCING SOURCES (USES)			
Worker's compensation insurance recoveries	81,507	-	-
Sale of real property	16,800	-	-
Transfers in	1,269,452	-	1,560,094
Transfers out	(4,579,504)	(1,338,795)	-
	<u>(3,211,745)</u>	<u>(1,338,795)</u>	<u>1,560,094</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	1,067,432	(25,222)	(5,643,492)
Fund Balances - Beginning of Year	<u>9,224,162</u>	<u>1,559,350</u>	<u>8,234,065</u>
Fund Balances - End of Year	<u>\$ 10,291,594</u>	<u>\$ 1,534,128</u>	<u>\$ 2,590,573</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 30,827,797
-	786,011
-	3,099,665
59,744	3,676,864
-	127,071
11,643	861,352
-	454,772
-	1,587,336
-	904,963
-	109,486
18,552	1,961,461
-	3,726,899
154,650	1,447,977
244,589	49,571,654
-	7,470,160
10,000	11,157,371
2,491,156	4,950,266
-	6,693,205
711,464	10,287,834
-	12,033,221
-	811,761
-	746,703
3,212,620	54,150,521
(2,968,031)	(4,578,867)
-	81,507
-	16,800
3,190,787	6,020,333
(14,102)	(5,932,401)
3,176,685	186,239
208,654	(4,392,628)
1,228,303	20,245,880
\$ 1,436,957	\$ 15,853,252

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, 2011

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (4,392,628)</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	11,384,670
Depreciation expense	<u>(2,934,217)</u>
	<u>8,450,453</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	(136,137)
Real property taxes	<u>38,329</u>
	<u>(97,808)</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>	
Principal paid on bonds	<u>811,761</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	180,507
Compensated absences	(207,389)
Other post employment benefit obligations	<u>(2,902,394)</u>
	<u>(2,929,276)</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>(131,829)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,710,673</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, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 30,830,501	\$ 30,830,501	\$ 30,827,797	\$ (2,704)
Other tax items	608,948	608,948	215,763	(393,185)
Non-property taxes	2,750,000	2,750,000	3,099,665	349,665
Departmental income	3,481,753	3,481,753	3,613,153	131,400
Intergovernmental charges	80,000	80,000	127,071	47,071
Use of money and property	1,023,000	1,023,000	781,766	(241,234)
Interfund charges	454,772	454,772	454,772	-
Licenses and permits	1,221,800	1,221,800	1,587,336	365,536
Fines and forfeitures	832,000	832,000	904,963	72,963
Sale of property and compensation for loss	52,500	52,500	109,486	56,986
State aid	1,592,500	1,592,500	817,334	(775,166)
Federal aid	-	-	43,342	43,342
Miscellaneous	467,800	467,800	601,409	133,609
Total Revenues	43,395,574	43,395,574	43,183,857	(211,717)
EXPENDITURES				
Current:				
General government support	7,974,006	7,930,600	7,470,160	460,440
Public safety	11,529,904	11,553,496	11,147,371	406,125
Culture and recreation	2,587,404	2,592,226	2,459,110	133,116
Home and community services	7,433,185	7,445,566	6,693,205	752,361
Employee benefits	9,968,770	9,968,770	9,576,370	392,400
Capital outlay	-	-	-	-
Debt service:				
Principal	809,261	811,761	811,761	-
Interest	759,905	757,405	746,703	10,702
Total Expenditures	41,062,435	41,059,824	38,904,680	2,155,144
Excess (Deficiency) of Revenues Over Expenditures	2,333,139	2,335,750	4,279,177	1,943,427
OTHER FINANCING SOURCES (USES)				
Worker's compensation insurance recoveries	45,000	45,000	81,507	36,507
Sale of real property	-	-	16,800	16,800
Bonds issued	-	-	-	-
Transfers in	-	-	1,269,452	1,269,452
Transfers out	(3,450,695)	(4,579,504)	(4,579,504)	-
Total Other Financing Sources (Uses)	(3,405,695)	(4,534,504)	(3,211,745)	1,322,759
Net Change in Fund Balances	(1,072,556)	(2,198,754)	1,067,432	3,266,186
Fund Balances - Beginning of Year	1,072,556	2,198,754	9,224,162	7,025,408
Fund Balances - End of Year	\$ -	\$ -	\$ 10,291,594	\$ 10,291,594

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
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
2,562,000	2,608,203	681,580	(1,926,623)
<u>3,314,961</u>	<u>3,361,164</u>	<u>4,829,635</u>	<u>1,468,471</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13,194,554	36,026,587	12,033,221	23,993,366
-	-	-	-
-	-	-	-
<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)
563,000	1,691,809	1,560,094	(131,715)
-	-	-	-
<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

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 MAY 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
<u>ASSETS</u>				
Current Assets:				
Cash and equivalents	\$ 3,965,320	\$ 677,476	\$ 4,642,796	\$ 270,199
Investments	-	-	-	78,351
Accounts receivable	202,901	213,144	416,045	-
Due from other governments	-	-	-	163,198
Prepaid expenses	14,105	-	14,105	19,941
Total Current Assets	4,182,326	890,620	5,072,946	531,689
Capital Assets:				
Land	31,789	118,000	149,789	-
Buildings	2,012,985	2,586,688	4,599,673	2,114,268
Machinery and equipment	1,211,464	200,475	1,411,939	230,245
Infrastructure	1,601,086	244,245	1,845,331	-
Construction-in-progress	4,416,576	-	4,416,576	-
	9,273,900	3,149,408	12,423,308	2,344,513
Less - Accumulated depreciation	(3,658,092)	(2,006,353)	(5,664,445)	(1,267,626)
Total Capital Assets, net of accumulated depreciation	5,615,808	1,143,055	6,758,863	1,076,887
Total Assets	9,798,134	2,033,675	11,831,809	1,608,576
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	52,994	10,843	63,837	94,380
Accrued liabilities	267,158	40,998	308,156	50,835
Accrued interest payable	2,245	7,059	9,304	1,340
Retainages payable	167,316	-	167,316	-
Unearned revenues	-	615,926	615,926	-
Current maturities of bonds payable	57,500	163,540	221,040	70,000
Current portion of compensated absences	26,000	-	26,000	19,000
Total Current Liabilities	573,213	838,366	1,411,579	235,555
Noncurrent Liabilities:				
Bonds payable, less current maturities	1,312,500	344,601	1,657,101	-
Compensated absences, less current portion	236,700	-	236,700	173,816
Other post employment benefit obligations payable	336,713	-	336,713	449,391
	1,885,913	344,601	2,230,514	623,207
Total Liabilities	2,459,126	1,182,967	3,642,093	858,762
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	4,245,808	634,914	4,880,722	1,006,887
Unrestricted	3,093,200	215,794	3,308,994	(257,073)
Total Net Assets	\$ 7,339,008	\$ 850,708	\$ 8,189,716	\$ 749,814

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, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
Operating Revenues - Charges for services	\$ 4,761,455	\$ 1,048,417	\$ 5,809,872	\$ 2,945,777
Operating Expenses:				
Taxes on Village property	53,546	4,744	58,290	-
Personal services	797,528	383,315	1,180,843	971,764
Contractual services	324,729	124,945	449,674	1,431,961
Supplies	158,879	39,555	198,434	-
Utilities	125,242	48,283	173,525	-
Employee benefits	391,775	42,202	433,977	465,108
Other post employment benefit obligations	122,164	-	122,164	156,850
Insurance	60,500	23,634	84,134	-
Repairs and maintenance	82,612	34,498	117,110	-
Equipment maintenance	30,897	19,685	50,582	-
Depreciation	135,350	144,570	279,920	48,851
Purchase of water	2,232,740	-	2,232,740	-
Property services	99,680	-	99,680	-
Miscellaneous	28,160	52,606	80,766	-
Total Operating Expenses	4,643,802	918,037	5,561,839	3,074,534
Income (Loss) from Operations	117,653	130,380	248,033	(128,757)
Non-Operating Revenues (Expenses):				
Interest income	19,892	2,523	22,415	1,205
Interest expense	(54,773)	(22,222)	(76,995)	(4,277)
Total Non-Operating Expenses	(34,881)	(19,699)	(54,580)	(3,072)
Income (Loss) Before Transfers	82,772	110,681	193,453	(131,829)
Transfers:				
Transfer in	-	10,725	10,725	-
Transfer out	(168,000)	-	(168,000)	-
Total Transfers	(168,000)	10,725	(157,275)	-
Change in Net Assets	(85,228)	121,406	36,178	(131,829)
Net Assets - Beginning of Year	7,424,236	729,302	8,153,538	881,643
Net Assets - End of Year	\$ 7,339,008	\$ 850,708	\$ 8,189,716	\$ 749,814

