VILLAGE OF BRIARCLIFF MANOR, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED MAY 31, 2012

WITH INDEPENDENT AUDITORS' REPORT

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O'CONNOR DAVIES

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Briarcliff Manor, New York ("Village") as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express 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, each major fund and the aggregate remaining fund information of the Village as of May 31, 2012 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Water 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 October 18, 2012 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 18, 2012

Introduction

As management of the Village of Briarcliff Manor, New York ("Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2012. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

It is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in February 2009. These reporting requirements are effective for financial statements for the Village's fiscal period ending May 31, 2012; therefore they are introduced in this report for the first time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: Non-spendable, restricted, committed, assigned and unassigned which are defined below.

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

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

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

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

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

Comparative Financial Highlights

At the close of fiscal year 2011, the total assets of the Village exceeded its total liabilities by $11,009,769, and the Village's governmental funds reported combined ending fund balances of $4,152,297.

At the conclusion of fiscal year 2012, total assets exceeded total liabilities by $10,483,970, and the Village's governmental funds reported combined ending fund balances of $ 7,097,184.

Unassigned fund balance for the General Fund of $2,011,676 in FY 2011 increased to $2,245,742 at the close of FY 2012. This amount represents 15.80% of total General Fund expenditures and other financing uses.

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. Please read it in conjunction with the basic financial statements and the accompanying notes to those 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).

The governmental activities of the Village include general government support, public safety, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

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, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains six individual governmental funds: the General Fund, Water Fund, Debt Service Fund, Capital Projects Fund, Library Fund, and Special Purpose Fund.

The Village adopts annual budgets for the General, Water, Debt Service, and Library funds. Budgetary comparison statements have been provided for the General and Water within the basic financial statements to demonstrate compliance with their respective budgets, since they are classified as major funds.

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 two types of fiduciary funds that are known as the Agency Fund and the Pension Trust Fund. The Village holds resources in the Agency Fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The Pension Trust Fund is utilized to account for the Village's Fire Service Award Program.

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 and include individual fund financial statements 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 $10,483,970 at the close of the most recent fiscal year. A portion of the Village's net assets is its investment in capital assets (land, buildings and improvements, machinery and equipment and infrastructure 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.

Statement of Net Assets

	May 31, 2012	May 31, 2011
Current Assets	$ 10,214,965	$ 13,860,895
Capital Assets, net	53,333,905	51,054,356
Total Assets	63,548,870	64,915,251
Current Liabilities	3,272,868	9,809,821
Long-Term Liabilities	49,792,032	44,095,661
Total Liabilities	53,064,900	53,905,482
Net Assets:		
Invested in Capital Assets, net of related debt	7,126,766	7,869,726
Restricted	4,806,783	3,605,184
Unrestricted	(1,449,579)	(465,141)
Total Net Assets	$ 10,483,970	$ 11,009,769

The largest portion of net assets is the Village's investment in Capital Assets, net of related debt.

Changes in Net Assets

	May 31, 2012	May 31, 2011
Revenues:		
Program Revenues:		
Charges for Services	$ 6,562,099	$ 6,878,251
Operating Grants and Contributions	363,474	515,853
Capital Grants and Contributions	901,646	265,043
General Revenues:		
Real Property Taxes	9,699,623	9,582,780
Other Tax Items	34,040	39,503
Non-Property Taxes	1,398,539	1,387,909
Unrestricted Use of Money and Property	3,443	10,166
Sale of Property and Compensation for Loss	70,597	65,187
Unrestricted State Aid	219,108	193,029
Miscellaneous	67,531	172,245
Total Revenues	19,320,100	19,109,966
Program Expenses:		
General Government Support	3,474,503	3,093,397
Public Safety	4,711,433	4,384,849
Health	246,686	293,127
Transportation	2,258,785	2,473,751
Culture and Recreation	2,538,770	2,609,509
Home and Community Services	5,605,545	5,107,092
Interest	1,010,177	936,710
Total Expenses	19,845,899	18,898,435
Change in Net Assets	(525,799)	211,531
Net Assets - Beginning of Year, As Restated	11,009,769	10,798,238
Net Assets - Ending	$ 10,483,970	$ 11,009,769

Governmental Activities

Governmental activities decreased the Village's net assets by $525,799.

For the fiscal year ended May 31, 2012, revenues from governmental activities totaled $19,320,100. Tax revenues comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (57% or $11,132,202).

The largest components of governmental expenses are home & community services ($5,605,545), public safety ($4,711,433), and general government support ($3,474,503).

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, unassigned 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 *Assigned and Unassigned fund balances* of $4,119,848.

Of the Assigned fund balance, $147,352 has been designated to support the subsequent year's General Fund budget; $17,804 to support the subsequent year's Water Fund budget. There are also Non-spendable and Restricted portions of fund balance within each fund that are not available for new spending, having already been committed for prepaid expenditures, capital projects, future capital projects, retirement contributions, debt service, and special purposes.

The General Fund is the primary operating fund of the Village. At the end of FY 2011, the Unassigned fund balance of the General Fund was $2,011,676. At the end of the current fiscal year, the Unassigned fund balance was $2,245,742, representing 90.95% of the total General Fund fund balance of $2,469,233.

General Fund Budgetary Highlights

The net change in total general fund balance was $116,388. Actual revenues, some of which fell short of projections are as follows: Property Tax ($129,898) and Departmental Income ($97,237). Actual expenditures and other financing uses were $516,554 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2012, net of accumulated depreciation was $53,333,905. This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress.

Major capital assets activity at the end of the fiscal year included the following:

Capital Assets
May 31,

	2012	2011
Asset:		
Land	$ 855,947	$ 855,947
Buildings and improvements	13,392,412	13,182,635
Infrastructure	27,486,443	27,463,943
Machinery and equipment	9,076,235	8,903,719
Construction-in-Progress	23,884,919	20,443,281
Less - accumulated depreciation	(21,362,051)	(19,795,169)
Total (Net of Depreciation)	$ 53,333,905	$ 51,054,356

Requests for Information

This financial report has been prepared by the Village Treasurer and is designed to provide a general overview of the Village of Briarcliff Manor, New York's finances for persons interested in these matters. Questions and comments concerning any of the financial information provided in this report should be addressed to Robin Rizzo, Village Treasurer, Village of Briarcliff Manor, 1111 Pleasantville Road, Briarcliff Manor, New York 10510.

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STATEMENT OF NET ASSETS
MAY 31, 2012

	Governmental Activities
ASSETS	
Cash and equivalents	$ 7,915,012
Restricted investments	275,035
Receivables:	
Taxes	46,297
Accounts	250,487
Water rents	468,751
Due from State and Federal governments	557,965
Due from other governments	573,670
Prepaid expenses	30,898
Deferred charges	96,850
Capital assets:	
Not being depreciated	24,740,866
Being depreciated, net	28,593,039
Total Assets	63,548,870
LIABILITIES	
Accounts payable	827,487
Accrued liabilities	241,759
Retainages payable	157,836
Due to retirement systems	185,047
Unearned revenues	578,682
Bond anticipation notes payable	990,950
Accrued interest payable	291,107
Non-current liabilities:	
Due within one year	20,452,060
Due in more than one year	29,339,972
Total Liabilities	53,064,900
NET ASSETS	
Invested in capital assets, net of related debt	7,126,766
Restricted for:	
Capital projects	1,753,574
Debt service	63,676
Future capital projects	1,734,202
Special Revenue Funds:	
Water	1,144,430
Special purposes	110,901
Unrestricted	(1,449,579)
Total Net Assets	$ 10,483,970

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government support	$ 3,474,503	$ 309,787	$ 2,692	$ 249,015
Public safety	4,711,433	329,247	-	-
Health	246,686	-	-	-
Transportation	2,258,785	308,756	297,582	232,316
Culture and recreation	2,538,770	854,115	6,940	77,439
Home and community services	5,605,545	4,760,194	56,260	335,993
Interest	1,010,177	-	-	6,883
Total Governmental Activities	$ 19,845,899	$ 6,562,099	$ 363,474	$ 901,646

General Revenues:
- Real property taxes
- Other tax items - Interest and penalties on real property taxes
- Non-property taxes:
  - Franchise fees
  - Utilities gross receipts taxes
  - Non-property tax distribution from County
- Unrestricted use of money and property
- Sale of property and compensation for loss
- Unrestricted State aid
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets
$ (2,913,009)
(4,382,186)
(246,686)
(1,420,131)
(1,600,276)
(453,098)
(1,003,294)
(12,018,680)
9,699,623
34,040
178,280
183,007
1,037,252
3,443
70,597
219,108
67,531
11,492,881
(525,799)
11,009,769
$ 10,483,970