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, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water	Pool	Totals	Activities - Internal Service Fund
Cash Flows From Operating Activities:				
Cash received from charges for services	\$ 4,818,191	\$ 916,059	\$ 5,734,250	\$ 2,957,846
Cash payments for goods or services	(3,069,376)	(308,586)	(3,377,962)	(1,399,146)
Cash payments to employees	(1,169,384)	(425,517)	(1,594,901)	(1,423,763)
Net Cash Provided by Operating Activities	579,431	181,956	761,387	134,937
Cash Flows From Non-Capital Financing Activities:				
Transfers in	-	10,725	10,725	-
Transfers out	(168,000)	-	(168,000)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	(168,000)	10,725	(157,275)	-
Cash Flows From Capital and Related Financing Activities:				
Principal paid on bonds	(55,000)	(156,239)	(211,239)	(62,000)
Interest paid on indebtedness	(54,854)	(24,305)	(79,159)	(5,425)
Acquisition and construction of capital assets	(1,538,622)	(29,565)	(1,568,187)	-
Net Cash Used in Capital and Related Financing Activities	(1,648,476)	(210,109)	(1,858,585)	(67,425)
Cash Flow From Investing Activities:				
Sale of investments	368,890	-	368,890	-
Purchase of investments	-	-	-	(119)
Interest income	19,892	2,523	22,415	1,205
Net Cash Provided by Investing Activities	388,782	2,523	391,305	1,086
Net Increase (Decrease) in Cash and Equivalents	(848,263)	(14,905)	(863,168)	68,598
Cash and Equivalents - Beginning of Year	4,813,583	692,381	5,505,964	201,601
Cash and Equivalents - End of Year	\$ 3,965,320	\$ 677,476	\$ 4,642,796	\$ 270,199
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:				
Income (loss) from operations	\$ 117,653	\$ 130,380	\$ 248,033	\$ (128,757)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation	135,350	144,570	279,920	48,851
Changes in operating assets and liabilities:				
Accounts receivable	56,736	(213,144)	(156,408)	-
Due from other governments	-	-	-	12,069
Prepaid expenses	-	-	-	(201)
Accounts payable	46,462	9,188	55,650	12,497
Accrued liabilities	20,569	30,176	50,745	20,519
Retainages payable	60,578	-	60,578	-
Unearned revenues	-	80,786	80,786	-
Compensated absences	19,919	-	19,919	13,109
Other post employment benefit obligations payable	122,164	-	122,164	156,850
Net Cash Provided by Operating Activities	\$ 579,431	\$ 181,956	\$ 761,387	\$ 134,937

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, 2011

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	\$ 4,337,468
Investments	160,821
Accounts Receivable	<u>20,376</u>
Total Assets	<u>\$ 4,518,665</u>
LIABILITIES	
Accounts Payable	\$ 109,505
Deposits	4,408,595
Other	<u>565</u>
Total Liabilities	<u>\$ 4,518,665</u>

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

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 in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Town Fund - The Town Fund is used to record the collection and remittance of taxes for the Scarsdale School District and the County of Westchester and for certain revenues statutorily required to be recorded in the Town Fund. Information for the Town Fund is as of and for the year ended December 31, 2010.

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

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

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

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

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

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

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Water and Pool Funds are recorded as enterprise funds. The Village has established its Central Garage Fund as an internal service fund. The Village applies all applicable Financial Accounting Standards Board ("FASB") guidance issued prior to November 30, 1989 in accounting and reporting for its enterprise funds.
- c. Fiduciary Funds (Not Included in Government-Wide Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others.

D. Measurement Focus, Basis of Accounting and Financial Presentation

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

E. Assets, Liabilities and Net Assets or Fund Balances

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2011.

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 a reservation of fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$351,802 for uncollected Village tax liens, \$89,903 for prepaid rent, \$824,314 for advance collections of tennis and day camp fees and \$275,270 for uncollected special assessments in the General Fund. Deferred revenues of \$234,464 in the Capital Projects Fund represent restricted contributions made in advance. The Village has also recorded \$615,926 for the advance collection of pool permits in the Pool Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through 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, debt service and special purpose funds. The balance is classified as unrestricted.

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, trusts, debt service and long term receivable represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in

Note 1 - Summary of Significant Accounting Policies (Continued)

governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 15, 2011.

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 2011 fiscal year was \$171,035,782 which exceeded the actual levy by \$140,205,281. The Town component is not limited to the maximum amount of real property taxes which may be raised.

C. Fund Deficits

The Central Garage Fund has an unrestricted deficit in the amount of \$257,073. The deficit will be addressed in the subsequent year.

The Capital Projects Fund has an undesignated deficit in the amount of \$717,432. The deficit will be addressed in the subsequent year.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2011 consisted of the following:

	General Fund	Town Fund	Totals
Taxes - Overdue	\$ 338,416	\$ -	\$ 338,416
Tax Liens	13,386	-	13,386
Taxes - School	-	2,219,126	2,219,126
Taxes - County	-	313,676	313,676
	<u>\$ 351,802</u>	<u>\$ 2,532,802</u>	<u>\$ 2,884,604</u>

VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2011

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, 2010	Additions	Deletions	Balance May 31, 2011
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 3,860,985	\$ -	\$ -	\$ 3,860,985
Construction-in-progress	7,385,208	9,767,747	70,936	17,082,019
Total Capital Assets, not being depreciated	<u>\$ 11,246,193</u>	<u>\$ 9,767,747</u>	<u>\$ 70,936</u>	<u>\$ 20,943,004</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 3,560,155	\$ -	\$ -	\$ 3,560,155
Buildings and Improvements	11,379,799	67,917	-	11,447,716
Machinery and Equipment	15,304,013	693,052	427,889	15,569,176
Infrastructure	46,947,213	926,890	-	47,874,103
Total Capital Assets, being depreciated	<u>77,191,180</u>	<u>1,687,859</u>	<u>427,889</u>	<u>78,451,150</u>
Less Accumulated Depreciation for:				
Land Improvements	748,568	182,254	-	930,822
Buildings and Improvements	4,485,022	557,081	-	5,042,103
Machinery and Equipment	11,192,616	1,022,646	427,889	11,787,373
Infrastructure	34,544,683	1,221,087	-	35,765,770
Total Accumulated Depreciation	<u>50,970,889</u>	<u>2,983,068</u>	<u>427,889</u>	<u>53,526,068</u>
Total Capital Assets, being depreciated, net	<u>\$ 26,220,291</u>	<u>\$ (1,295,209)</u>	<u>\$ -</u>	<u>\$ 24,925,082</u>
Governmental Capital Assets, net	<u>\$ 37,466,484</u>	<u>\$ 8,472,538</u>	<u>\$ 70,936</u>	<u>\$ 45,868,086</u>

VILLAGE OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance June 1, 2010	Additions	Deletions	Balance May 31, 2011
Business-Type Activities:				
Capital Assets, not being depreciated				
Land	\$ 149,789	\$ -	\$ -	\$ 149,789
Construction-in-progress	3,034,446	1,432,130	50,000	4,416,576
Total Capital Assets, not being depreciated	<u>\$ 3,184,235</u>	<u>\$ 1,432,130</u>	<u>\$ 50,000</u>	<u>\$ 4,566,365</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 4,570,108	\$ 29,565	\$ -	\$ 4,599,673
Machinery and Equipment	1,255,447	156,492	-	1,411,939
Infrastructure	1,845,331	-	-	1,845,331
Total Capital Assets, being depreciated	<u>7,670,886</u>	<u>186,057</u>	<u>-</u>	<u>7,856,943</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,897,267	162,876	-	3,060,143
Machinery and Equipment	1,065,596	88,469	-	1,154,065
Infrastructure	1,421,662	28,575	-	1,450,237
Total Accumulated Depreciation	<u>5,384,525</u>	<u>279,920</u>	<u>-</u>	<u>5,664,445</u>
Total Capital Assets, being depreciated, net	<u>\$ 2,286,361</u>	<u>\$ (93,863)</u>	<u>\$ -</u>	<u>\$ 2,192,498</u>
Business-Type Capital Assets, net	<u>\$ 5,470,596</u>	<u>\$ 1,338,267</u>	<u>\$ 50,000</u>	<u>\$ 6,758,863</u>

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

Governmental Activities:	
General Government Support	\$ 370,860
Public Safety	349,579
Culture and Recreation	469,736
Home and Community Services	<u>1,792,893</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,983,068</u>
Business-Type Activities:	
Water Fund	\$ 135,350
Pool Fund	<u>144,570</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 279,920</u>

Note 3 - Detailed Notes on All Funds (Continued)

Construction Commitments

The Village has active construction projects as of May 31, 2011. These projects include new construction and renovations. At year end, the Village had \$3,008,411 in construction encumbrances.

C. 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 and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2011 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	15.2 %
	2 75I	13.9
	3 A14	11.2
	4 A15	11.2
	5 A15	9.0
PFRS	2 384D	16.8 %
	2 384E	17.5
	5 384E	16.8

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

	<u>ERS</u>	<u>PFRS</u>
2011	\$ 1,242,695	\$ 1,364,120
2010	912,544	1,537,127
2009	990,658	1,312,520

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

NOTES TO FINANCIAL STATEMENTS (Continued)
 MAY 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

The current PFRS contribution for the Village was charged to the General Fund. The current ERS contributions were distributed as follows: \$855,847 to the General Fund, \$95,742 to the Water Fund, \$189,116 to the Library Fund and \$101,990 to the Central Garage Fund.

D. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2011:

	Balance June 1, 2010	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2011	Due Within One-Year
Governmental Activities:					
Bonds payable	\$ 17,005,620	\$ -	\$ 873,761	\$ 16,131,859	\$ 1,463,960
Compensated absences	4,371,829	657,681	437,183	4,592,327	459,000
Other post employment benefit obligations payable	5,161,666	5,187,824	2,128,580	8,220,910	-
	<u>\$ 26,539,115</u>	<u>\$ 5,845,505</u>	<u>\$ 3,439,524</u>	<u>\$ 28,945,096</u>	<u>\$ 1,922,960</u>
Business-Type Activities:					
Bonds payable	\$ 2,089,380	\$ -	\$ 211,239	\$ 1,878,141	\$ 221,040
Compensated absences	242,781	44,197	24,278	262,700	26,000
Other post employment benefit obligations payable	214,549	122,164	-	336,713	-
Total Long-Term Liabilities	<u>\$ 2,546,710</u>	<u>\$ 166,361</u>	<u>\$ 235,517</u>	<u>\$ 2,477,554</u>	<u>\$ 247,040</u>

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

Bonds Payable

Bonds payable at May 31, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2011
Various Village Purposes	1992	\$ 4,645,000	July, 2012	5.250 %	\$ 175,000
Various Village Purposes	1996	1,370,000	September, 2015	5.20 - 5.300	125,000
Various Village Purposes	1997	1,175,000	January, 2013	4.90 - 5.000	150,000
Various Village Purposes	2001	5,650,000	August, 2013	4.00 - 4.250	1,740,000
Various Village Purposes	2002	1,550,000	July, 2017	3.75 - 4.375	880,000
Various Village Purposes	2004	2,000,000	September, 2027	4.00 - 4.500	1,700,000
Various Village Purposes	2008	3,000,000	November, 2027	3.50 - 4.300	2,740,000
Various Village Purposes	2010	10,500,000	June, 2024	2.50 - 4.000	10,500,000
					<u>\$ 18,010,000</u>

Interest expenditures/expense of \$827,975 were recorded in the fund financial statements, as detailed below. Interest expense of \$570,473 was recorded in the government-wide financial statements for governmental activities.

Fund	Amount
------	--------

Note 3 - Detailed Notes on All Funds (Continued)

Governmental Funds -	
General-Village	\$ 746,703
Proprietary Funds:	
Enterprise – Water Fund	54,773
Enterprise-Pool Fund	22,222
Internal Service-Central Garage Fund	<u>4,277</u>
	<u>\$ 827,975</u>

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2011, including interest payments of \$4,843,035 are as follows:

Year Ending May 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,463,960	\$ 550,389	\$ 221,040	\$ 70,691	\$ 1,685,000	\$ 621,080
2013	1,390,620	499,894	229,380	61,768	1,620,000	561,662
2014	1,329,779	451,568	235,221	42,451	1,565,000	494,019
2015	942,500	414,721	62,500	46,584	1,005,000	461,305
2016	977,500	384,873	67,500	44,267	1,045,000	429,140
2017-2021	4,875,000	1,433,347	380,000	180,986	5,255,000	1,614,333
2022-2026	4,557,500	519,816	467,500	96,778	5,025,000	616,594
2027-2028	595,000	35,576	215,000	9,326	810,000	44,902
	<u>\$ 16,131,859</u>	<u>\$ 4,290,184</u>	<u>\$ 1,878,141</u>	<u>\$ 552,851</u>	<u>\$ 18,010,000</u>	<u>\$ 4,843,035</u>

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

Compensated Absences

Vacation time is generally taken in the year earned, although certain employees may accumulate up to two years of vacation time. Pursuant to the terms of its collective bargaining agreements, clerical, 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.

Note 3 - Detailed Notes on All Funds (Continued)

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 \$76,271 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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

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

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

Year Ended December 31,	Rate
2012	9.00 %
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 27 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 OF SCARSDALE, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)

MAY 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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, 2011 was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Active Employees	243	9	252	
Retired Employees	175	0	175	
	<u>418</u>	<u>9</u>	<u>427</u>	
	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Amortization Component:				
Actuarial Accrued Liability as of June 1, 2010	\$ 66,381,368	\$ 1,185,709	\$ 1,303,998	\$ 68,871,075
Assets at Market Value	-	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 66,381,368</u>	<u>\$ 1,185,709</u>	<u>\$ 1,303,998</u>	<u>\$ 68,871,075</u>
Covered Payroll (active plan members)	<u>\$ 15,249,185</u>	<u>\$ 797,528</u>	<u>\$ 971,764</u>	<u>\$ 17,018,477</u>
UAAL as a Percentage of Covered Payroll	<u>435.31%</u>	<u>148.67%</u>	<u>134.19%</u>	<u>404.68%</u>
Annual Required Contribution	\$ 5,053,359	\$ 123,022	\$ 158,121	\$ 5,334,502
Interest on OPEB obligation	196,369	7,528	11,151	215,048
Adjustment to Annual Required Contribution	<u>(218,754)</u>	<u>(8,386)</u>	<u>(12,422)</u>	<u>(239,562)</u>
Annual OPEB Cost	5,030,974	122,164	156,850	5,309,988
Contributions Made	<u>(2,128,580)</u>	-	-	<u>(2,128,580)</u>
Increase in Net OPEB Cost	2,902,394	122,164	156,850	3,181,408
Net OPEB Cost at May 31, 2010	<u>4,869,125</u>	<u>214,549</u>	<u>292,541</u>	<u>5,376,215</u>
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>

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:

<u>Fiscal Year Ended May 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 5,309,988	40.09 %	\$ 8,557,623
2010	4,826,531	43.47	5,376,215
2009	4,599,310	42.43	2,647,891

E. Revenues and Expenditures

Note 3 - Detailed Notes on All Funds (Continued)

Interfund Transfers

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

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Pool Fund	
General Fund	\$ -	\$ 1,378,809	\$ 3,189,970	\$ 10,725	\$ 4,579,504
Town Fund	1,338,795	-	-	-	1,338,795
Non-Major Governmental Funds	-	13,285	817	-	14,102
Water Fund	-	168,000	-	-	168,000
Reconciling Item: Village/Town (Note 1)	(69,343)	-	-	-	(69,343)
	<u>\$ 1,269,452</u>	<u>\$ 1,560,094</u>	<u>\$ 3,190,787</u>	<u>\$ 10,725</u>	<u>\$ 6,031,058</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, Water and Pool Funds.

F. Net Assets

The components of net assets are detailed below:

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

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

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Special 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.

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

G. Fund Balances

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

Reserved

Encumbrances outstanding have been reserved as it is the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transaction.

The Reserve for Prepaid Expenditures has been established to account for the purchase of day camp supplies made in advance. This reserve indicates that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

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

Unreserved - Designated

Designations of fund balance are not legally required segregations, but represent intended use for a specific purpose. The following reflects Village's designations at May 31, 2011.

Designated for Subsequent Year's Expenditures - At May 31, 2011, the Village Board has designated that \$1,073,000 of the fund balance of the General Fund and \$95,100 of the fund balance of the Library Fund be appropriated for the ensuing year's budget.

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

Designated for Capital Projects - This designation, established by the Village Board, is used to segregate a portion of the fund balance of the General Fund to be utilized for the purpose of funding future Village capital projects.

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains general liability and public entity management liability insurance coverage, with policy limits of \$2 million and \$5 million, respectively. The Village also maintains an umbrella policy which provides coverage up to \$15 million. Worker's compensation is secured with statutory coverages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Village also purchases conventional health insurance from various providers.