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2012

	General	Water	Capital Projects	Debt Service
ASSETS				
Cash and Equivalents	$ 2,989,768	$ 3,224,325	$ 1,486,802	$ 55,671
Restricted Investments	-	-	275,035	-
Taxes Receivable	46,297	-	-	-
Other Receivables:				
Accounts	112,829	17,082	119,196	-
Water rents	-	468,751	-	-
Due from State and Federal governments	-	-	557,965	-
Due from other governments	541,438	32,232	-	-
Due from other funds	83,407	9,734	41,889	8,005
Prepaid Expenditures	19,010	11,424	-	-
Total Assets	$ 3,792,749	$ 3,763,548	$ 2,480,887	$ 63,676
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 308,946	$ 244,581	$ 271,845	$ -
Accrued liabilities	233,475	8,284	-	-
Retainages payable	-	-	157,836	-
Due to other funds	11,541	84,853	22,597	-
Due to retirement systems	151,702	22,295	-	-
Deferred revenues	578,682	-	-	-
Deferred tax revenues	39,170	-	-	-
Bond anticipation notes payable	-	-	990,950	-
Total Liabilities	1,323,516	360,013	1,443,228	-
Fund Balances:				
Nonspendable	19,010	11,424	-	-
Restricted	-	1,734,202	1,037,659	63,676
Assigned	204,481	1,657,909	-	-
Unassigned	2,245,742	-	-	-
Total Fund Balances	2,469,233	3,403,535	1,037,659	63,676
Total Liabilities and Fund Balances	$ 3,792,749	$ 3,763,548	$ 2,480,887	$ 63,676

The notes to the financial statements are an integral part of this statement.

Other Governmental	Total Governmental Funds
$ 158,446	$ 7,915,012
-	275,035
-	46,297
1,380	250,487
-	468,751
-	557,965
-	573,670
1,300	144,335
464	30,898
$ 161,590	$ 10,262,450
$ 2,115	$ 827,487
-	241,759
-	157,836
25,344	144,335
11,050	185,047
-	578,682
-	39,170
-	990,950
38,509	3,165,266
464	30,898
110,901	2,946,438
11,716	1,874,106
-	2,245,742
123,081	7,097,184
$ 161,590	$ 10,262,450

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RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MAY 31, 2012

Fund Balances - Total Governmental Funds	$ 7,097,184
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.	53,333,905
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred charges	96,850
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	39,170
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.	
Accrued interest payable	(291,107)
Bonds payable	(27,155,867)
Compensated absences	(509,636)
Loans payable	(18,551,727)
Retirement incentive payable	(184,802)
Other post employment benefit obligations payable	(3,390,000)
	(50,083,139)
Net Assets of Governmental Activities	$ 10,483,970

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2012

	General	Water	Capital Projects
REVENUES			
Real property taxes	$ 9,660,453	$ -	$ -
Other tax items	34,040	-	-
Non-property taxes	1,398,539	-	-
Departmental income	1,712,863	4,432,046	-
Use of money and property	244,458	3,529	-
Licenses and permits	30,266	-	-
Fines and forfeitures	96,387	-	-
Sale of property and compensation for loss	70,597	4,968	-
State aid	409,569	8,058	77,439
Federal aid	108,508	24,174	592,788
Miscellaneous	103,103	11,486	224,536
Total Revenues	13,868,783	4,484,261	894,763
EXPENDITURES			
Current:			
General government support	2,352,266	281,261	-
Public safety	4,318,292	-	-
Health	155,944	-	-
Transportation	1,746,545	-	-
Culture and recreation	1,600,613	-	-
Home and community services	1,724,379	2,487,470	-
Employee benefits	19,358	3,200	-
Debt service:			
Principal	-	-	-
Interest	68,542	7,192	-
Capital outlay	-	-	4,236,558
Total Expenditures	11,985,939	2,779,123	4,236,558
Excess (Deficiency) of Revenues Over Expenditures	1,882,844	1,705,138	(3,341,795)
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	6,173,017
Transfers in	458,803	4,442	148,723
Transfers out	(2,225,259)	(1,439,521)	(21,395)
Total Other Financing Sources (Uses)	(1,766,456)	(1,435,079)	6,300,345
Net Change in Fund Balances	116,388	270,059	2,958,550
Fund Balances (Deficits) - Beginning of Year	2,352,845	3,133,476	(1,920,891)
Fund Balances - End of Year	$ 2,469,233	$ 3,403,535	$ 1,037,659

The notes to the financial statements are an integral part of this statement.