C. Contingencies

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

D. Subsequent Event

Westchester County ("County") has an ongoing capital project to replace two bridges, located in Scarsdale, at Crane Road and the Metro-North Railroad. Pursuant to this project, the County, in accordance with New York State Eminent Domain Procedures Law ("EDPL") made an offer in the amount of \$903,000 to the Village for certain parcels of land. The Village received the funds on September 7th as payment in full for the designated land parcels. Pursuant to EDPL, the Village has 90 days to either accept the offer in full, or accept said offer as an advance payment without prejudicing the Village's legal right to challenge the value subject to a final determination by a court in an Eminent Domain proceeding.

The Village, on September 22, 2011 issued \$1,000,000 of public improvement serial bonds with interest rates ranging from 1% to 2.45% with final maturity in September 2023.

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, 2008	\$ -	\$ 59,959,733	\$ 59,959,733	- %	\$ 17,577,340	341.12 %
June 1, 2009	-	59,959,733	59,959,733	-	18,280,433	328.00
June 1, 2010	-	68,871,075	68,871,075	-	17,018,477	404.68

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 12,102,060	\$ 10,992,070
Petty cash	3,322	2,372
	<u>12,105,382</u>	<u>10,994,442</u>
Investments	<u>251,756</u>	<u>361,221</u>
Taxes Receivable	<u>351,802</u>	<u>313,473</u>
Other Receivables:		
Accounts	35,161	75,033
Special assessments	414,217	552,925
State and Federal aid	522,248	782,005
Due from other governments	95,114	97,841
	<u>1,066,740</u>	<u>1,507,804</u>
Prepaid Expenditures	<u>428,375</u>	<u>345,458</u>
Total Assets	<u>\$ 14,204,055</u>	<u>\$ 13,522,398</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,095,189	\$ 1,268,819
Accrued liabilities	718,213	868,120
Due to retirement systems	557,770	511,438
Deferred revenues - Taxes	351,802	313,473
Deferred revenues - Other	1,189,487	1,336,386
Total Liabilities	<u>3,912,461</u>	<u>4,298,236</u>
Fund Balance:		
Reserved for encumbrances	330,607	272,556
Reserved for prepaid expenditures	428,375	345,458
Reserved for debt service	138,948	138,333
Unreserved:		
Designated for subsequent year's expenditures	1,073,000	800,000
Designated for contractual obligations	365,000	545,000
Designated for capital projects	1,300,000	1,055,000
Designated for taxpayer relief	-	300,000
Designated for retirement obligations	452,000	645,000
Designated for other post employment benefit obligations	100,000	100,000
Undesignated	6,103,664	5,022,815
Total Fund Balance	<u>10,291,594</u>	<u>9,224,162</u>
Total Liabilities and Fund Balance	<u>\$ 14,204,055</u>	<u>\$ 13,522,398</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET

YEAR ENDED MAY 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
PROPERTY TAXES	\$ 30,830,501	\$ 30,830,501	\$ 30,827,797	\$ (2,704)	\$ 29,402,790
OTHER TAX ITEMS					
Special assessments	138,948	138,948	138,948	-	138,333
Interest and penalties - Taxes	470,000	470,000	76,815	(393,185)	74,654
	<u>608,948</u>	<u>608,948</u>	<u>215,763</u>	<u>(393,185)</u>	<u>212,987</u>
NON-PROPERTY TAXES					
Non-property tax distribution from County	2,060,000	2,060,000	2,324,875	264,875	2,096,123
Utilities gross receipts tax	390,000	390,000	422,481	32,481	400,431
Franchise fees	300,000	300,000	352,309	52,309	325,675
	<u>2,750,000</u>	<u>2,750,000</u>	<u>3,099,665</u>	<u>349,665</u>	<u>2,822,229</u>
DEPARTMENTAL INCOME					
Clerks fees	6,000	6,000	7,396	1,396	7,127
Police Department fees	7,000	7,000	10,942	3,942	10,840
Fire Department fees	2,500	2,500	1,150	(1,350)	-
Safety inspection fees	57,000	57,000	85,265	28,265	78,282
Public Works fees	7,000	7,000	10,500	3,500	11,650
Parking fees	1,641,750	1,641,750	1,705,846	64,096	1,617,558
Parks and recreation fees	1,663,503	1,663,503	1,657,099	(6,404)	1,543,601
Zoning and Appeals Board fees	12,000	12,000	11,650	(350)	10,475
Planning Board fees	13,000	13,000	13,690	690	14,750
Disposal site fees	60,000	60,000	89,525	29,525	89,764
Board of Architectural Review fees	12,000	12,000	20,090	8,090	13,930
	<u>3,481,753</u>	<u>3,481,753</u>	<u>3,613,153</u>	<u>131,400</u>	<u>3,397,977</u>

INTERGOVERNMENTAL REVENUES					
Snow removal	25,000	25,000	52,071	27,071	36,617
Board of Education	55,000	55,000	75,000	20,000	67,500
	<u>80,000</u>	<u>80,000</u>	<u>127,071</u>	<u>47,071</u>	<u>104,117</u>
INTERFUND REVENUES					
	<u>454,772</u>	<u>454,772</u>	<u>454,772</u>	<u>-</u>	<u>540,401</u>
USE OF MONEY AND PROPERTY					
Interest earnings	330,000	330,000	127,124	(202,876)	208,600
Rental income	693,000	693,000	654,642	(38,358)	772,251
	<u>1,023,000</u>	<u>1,023,000</u>	<u>781,766</u>	<u>(241,234)</u>	<u>980,851</u>
LICENSES AND PERMITS					
Occupational licenses	7,500	7,500	8,600	1,100	7,635
Dog licenses	5,500	5,500	6,783	1,283	6,004
Building permits	830,000	830,000	1,161,053	331,053	923,672
Alarm user annual permits	256,000	256,000	266,175	10,175	305,888
Other permits	120,300	120,300	144,725	24,425	131,915
	<u>1,221,800</u>	<u>1,221,800</u>	<u>1,587,336</u>	<u>365,536</u>	<u>1,375,114</u>
FINES AND FORFEITURES					
Justice Court fines	775,000	775,000	862,458	87,458	811,031
Alarm fines	57,000	57,000	42,505	(14,495)	46,802
	<u>832,000</u>	<u>832,000</u>	<u>904,963</u>	<u>72,963</u>	<u>857,833</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Minor sales	27,500	27,500	66,801	39,301	51,149
Sale of equipment - Trucks and cars	25,000	25,000	16,505	(8,495)	23,001
Payment for loss of revenue - Christy Place	-	-	26,180	26,180	21,694
	<u>52,500</u>	<u>52,500</u>	<u>109,486</u>	<u>56,986</u>	<u>95,844</u>

(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)

YEAR ENDED MAY 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
STATE AID					
Per capita	\$ 192,500	\$ 192,500	\$ 140,998	\$ (51,502)	\$ 150,070
Mortgage tax	1,400,000	1,400,000	664,618	(735,382)	561,021
STAR reimbursement	-	-	-	-	4,938
State Emergency Management Agency	-	-	7,224	7,224	40,620
Youth programs	-	-	4,494	4,494	5,197
	<u>1,592,500</u>	<u>1,592,500</u>	<u>817,334</u>	<u>(775,166)</u>	<u>761,846</u>
FEDERAL AID					
Federal Emergency Management Agency	-	-	43,342	43,342	243,722
MISCELLANEOUS					
Refunds of prior year's expenditures	10,000	10,000	14,920	4,920	62,770
Gifts and donations	-	-	-	-	4,925
Employee health insurance reimbursements	248,000	248,000	245,884	(2,116)	278,700
Medicare part D reimbursement	80,000	80,000	76,271	(3,729)	56,320
Reimbursement for police overtime	124,800	124,800	242,970	118,170	102,598
Other	5,000	5,000	21,364	16,364	84,057
	<u>467,800</u>	<u>467,800</u>	<u>601,409</u>	<u>133,609</u>	<u>589,370</u>
TOTAL REVENUES	<u>43,395,574</u>	<u>43,395,574</u>	<u>43,183,857</u>	<u>(211,717)</u>	<u>41,385,081</u>
OTHER FINANCING SOURCES					
Worker's compensation insurance recoveries	45,000	45,000	81,507	36,507	89,494
Sale of real property	-	-	16,800	16,800	-
Transfers in - Town Fund	-	-	1,269,452	1,269,452	1,087,267
TOTAL OTHER FINANCING SOURCES	<u>45,000</u>	<u>45,000</u>	<u>1,367,759</u>	<u>1,322,759</u>	<u>1,176,761</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 43,440,574</u>	<u>\$ 43,440,574</u>	<u>\$ 44,551,616</u>	<u>\$ 1,111,042</u>	<u>\$ 42,561,842</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 30,830,501	\$ 30,830,501	\$ 30,827,797	\$ (2,704)
Other tax items	608,948	608,948	215,763	(393,185)
Non-property taxes	2,750,000	2,750,000	3,099,665	349,665
Departmental income	3,481,753	3,481,753	3,613,153	131,400
Intergovernmental revenues	80,000	80,000	127,071	47,071
Use of money and property	1,023,000	1,023,000	781,766	(241,234)
Interfund revenues	454,772	454,772	454,772	-
Licenses and permits	1,221,800	1,221,800	1,587,336	365,536
Fines and forfeitures	832,000	832,000	904,963	72,963
Sale of property and compensation for loss	52,500	52,500	109,486	56,986
State aid	1,592,500	1,592,500	817,334	(775,166)
Federal aid	-	-	43,342	43,342
Miscellaneous	467,800	467,800	601,409	133,609
Total Revenues	43,395,574	43,395,574	43,183,857	(211,717)
Expenditures:				
Current:				
General government support	7,974,006	7,930,600	7,470,160	460,440
Public safety	11,529,904	11,553,496	11,147,371	406,125
Culture and recreation	2,587,404	2,592,226	2,459,110	133,116
Home and community services	7,433,185	7,445,566	6,693,205	752,361
Employee benefits	9,968,770	9,968,770	9,576,370	392,400
Debt service:				
Principal	809,261	811,761	811,761	-
Interest	759,905	757,405	746,703	10,702
Total Expenditures	41,062,435	41,059,824	38,904,680	2,155,144
Excess of Revenues Over Expenditures	2,333,139	2,335,750	4,279,177	1,943,427
Other Financing Sources (Uses):				
Worker's compensation insurance recoveries	45,000	45,000	81,507	36,507
Sale of real property	-	-	16,800	16,800
Transfers in	-	-	1,269,452	1,269,452
Transfers out	(3,450,695)	(4,579,504)	(4,579,504)	-
Total Other Financing Uses	(3,405,695)	(4,534,504)	(3,211,745)	1,322,759
Net Change in Fund Balance	(1,072,556)	(2,198,754)	1,067,432	3,266,186
Fund Balance - Beginning of Year	1,072,556	2,198,754	9,224,162	7,025,408
Fund Balance - End of Year	\$ -	\$ -	\$ 10,291,594	\$ 10,291,594

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 29,374,446	\$ 29,374,446	\$ 29,402,790	\$ 28,344
597,333	597,333	212,987	(384,346)
2,674,000	2,674,000	2,822,229	148,229
3,162,316	3,162,316	3,397,977	235,661
112,500	112,500	104,117	(8,383)
1,052,167	1,052,167	980,851	(71,316)
537,230	537,230	540,401	3,171
1,114,800	1,114,800	1,375,114	260,314
769,000	769,000	857,833	88,833
50,000	50,000	95,844	45,844
1,882,515	1,882,515	761,846	(1,120,669)
-	-	243,722	243,722
402,000	402,000	589,370	187,370
<u>41,728,307</u>	<u>41,728,307</u>	<u>41,385,081</u>	<u>(343,226)</u>
7,357,285	7,684,270	7,241,026	443,244
11,376,634	11,505,293	11,096,066	409,227
2,352,866	2,352,448	2,293,597	58,851
7,178,496	6,768,932	6,498,522	270,410
9,546,877	9,422,271	9,174,944	247,327
791,562	791,562	791,562	-
282,941	287,183	287,182	1
<u>38,886,661</u>	<u>38,811,959</u>	<u>37,382,899</u>	<u>1,429,060</u>
<u>2,841,646</u>	<u>2,916,348</u>	<u>4,002,182</u>	<u>1,085,834</u>
30,000	30,000	89,494	-
-	-	-	-
-	-	1,087,267	1,087,267
<u>(3,297,259)</u>	<u>(3,911,961)</u>	<u>(3,911,961)</u>	<u>-</u>
<u>(3,267,259)</u>	<u>(3,881,961)</u>	<u>(2,735,200)</u>	<u>1,087,267</u>
(425,613)	(965,613)	1,266,982	2,232,595
425,613	965,613	7,957,180	6,991,567
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,224,162</u>	<u>\$ 9,224,162</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED MAY 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
GENERAL GOVERNMENT SUPPORT					
Municipal court	\$ 447,078	\$ 447,076	\$ 427,636	\$ 19,440	\$ 424,037
Village manager	876,851	887,892	867,610	20,282	875,119
Village treasurer	611,400	611,482	584,192	27,290	547,943
Assessor	306,780	411,206	411,146	60	277,923
Village clerk	199,462	203,850	190,982	12,868	191,441
Village attorney	380,617	462,257	444,641	17,616	612,376
Human resources	293,457	310,437	270,239	40,198	242,294
Information technology	579,834	579,833	525,390	54,443	504,329
Building and safety inspection	476,154	550,113	456,955	93,158	388,775
Planning	210,864	214,968	197,470	17,498	178,656
Human services	520,415	542,934	536,154	6,780	456,550
Utilities	38,655	38,550	36,559	1,991	31,475
Liability insurance	492,818	492,818	415,059	77,759	391,904
Central garage	1,696,373	1,696,373	1,696,373	-	1,670,710
Miscellaneous	843,248	480,811	409,754	71,057	447,494
	<u>7,974,006</u>	<u>7,930,600</u>	<u>7,470,160</u>	<u>460,440</u>	<u>7,241,026</u>
PUBLIC SAFETY					
Police	5,985,264	6,008,249	5,883,224	125,025	5,867,784
Fire	5,544,640	5,545,247	5,264,147	281,100	5,228,282
	<u>11,529,904</u>	<u>11,553,496</u>	<u>11,147,371</u>	<u>406,125</u>	<u>11,096,066</u>

CULTURE AND RECREATION

Parks and recreation - Administration	500,407	554,889	529,692	25,197	471,298
Youth camps	758,864	705,844	698,591	7,253	612,883
Nature center	43,290	58,463	56,290	2,173	91,025
Playgrounds	396,123	381,157	367,319	13,838	292,927
Recreation	540,149	542,416	504,998	37,418	490,998
Senior citizens	54,996	49,465	43,068	6,397	44,029
Tennis	293,575	299,992	259,152	40,840	290,437
	<u>2,587,404</u>	<u>2,592,226</u>	<u>2,459,110</u>	<u>133,116</u>	<u>2,293,597</u>

HOME AND COMMUNITY SERVICES

Administration	387,288	549,519	483,647	65,872	381,358
Engineer	317,775	202,783	202,750	33	225,729
Facilities maintenance	1,277,465	1,234,695	1,054,225	180,470	996,083
Highway	3,125,011	3,094,646	2,892,949	201,697	2,827,073
Sanitation	2,325,646	2,363,923	2,059,634	304,289	2,068,279
	<u>7,433,185</u>	<u>7,445,566</u>	<u>6,693,205</u>	<u>752,361</u>	<u>6,498,522</u>

EMPLOYEE BENEFITS

State retirement	2,139,424	2,219,967	2,219,967	-	2,128,081
Social security	1,575,369	1,476,424	1,476,424	-	1,478,290
Workers' compensation benefits	611,476	713,840	713,840	-	575,337
Hospital and medical insurance	5,244,682	5,169,392	4,981,290	188,102	4,615,451
Unemployment benefits	40,000	33,818	33,818	-	36,141
Compensated absences	310,000	310,000	108,202	201,798	232,222
Life insurance	47,819	45,329	42,829	2,500	109,422
	<u>9,968,770</u>	<u>9,968,770</u>	<u>9,576,370</u>	<u>392,400</u>	<u>9,174,944</u>

DEBT SERVICE

Serial Bonds:					
Principal	809,261	811,761	811,761	-	791,562
Interest	759,905	757,405	746,703	10,702	287,182
	<u>1,569,166</u>	<u>1,569,166</u>	<u>1,558,464</u>	<u>10,702</u>	<u>1,078,744</u>

TOTAL EXPENDITURES

	<u>41,062,435</u>	<u>41,059,824</u>	<u>38,904,680</u>	<u>2,155,144</u>	<u>37,382,899</u>
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(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)