Debt Service	Other Governmental	Total Governmental Funds
$ -	$ -	$ 9,660,453
-	-	34,040
-	-	1,398,539
-	16,642	6,161,551
6,883	45	254,915
-	-	30,266
-	-	96,387
-	-	75,565
-	1,867	496,933
-	-	725,470
-	7,686	346,811
6,883	26,240	19,280,930
-	16,276	2,649,803
-	-	4,318,292
-	-	155,944
-	-	1,746,545
-	566,725	2,167,338
-	239,689	4,451,538
-	-	22,558
1,830,211	-	1,830,211
854,539	-	930,273
-	-	4,236,558
2,684,750	822,690	22,509,060
(2,677,867)	(796,450)	(3,228,130)
-	-	6,173,017
2,706,145	564,307	3,882,420
(196,245)	-	(3,882,420)
2,509,900	564,307	6,173,017
(167,967)	(232,143)	2,944,887
231,643	355,224	4,152,297
$ 63,676	$ 123,081	$ 7,097,184

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MAY 31, 2012

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

Net Change in Fund Balances - Total Governmental Funds	$ 2,944,887
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 the total capital outlay since capital outlay includes amounts that are under the capitalization threshold.	
Capital outlay expenditures	3,846,431
Depreciation expense	(1,566,882)
	2,279,549
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Real property taxes	39,170
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Bonds issued	(6,173,017)
Principal paid on serial bonds	1,600,000
Amortization of issuance costs, loss on refunding and issuance premium	(20,858)
Principal paid on loans	230,211
	(4,363,664)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(76,040)
Compensated absences	(44,899)
Retirement incentive	(184,802)
Other post employment benefit obligations	(1,120,000)
	(1,425,741)
Change in Net Assets of Governmental Activities	$ (525,799)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND WATER FUNDS
YEAR ENDED MAY 31, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 9,790,351	$ 9,790,351	$ 9,660,453	$ (129,898)
Other tax items	35,600	35,600	34,040	(1,560)
Non-property taxes	1,396,000	1,396,000	1,398,539	2,539
Departmental income	1,805,388	1,810,100	1,712,863	(97,237)
Use of money and property	232,018	232,018	244,458	12,440
Licenses and permits	17,500	18,431	30,266	11,835
Fines and forfeitures	77,150	77,150	96,387	19,237
Sale of property and compensation for loss	33,000	45,396	70,597	25,201
State aid	376,841	413,010	409,569	(3,441)
Federal aid	-	108,508	108,508	-
Miscellaneous	101,954	106,036	103,103	(2,933)
Total Revenues	13,865,802	14,032,600	13,868,783	(163,817)
EXPENDITURES				
Current:				
General government support	2,723,581	2,605,328	2,352,266	253,062
Public safety	4,134,626	4,348,648	4,318,292	30,356
Health	163,936	158,594	155,944	2,650
Transportation	1,753,126	1,839,817	1,746,545	93,272
Culture and recreation	1,685,164	1,674,686	1,600,613	74,073
Home and community services	1,772,225	1,786,133	1,724,379	61,754
Employee benefits	34,300	19,538	19,358	180
Debt service - Interest	32,945	69,749	68,542	1,207
Total Expenditures	12,299,903	12,502,493	11,985,939	516,554
Excess of Revenues Over Expenditures	1,565,899	1,530,107	1,882,844	352,737
OTHER FINANCING SOURCES (USES)				
Transfers in	417,000	458,803	458,803	-
Transfers out	(2,220,162)	(2,225,259)	(2,225,259)	-
Total Other Financing Uses	(1,803,162)	(1,766,456)	(1,766,456)	-
Net Change in Fund Balances	(237,263)	(236,349)	116,388	352,737
Fund Balances - Beginning of Year	237,263	236,349	2,352,845	2,116,496
Fund Balances - End of Year	$ -	$ -	$ 2,469,233	$ 2,469,233

The notes to the financial statements are an integral part of this statement.

Water Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
4,075,047	4,075,047	4,432,046	356,999
1,500	1,500	3,529	2,029
-	-	-	-
-	-	-	-
1,000	1,000	4,968	3,968
-	8,058	8,058	-
-	24,174	24,174	-
4,772	4,772	11,486	6,714
4,082,319	4,114,551	4,484,261	369,710
219,765	281,325	281,261	64
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,607,004	2,604,761	2,487,470	117,291
30,449	3,720	3,200	520
3,291	7,380	7,192	188
2,860,509	2,897,186	2,779,123	118,063
1,221,810	1,217,365	1,705,138	487,773
-	4,442	4,442	-
(1,229,407)	(1,439,618)	(1,439,521)	97
(1,229,407)	(1,435,176)	(1,435,079)	97
(7,597)	(217,811)	270,059	487,870
7,597	217,811	3,133,476	2,915,665
$ -	$ -	$ 3,403,535	$ 3,403,535

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
MAY 31, 2012

	Agency	Pension Trust
ASSETS		
Cash and Equivalents	$ 123,818	$ -
Investments, at fair value:		
Money market	-	247,605
Mutual funds	-	624,646
	-	872,251
Accounts Receivable	39,464	57,400
Total Assets	163,282	929,651
LIABILITIES		
Accounts Payable	15,990	-
Payroll Taxes Payable	36,465	-
Deposits	110,827	-
Total Liabilities	163,282	-
NET ASSETS		
Held in Trust for Pension Benefits	$ -	$ 929,651

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
YEAR ENDED MAY 31, 2012

Additions:	
Interest income	$ 19,976
Pension contributions	57,400
Unrealized loss on investments	(54,909)
Total Additions	22,467
Deductions -	
Pension benefits	35,219
Net Decrease in Plan Net Assets	(12,752)
Net Assets Held in Trust for Pension Benefits - Beginning of Year	942,403
Net Assets Held in Trust for Pension Benefits - End of Year	$ 929,651

The notes to the financial statements are an integral part of this statement.

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Note 1 - Summary of Significant Accounting Policies

The Village of Briarcliff Manor, New York (the "Village") was incorporated pursuant to an act of the New York State Legislature in December 1902 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Manager serves as the chief executive officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, 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. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental 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.

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, 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. 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 two 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 are the Village's major governmental funds.

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

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

Water Fund - The Water Fund is used to record the water utility operations of the Village, which renders services on a user charge basis to the general public.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Debt Service Fund - The Debt Service Fund is provided to account for and report the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

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

Special Revenue Funds:

Public Library Fund - The Public 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.

b. Fiduciary Funds (Not Included in Government-Wide Statements) - Fiduciary Funds are used to account for assets held by the Village in agency capacity on behalf of others. These include Pension Trust and Agency funds. The Agency Fund is used to account for employee payroll tax withholdings that are payable to other jurisdictions. The Pension Trust Fund is utilized to account for the Village's Fire Service Awards program.

D. Measurement Focus, Basis of Accounting and Financial Presentation

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

The government-wide financial statements and the pension trust fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, retirement incentives and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

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

The Village's deposits and 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, and accordingly, the Village's policy provides for no credit risk on investments.

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 Village subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2012 except for one bank that was under collateralized in the amount of $72,994.

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

Investments - Investments of the Pension Trust Fund are funds that are held on deposit with an insurance company. The funds are invested along with the company's other assets in a variety of instruments. All investments are stated at fair value.

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Investments - Restricted investments of the Capital Projects Fund consist of loan proceeds held by a State agency. These funds are to be used for the Village's Capital Projects Fund water supply construction project.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in two installments due in June and December. The Village has the responsibility for the billing and collection of its own taxes.

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 are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

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

Deferred Charges - Deferred charges in the government-wide financial statements represent the unamortized portion of the costs of the issuance of bonds. These costs are being amortized over the term of the respective bond issue.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, equipment and infrastructure of the Village are depreciated using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings and improvements	10-40
Infrastructure	40
Machinery and equipment	5-15

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/deferred 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 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 $39,170 for Village tax liens and $578,682 for pool, tennis and other recreation fees received in advance in the General Fund. These amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide 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 or Debt Service funds 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 Statement of Net Assets as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the

Note 1 - Summary of Significant Accounting Policies (Continued)

liability has 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 capital projects, debt service, future capital projects and special revenue funds. The balance is classified as unrestricted.

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

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

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

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

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

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental

Note 1 - Summary of Significant Accounting Policies (Continued)

funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets.

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

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

The Village 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 October 18, 2012.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.

Note 2 - Stewardship, Compliance and Accountability (Continued)

b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.

c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.

d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.

e) Formal budgetary integration is employed during the year as a management control device for General, Water, Public Library and Debt Service funds.

f) Budgets for General, Water, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the Board for the Special Purpose Fund.

g) The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

h) Appropriations in General, Water, Public Library and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances 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 2011-12 fiscal year was $42,046,183, which exceeded the actual levy by $32,255,832. (See Note 5).