YEAR ENDED MAY 31, 2011

(With Comparative Actuals for 2010)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>2010 Actual</u>
OTHER FINANCING USES					
Transfers out:					
Capital Projects Fund	\$ 250,000	\$ 1,378,809	\$ 1,378,809	\$ -	\$ 909,702
Non-Major Governmental Funds	3,189,970	3,189,970	3,189,970	-	2,991,534
Pool Fund	10,725	10,725	10,725	-	10,725
Total Other Financing Uses	<u>3,450,695</u>	<u>4,579,504</u>	<u>4,579,504</u>	<u>-</u>	<u>3,911,961</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 44,513,130</u>	<u>\$ 45,639,328</u>	<u>\$ 43,484,184</u>	<u>\$ 2,155,144</u>	<u>\$ 41,294,860</u>

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 534,822	\$ 461,029
Investments	46,449	46,361
Taxes Receivable:		
School district	2,219,126	2,452,111
County	313,676	380,445
	<u>2,532,802</u>	<u>2,832,556</u>
Total Assets	<u>\$ 3,114,073</u>	<u>\$ 3,339,946</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other governments	\$ 1,579,945	\$ 1,780,596
Fund Balance:		
Reserved for long term receivable	980,661	1,025,042
Unreserved and undesignated	553,467	534,308
Total Fund Balance	<u>1,534,128</u>	<u>1,559,350</u>
Total Liabilities and Fund Balance	<u>\$ 3,114,073</u>	<u>\$ 3,339,946</u>

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Other tax items	\$ 570,248	\$ 427,286
Departmental income	3,967	4,448
Use of money and property	39,588	70,754
State aid	689,432	575,055
Miscellaneous	<u>10,338</u>	<u>20,255</u>
Total Revenues	1,313,573	1,097,798
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,313,573	1,097,798
Other Financing Uses -		
Transfers out	<u>(1,338,795)</u>	<u>(1,056,862)</u>
Net Change in Fund Balance	(25,222)	40,936
Fund Balance - Beginning of Year	<u>1,559,350</u>	<u>1,518,414</u>
Fund Balance - End of Year	<u>\$ 1,534,128</u>	<u>\$ 1,559,350</u>

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 1,860,113	\$ 9,599,443
Investments	-	324,213
Receivables:		
Accounts	89,215	-
State and Federal aid	2,751,152	302,208
	<u>2,840,367</u>	<u>302,208</u>
Total Assets	<u>\$ 4,700,480</u>	<u>\$ 10,225,864</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,250,534	\$ 892,002
Accrued liabilities	47,218	441,442
Retainages payable	577,691	344,875
Deferred revenues	234,464	313,480
Total Liabilities	<u>2,109,907</u>	<u>1,991,799</u>
Fund Balance (Deficit):		
Reserved for encumbrances	3,008,411	6,603,851
Reserved for land acquisition and improvements	-	180,513
Unreserved:		
Designated for subsequent year's expenditures	-	622,742
Designated for cable TV equipment	299,594	183,094
Undesignated	(717,432)	643,865
Total Fund Balance	<u>2,590,573</u>	<u>8,234,065</u>
Total Liabilities and Fund Balance	<u>\$ 4,700,480</u>	<u>\$ 10,225,864</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 12,000	\$ 12,000	\$ 28,355	\$ 16,355
State aid	698,961	698,961	436,143	(262,818)
Federal aid	42,000	42,000	3,683,557	3,641,557
Miscellaneous	2,562,000	2,608,203	681,580	(1,926,623)
Total Revenues	3,314,961	3,361,164	4,829,635	1,468,471
Expenditures - Capital outlay	13,194,554	36,026,587	12,033,221	23,993,366
Deficiency of Revenues Over Expenditures	(9,879,593)	(32,665,423)	(7,203,586)	25,461,837
Other Financing Sources:				
Bonds issued	2,090,000	2,090,000	-	(2,090,000)
Transfers in	563,000	1,691,809	1,560,094	(131,715)
Total Other Financing Sources	2,653,000	3,781,809	1,560,094	(2,221,715)
Net Change in Fund Balance	(7,226,593)	(28,883,614)	(5,643,492)	23,240,122
Fund Balance - Beginning of Year	7,226,593	28,883,614	8,234,065	(20,649,549)
Fund Balance - End of Year	\$ -	\$ -	\$ 2,590,573	\$ 2,590,573

2010

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

VILLAGE OF SCARSDALE, NEW YORK

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 MAY 31, 2011
 (With Comparative Totals for 2010)

<u>ASSETS</u>	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Cash and Equivalents	\$ 479,004	\$ 469,617	\$ -
Investments	-	184,108	572,600
Prepaid Expenditures	35,266	-	-
Total Assets	<u>\$ 514,270</u>	<u>\$ 653,725</u>	<u>\$ 572,600</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 34,090	\$ 178,623	\$ -
Accrued liabilities	90,925	-	-
Total Liabilities	<u>125,015</u>	<u>178,623</u>	<u>-</u>
Fund Balances:			
Reserved for encumbrances	3,572	-	-
Reserved for prepaid expenditures	35,266	-	-
Reserved for trusts	-	475,102	572,600
Unreserved:			
Designated for subsequent year's expenditures	95,100	-	-
Undesignated	255,317	-	-
Total Fund Balances	<u>389,255</u>	<u>475,102</u>	<u>572,600</u>
Total Liabilities and Fund Balances	<u>\$ 514,270</u>	<u>\$ 653,725</u>	<u>\$ 572,600</u>

Total Non-Major
Governmental Funds

	<u>2011</u>	<u>2010</u>
\$	948,621	\$ 366,526
	756,708	1,117,434
	35,266	26,946
	<hr/>	<hr/>
\$	<u>1,740,595</u>	<u>\$ 1,510,906</u>
\$	212,713	\$ 204,406
	90,925	78,197
	<hr/>	<hr/>
	303,638	282,603
	<hr/>	<hr/>
	3,572	-
	35,266	26,946
	1,047,702	958,646
	<hr/>	<hr/>
	95,100	118,831
	255,317	123,880
	<hr/>	<hr/>
	1,436,957	1,228,303
	<hr/>	<hr/>
\$	<u>1,740,595</u>	<u>\$ 1,510,906</u>

VILLAGE OF SCARSDALE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2011
 (With Comparative Totals for 2010)

	Library	Special Purpose	Permanent
Revenues:			
Departmental income	\$ 59,744	\$ -	\$ -
Use of money and property	9,189	1,637	817
State aid	18,552	-	-
Miscellaneous	18,586	136,064	-
Total Revenues	<u>106,071</u>	<u>137,701</u>	<u>817</u>
Expenditures -			
Current:			
Public safety	-	10,000	-
Culture and recreation	2,464,979	26,177	-
Employee benefits	711,464	-	-
Total Expenditures	<u>3,176,443</u>	<u>36,177</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,070,372)</u>	<u>101,524</u>	<u>817</u>
Other Financing Sources (Uses):			
Transfers in	3,189,970	817	-
Transfers out	-	(13,285)	(817)
Total Other Financing Sources (Uses)	<u>3,189,970</u>	<u>(12,468)</u>	<u>(817)</u>
Net Change in Fund Balances	119,598	89,056	-
Fund Balances - Beginning of Year	<u>269,657</u>	<u>386,046</u>	<u>572,600</u>
Fund Balances - End of Year	<u>\$ 389,255</u>	<u>\$ 475,102</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

LIBRARY FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash:		
Demand deposits	\$ 478,694	\$ 90,027
Petty cash	310	310
	<u>479,004</u>	<u>90,337</u>
Investments	-	266,871
Prepaid Expenditures	<u>35,266</u>	<u>26,946</u>
Total Assets	<u>\$ 514,270</u>	<u>\$ 384,154</u>
 <u>LIABILITIES AND FUND BALANCE</u> 		
Liabilities:		
Accounts payable	\$ 34,090	\$ 36,300
Accrued liabilities	<u>90,925</u>	<u>78,197</u>
Total Liabilities	<u>125,015</u>	<u>114,497</u>
Fund Balance:		
Reserved for encumbrances	3,572	-
Reserved for prepaid expenditures	35,266	26,946
Unreserved:		
Designated for subsequent year's expenditures	95,100	118,831
Undesignated	<u>255,317</u>	<u>123,880</u>
Total Fund Balance	<u>389,255</u>	<u>269,657</u>
Total Liabilities and Fund Balance	<u>\$ 514,270</u>	<u>\$ 384,154</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, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 65,000	\$ 65,000	\$ 59,744	\$ (5,256)
Use of money and property	11,000	11,000	9,189	(1,811)
State aid	5,400	5,400	18,552	13,152
Miscellaneous	15,500	15,500	18,586	3,086
Total Revenues	<u>96,900</u>	<u>96,900</u>	<u>106,071</u>	<u>9,171</u>
Expenditures -				
Current:				
Culture and recreation	2,634,164	2,634,164	2,464,979	169,185
Employee benefits	<u>787,537</u>	<u>787,537</u>	<u>711,464</u>	<u>76,073</u>
Total Expenditures	<u>3,421,701</u>	<u>3,421,701</u>	<u>3,176,443</u>	<u>245,258</u>
Deficiency of Revenues Over Expenditures	(3,324,801)	(3,324,801)	(3,070,372)	(254,429)
Other Financing Sources -				
Transfers in	<u>3,205,970</u>	<u>3,205,970</u>	<u>3,189,970</u>	<u>(16,000)</u>
Net Change in Fund Balance	(118,831)	(118,831)	119,598	238,429
Fund Balance - Beginning of Year	<u>118,831</u>	<u>118,831</u>	<u>269,657</u>	<u>150,826</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,255</u>	<u>\$ 389,255</u>

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 70,000	\$ 70,000	\$ 63,179	\$ (6,821)
12,200	12,200	12,857	657
7,485	7,485	6,453	(1,032)
16,000	16,000	16,874	874
<u>105,685</u>	<u>105,685</u>	<u>99,363</u>	<u>(6,322)</u>
2,623,025	2,623,025	2,473,354	149,671
669,020	669,020	669,292	(272)
<u>3,292,045</u>	<u>3,292,045</u>	<u>3,142,646</u>	<u>149,399</u>
(3,186,360)	(3,186,360)	(3,043,283)	(143,077)
<u>3,007,534</u>	<u>3,007,534</u>	<u>2,991,534</u>	<u>(16,000)</u>
(178,826)	(178,826)	(51,749)	127,077
<u>178,826</u>	<u>178,826</u>	<u>321,406</u>	<u>142,580</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,657</u>	<u>\$ 269,657</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash-Demand deposits	\$ 469,617	\$ 276,189
Investments	<u>184,108</u>	<u>277,963</u>
Total Assets	<u>\$ 653,725</u>	<u>\$ 554,152</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Accounts payable	\$ 178,623	\$ 168,106
Fund Balance - Reserved for trusts	<u>475,102</u>	<u>386,046</u>
Total Liabilities and Fund Balance	<u>\$ 653,725</u>	<u>\$ 554,152</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Use of money and property	\$ 1,637	\$ 915
Miscellaneous	<u>136,064</u>	<u>3,348</u>
Total Revenues	<u>137,701</u>	<u>4,263</u>
Expenditures -		
Current:		
Public safety	10,000	240
Culture and recreation	<u>26,177</u>	<u>17,106</u>
Total Expenditures	<u>36,177</u>	<u>17,346</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>101,524</u>	<u>(13,083)</u>
Other Financing Sources (Uses):		
Transfers in	817	1,360
Transfers out	<u>(13,285)</u>	<u>(53,448)</u>
Total Other Financing Uses	<u>(12,468)</u>	<u>(52,088)</u>
Net Change in Fund Balance	89,056	(65,171)
Fund Balance - Beginning of Year	<u>386,046</u>	<u>451,217</u>
Fund Balance - End of Year	<u>\$ 475,102</u>	<u>\$ 386,046</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Investments	<u>\$ 572,600</u>	<u>\$ 572,600</u>
<u>FUND BALANCE</u>		
Reserved for Trusts	<u>\$ 572,600</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues - Use of money and property	\$ 817	\$ 1,360
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	817	1,360
Other Financing Uses - Transfers out	<u>(817)</u>	<u>(1,360)</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><u>\$ 572,600</u></u>	<u><u>\$ 572,600</u></u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash - Demand deposits	\$ 3,965,320	\$ 4,813,583
Investments	-	368,890
Accounts receivable	202,901	259,637
Prepaid expenses	14,105	14,105
Total Current Assets	<u>4,182,326</u>	<u>5,456,215</u>
Capital Assets:		
Land	31,789	31,789
Buildings	2,012,985	2,012,985
Machinery and equipment	1,211,464	1,054,972
Infrastructure	1,601,086	1,601,086
Construction-in-progress	4,416,576	3,034,446
	<u>9,273,900</u>	<u>7,735,278</u>
Less - Accumulated depreciation	<u>(3,658,092)</u>	<u>(3,522,742)</u>
Total Capital Assets, net of accumulated depreciation	<u>5,615,808</u>	<u>4,212,536</u>
Total Assets	<u>9,798,134</u>	<u>9,668,751</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	52,994	6,532
Accrued liabilities	267,158	246,589
Accrued interest payable	2,245	2,326
Retainages payable	167,316	106,738
Current maturities of bonds payable	57,500	55,000
Current portion of compensated absences	26,000	24,278
Total Current Liabilities	<u>573,213</u>	<u>441,463</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	1,312,500	1,370,000
Compensated absences, less current portion	236,700	218,503
Other post employment benefit obligations payable	336,713	214,549
Total Noncurrent Liabilities	<u>1,885,913</u>	<u>1,803,052</u>
Total Liabilities	<u>2,459,126</u>	<u>2,244,515</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	4,245,808	2,787,536
Unrestricted	<u>3,093,200</u>	<u>4,636,700</u>
Total Net Assets	<u>\$ 7,339,008</u>	<u>\$ 7,424,236</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET ASSETS
 YEARS ENDED MAY 31, 2011 AND 2010

	2011	2010
Operating Revenues -		
Charges for services	\$ 4,761,455	\$ 3,480,441
Operating Expenses:		
Taxes on Village property	53,546	30,830
Personal services	797,528	786,224
Contractual services	324,729	216,313
Supplies	158,879	128,624
Utilities	125,242	87,994
Employee benefits	391,775	367,572
Other post employment benefit obligations	122,164	115,629
Insurance	60,500	53,623
Repairs and maintenance	82,612	970
Equipment maintenance	30,897	35,065
Depreciation	135,350	122,755
Purchase of water	2,232,740	1,072,363
Property services	99,680	165,680
Miscellaneous	28,160	24,800
Total Operating Expenses	4,643,802	3,208,442
Income from Operations	117,653	271,999
Non-Operating Revenues (Expenses):		
Interest income	19,892	31,419
Interest expense	(54,773)	(56,658)
Total Non-Operating Expenses	(34,881)	(25,239)
Income Before Transfers	82,772	246,760
Transfers Out	(168,000)	(160,000)
Change in Net Assets	(85,228)	86,760
Net Assets - Beginning of Year	7,424,236	7,337,476
Net Assets - End of Year	\$ 7,339,008	\$ 7,424,236

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 4,818,191	\$ 3,524,871
Cash payments for goods or services	(3,069,376)	(1,924,661)
Cash payments to employees	<u>(1,169,384)</u>	<u>(1,124,131)</u>
Net Cash Provided by Operating Activities	<u>579,431</u>	<u>476,079</u>
Cash Flows From Non-Capital Financing Activities - Transfers out	<u>(168,000)</u>	<u>(160,000)</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(55,000)	(52,500)
Interest paid on bonds	(54,854)	(56,734)
Acquisition and construction of capital assets	<u>(1,538,622)</u>	<u>(1,529,933)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,648,476)</u>	<u>(1,639,167)</u>
Cash Flow From Investing Activities:		
Interest income	19,892	31,419
Sale of investments	<u>368,890</u>	<u>3,309,069</u>
Net Cash Provided by Investing Activities	<u>388,782</u>	<u>3,340,488</u>
Net Change in Cash	(848,263)	2,017,400
Cash - Beginning of Year	<u>4,813,583</u>	<u>2,796,183</u>
Cash - End of Year	<u>\$ 3,965,320</u>	<u>\$ 4,813,583</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 117,653	\$ 271,999
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	135,350	122,755
Changes in operating assets and liabilities:		
Accounts receivable	56,736	44,430
Accounts payable	46,462	(338,790)
Accrued liabilities	20,569	163,074
Retainages payable	60,578	67,317
Compensated absences	19,919	29,665
Other post employment benefit obligations payable	<u>122,164</u>	<u>115,629</u>
Net Cash Provided by Operating Activities:	<u>\$ 579,431</u>	<u>\$ 476,079</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 MAY 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash:		
Demand deposits	\$ 677,076	\$ 692,381
Petty cash	400	-
	<u>677,476</u>	<u>692,381</u>
Accounts receivable	<u>213,144</u>	<u>-</u>
Total Current Assets	<u>890,620</u>	<u>692,381</u>
Capital Assets:		
Land	118,000	118,000
Buildings	2,586,688	2,557,123
Machinery and equipment	200,475	200,475
Infrastructure	<u>244,245</u>	<u>244,245</u>
	3,149,408	3,119,843
Less - Accumulated depreciation	<u>(2,006,353)</u>	<u>(1,861,783)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,143,055</u>	<u>1,258,060</u>
Total Assets	<u>2,033,675</u>	<u>1,950,441</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	10,843	1,655
Accrued liabilities	40,998	10,822
Accrued interest payable	7,059	9,142
Unearned revenues	615,926	535,140
Current maturities of bonds payable	<u>163,540</u>	<u>156,239</u>
Total Current Liabilities	838,366	712,998
Noncurrent Liabilities -		
Bonds payable, less current maturities	<u>344,601</u>	<u>508,141</u>
Total Liabilities	<u>1,182,967</u>	<u>1,221,139</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	634,914	593,680
Unrestricted	<u>215,794</u>	<u>135,622</u>
Total Net Assets	<u>\$ 850,708</u>	<u>\$ 729,302</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET ASSETS
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues -		
Charges for services	<u>\$ 1,048,417</u>	<u>\$ 951,571</u>
Operating Expenses:		
Taxes on Village property	4,744	4,649
Personal services	383,315	345,209
Contract services	124,945	118,484
Supplies	39,555	39,144
Utilities	48,283	53,692
Employee benefits	42,202	32,454
Insurance	23,634	22,835
Repairs and maintenance	34,498	35,813
Equipment maintenance	19,685	19,214
Depreciation	144,570	148,652
Miscellaneous	<u>52,606</u>	<u>48,007</u>
Total Operating Expenses	<u>918,037</u>	<u>868,153</u>
Income from Operations	<u>130,380</u>	<u>83,418</u>
Non-Operating Revenues (Expenses):		
Interest income	2,523	1,409
Interest expense	<u>(22,222)</u>	<u>(28,423)</u>
Total Non-Operating Expenses	<u>(19,699)</u>	<u>(27,014)</u>
Income Before Transfers	110,681	56,404
Transfers In	<u>10,725</u>	<u>10,725</u>
Change in Net Assets	121,406	67,129
Net Assets - Beginning of Year	<u>729,302</u>	<u>662,173</u>
Net Assets - End of Year	<u><u>\$ 850,708</u></u>	<u><u>\$ 729,302</u></u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 916,059	\$ 890,938
Cash payments for goods or services	(308,586)	(377,140)
Cash payments to employees	(425,517)	(377,663)
	<u>181,956</u>	<u>136,135</u>
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	(156,239)	(148,938)
Interest paid on indebtedness	(24,305)	(30,409)
Acquisition and construction of capital assets	(29,565)	(27,187)
	<u>(210,109)</u>	<u>(206,534)</u>
Cash Flow From Investing Activities -		
Interest income	<u>2,523</u>	<u>1,409</u>
Net Change in Cash	(14,905)	(58,265)
Cash - Beginning of Year	<u>692,381</u>	<u>750,646</u>
Cash - End of Year	<u>\$ 677,476</u>	<u>\$ 692,381</u>
Reconciliation of Income from Operations to Net Cash		
Provided by Operating Activities:		
Income from operations	\$ 130,380	\$ 83,418
Adjustments to reconcile income from operations to net		
cash provided by operating activities:		
Depreciation	144,570	148,652
Changes in operating assets and liabilities:		
Accounts receivable	(213,144)	-
Accounts payable	9,188	(31,264)
Accrued liabilities	30,176	(4,038)
Unearned revenues	80,786	(60,633)
	<u>181,956</u>	<u>136,135</u>
Net Cash Provided by Operating Activities	<u>\$ 181,956</u>	<u>\$ 136,135</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 270,099	\$ 201,501
Petty cash	100	100
	<u>270,199</u>	<u>201,601</u>
Investments	78,351	78,232
Due from other governments	163,198	175,267
Prepaid expenses	<u>19,941</u>	<u>19,740</u>
Total Current Assets	<u>531,689</u>	<u>474,840</u>
Capital Assets:		
Buildings	2,114,268	2,114,268
Machinery and equipment	<u>230,245</u>	<u>230,245</u>
	2,344,513	2,344,513
Less - Accumulated depreciation	<u>(1,267,626)</u>	<u>(1,218,775)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,076,887</u>	<u>1,125,738</u>
Total Assets	<u>1,608,576</u>	<u>1,600,578</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	94,380	81,883
Accrued liabilities	50,835	30,316
Accrued interest payable	1,340	2,488
Current maturities of bonds payable	70,000	62,000
Current portion of compensated absences	<u>19,000</u>	<u>17,970</u>
Total Current Liabilities	<u>235,555</u>	<u>194,657</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	-	70,000
Compensated absences, less current portion	173,816	161,737
Other post employment benefit obligations payable	<u>449,391</u>	<u>292,541</u>
Total Noncurrent Liabilities	<u>623,207</u>	<u>524,278</u>
Total Liabilities	<u>858,762</u>	<u>718,935</u>
<u>NET ASSETS (DEFICIT)</u>		
Invested in Capital Assets, net of related debt	1,006,887	993,738
Unrestricted	<u>(257,073)</u>	<u>(112,095)</u>
Total Net Assets	<u>\$ 749,814</u>	<u>\$ 881,643</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET ASSETS
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues -		
Charges for services	<u>\$ 2,945,777</u>	<u>\$ 2,862,421</u>
Operating Expenses:		
Personal services	971,764	937,404
Contractual services	1,431,961	1,223,856
Employee benefits	465,108	438,013
Other post employment benefit obligations	156,850	157,662
Depreciation	<u>48,851</u>	<u>48,851</u>
Total Operating Expenses	<u>3,074,534</u>	<u>2,805,786</u>
Income (Loss) from Operations	<u>(128,757)</u>	<u>56,635</u>
Non-Operating Revenues (Expenses):		
Interest income	1,205	268
Interest expense	<u>(4,277)</u>	<u>(5,076)</u>
Total Non-Operating Expenses	<u>(3,072)</u>	<u>(4,808)</u>
Change in Net Assets	(131,829)	51,827
Net Assets - Beginning of Year	<u>881,643</u>	<u>829,816</u>
Net Assets - End of Year	<u>\$ 749,814</u>	<u>\$ 881,643</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED MAY 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 2,957,846	\$ 2,852,245
Cash payments for goods or services	(1,399,146)	(1,281,657)
Cash payments to employees	<u>(1,423,763)</u>	<u>(1,339,417)</u>
Net Cash Provided by Operating Activities	<u>134,937</u>	<u>231,171</u>
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(62,000)	(87,000)
Interest paid on indebtedness	<u>(5,425)</u>	<u>(6,526)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(67,425)</u>	<u>(93,526)</u>
Cash Flow From Investing Activities:		
Purchase of investments	(119)	(188)
Interest income	<u>1,205</u>	<u>268</u>
Net Cash Provided by Investing Activities	<u>1,086</u>	<u>80</u>
Net Change in Cash	68,598	137,725
Cash - Beginning of Year	<u>201,601</u>	<u>63,876</u>
Cash - End of Year	<u>\$ 270,199</u>	<u>\$ 201,601</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	\$ (128,757)	\$ 56,635
Adjustments to reconcile income (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	12,069	(10,176)
Prepaid expenses	(201)	(3,010)
Accounts payable	12,497	(64,105)
Accrued liabilities	20,519	9,314
Compensated absences	13,109	36,000
Other post employment benefit obligations payable	<u>156,850</u>	<u>157,662</u>
Net Cash Provided by Operating Activities	<u>\$ 134,937</u>	<u>\$ 231,171</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, 2011 which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 15, 2011. 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 Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP

Harrison, New York

August 15, 2011

**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, 2011. 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, 2011.

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 Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP

Harrison, New York

August 15, 2011

VILLAGE OF SCARSDALE, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED MAY 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through New York State Office of Emergency Management:				
Disaster Grants - FEMA -Public Assistance	97.036	\$ 43,342	\$	<u>\$ 43,342</u>
<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	<u> </u>	<u>3,683,557</u>	<u>3,683,557</u>
Total		<u>\$ 43,342</u>	<u>\$ 3,683,557</u>	<u>\$ 3,726,899</u>

- (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, 2011. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

VILLAGE OF SCARSDALE, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED MAY 31, 2011

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED MAY 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs {*unqualified, qualified, adverse, or disclaimer*}:

Unqualified

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

yes no

Identification of major programs:

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

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

\$300,000

Auditee qualified as low-risk auditee?

yes no

VILLAGE OF SCARSDALE, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED MAY 31, 2011

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.