C. Excess of Actual Expenditures Over Budget

The following functional expenditure categories exceeded their budgetary authorization by the amounts indicated:

Debt Service Fund -		
Other Financing Uses - Transfers out	$	4,442
Public Library Fund -		
Culture and recreation		653

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Tax Liens	$ 46,297

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2012 were as follows:

Fund	Due From	Due To
General	$ 83,407	$ 11,541
Water	9,734	84,853
Capital Projects	41,889	22,597
Debt Service	8,005	-
Non-Major Governmental	1,300	25,344
	$ 144,335	$ 144,335

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

C. Capital Assets

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

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Capital assets, not being depreciated:				
Land	$ 855,947	$ -	$ -	$ 855,947
Construction-in-progress	20,443,281	3,993,603	551,965	23,884,919
Total Capital Assets, not being depreciated	$ 21,299,228	$ 3,993,603	$ 551,965	$ 24,740,866
Capital assets, being depreciated:				
Buildings and improvements	$ 13,182,635	$ 209,777	$ -	$ 13,392,412
Infrastructure	27,463,943	22,500	-	27,486,443
Machinery and equipment	8,903,719	172,516	-	9,076,235
Total Capital Assets, being depreciated	49,550,297	404,793	-	49,955,090

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Less Accumulated Depreciation for:				
Buildings and improvements	$ 4,086,387	$ 759,145	$ -	$ 4,845,532
Infrastructure	9,048,704	255,896	-	9,304,600
Machinery and equipment	6,660,078	551,841	-	7,211,919
Total Accumulated Depreciation	19,795,169	1,566,882	-	21,362,051
Total Capital Assets, being depreciated, net	$ 29,755,128	$ (1,162,089)	$ -	$ 28,593,039
Governmental Activities Capital Assets, net	$ 51,054,356	$ 2,831,514	$ 551,965	$ 53,333,905

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

Governmental Activities:	
General Government Support	$ 96,164
Public Safety	100,461
Health	90,742
Transportation	359,736
Culture and Recreation	162,007
Home and Community Services	757,772
Total Depreciation Expense	$ 1,566,882

D. Accrued Liabilities

Accrued liabilities at May 31, 2012 were as follows:

	General Fund	Water Fund	Total
Payroll and Employee Benefits	$ 233,475	$ 8,284	$ 241,759

E. 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

Note 3 - Detailed Notes on All Funds (Continued)

report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

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

	Tier	Plan	Rate
ERS	1	75I	21.5 %
	3	A14	15.8
	4	A15	15.8
	5	A15	12.7
	6	A15	10.1
PFRS	2	384D	20.9

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

	ERS	PFRS
2012	$ 657,064	$ 452,918
2011	508,776	343,401
2010	284,371	259,654

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

The current ERS contribution for the Village was charged various functional expenditure categories in the funds identified below. The PFRS contribution was charged to the General Fund.

Fund	Amount
General	$ 454,502
Water	134,952
Public Library	67,610
	$ 657,064

Pension Trust - Service Awards Program

The Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer firefighters. This Program is a

Note 3 - Detailed Notes on All Funds (Continued)

single employer defined contribution plan. Active volunteer firefighters, upon attainment of age 18, and upon earning 50 or more points, in a calendar year after 1990, under the provisions of the Program point system, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 65 or the participant's age after earning 50 program points) shall be able to receive their service award. The maximum annual contribution is $480 per individual for each year of service. The Program also provides disability and death benefits. Contributions are not required by participants. The Trustees of the Program, which are the members of the Village's Board, are authorized to invest the funds in authorized investment vehicles.

The Village's obligation to continue funding is governed by New York State Law and Program provisions. The Village's contribution for the calendar year was $57,400. This amount was charged to General Fund expenditures.

F. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance June 1, 2011	New Issues	Redemptions	Balance May 31, 2012
Village Garage	1/23/2009	-	- %	$ 126,000	$ -	$ 126,000	$ -
Building Construction and Reconstruction	1/23/2009	-	-	386,000		386,000	-
Acquisition of Vehicles and Police Department Equipment	1/23/2009	-	-	95,593	-	95,593	-
Improvements to Village Streets and Sidewalks	1/23/2009	-	-	377,000	-	377,000	-
Sanitary System Sewer Improvements	1/23/2009	-	-	125,000	-	125,000	-
Village Water System Improvements	1/23/2009	-	-	70,000	-	70,000	-
Police Vehicle Replacement	9/24/2009	-	-	60,000		60,000	-
Fire Chief Vehicle	9/24/2009	-	-	41,250	-	41,250	-
Fire Equipment	9/24/2009	-	-	10,300	-	10,300	-
Road Paving	9/24/2009	-	-	103,000	-	103,000	-
Sidewalk Replacement	9/24/2009	-	-	61,800	-	61,800	-
Sanitation Truck	9/24/2009	-	-	185,000	-	185,000	-
Scarborough Road Sewer System Collection	9/24/2009	-	-	272,000	-	272,000	-
CCRC Playing Field Irrigation	9/24/2009	-	-	30,900	-	30,900	-
Tennis Courts Law #4 Improvements	9/24/2009	-	-	14,000	-	14,000	-
Platform Court Improvements	9/24/2009	-	-	8,250	-	8,250	-
Scarborough Firehouse	9/24/2009	-	-	1,000,000	-	1,000,000	-
Brookwood Sanitary Sewer II	9/24/2009	-	-	32,640	-	32,640	-
Senior Bus	9/24/2009	-	-	30,600	-	30,600	-
Police Vehicle Replacement	9/9/2010	-	-	31,467	-	31,467	-
Police Surveillance Equipment	9/9/2010	-	-	15,300	-	15,300	-
Road Paving	9/9/2010	-	-	122,400	-	122,400	-
Village Wide Drainage Projects	9/9/2010	-	-	117,300	-	117,300	-
Epoxy Painted Traffic Lines	9/9/2010	-	-	48,960	-	48,960	-
Salt Brine Tank Applicator System	9/9/2010	-	-	12,240	-	12,240	-
Brookwood Sewer Generator Replacement	9/9/2010	-	-	40,800	-	40,800	-
Village Hall Windows, Doors & Garage Door Replacement	9/9/2010	-	-	204,000	-	204,000	-
Village Hall Roof Replacement	9/9/2010	-	-	229,500	-	229,500	-
Municipal Building Exterior Lighting Upgrade	9/9/2010	-	-	76,500	-	76,500	-
Municipal Building Mechanical System Survey	9/9/2010	-	-	10,200	-	10,200	-
Replace\Upgrade Backhoe Bucket	9/9/2010	-	-	127,500	-	127,500	-
Long Hill Pump House Pumps - Water	9/9/2010	-	-	153,000	-	153,000	-
Long Hill Pump House Generator Tie In - Water	9/9/2010	-	-	51,000	-	51,000	-

Note 3 - Detailed Notes on All Funds (Continued)

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance June 1, 2011	New Issues	Redemptions	Balance May 31, 2012
Sleepy Hollow Pump House Generator - Water	9/9/2010	-	- %	$ 25,500	$ -	$ 25,500	$ -
Scarborough Firehouse	3/24/2010	-	-	545,590	-	545,590	-
Village Wide Drainage Projects	3/24/2010	-	-	206,000	-	206,000	-
Annual Guide Rail Repair and Installation	3/24/2010	-	-	22,500	-	22,500	-
Scarborough Train and Water Main	3/24/2010	-	-	35,500	-	35,500	-
Sleepy Hollow Road Pump/ Water Transmission	3/24/2010	-	-	40,800	-	40,800	-
Village Lighting Renovations 07/08	3/24/2010	-	-	51,000	-	51,000	-
Delaware Aqueduct Engineering Services	3/24/2010	-	-	49,250	-	49,250	-
Traffic Lights	3/22/2011	-	-	81,600	-	81,600	-
Village Wide Drainage Projects	3/22/2011	-	-	91,800	-	91,800	-
Sewer Improvements	3/22/2011	-	-	40,800	-	40,800	-
Recreations -Design & Relocation	3/22/2011	-	-	51,000	-	51,000	-
Scarborough Park Construction	3/22/2011	-	-	204,000	-	204,000	-
Scarborough Park Study	3/22/2011	-	-	35,700	-	35,700	-
Solar Project Study	3/22/2011	-	-	76,500	-	76,500	-
Water Tank Cleaning & Inspection	3/22/2011	-	-	10,200	-	10,200	-
Department of Public Works Roof Replacement	3/22/2011	-	-	408,000	-	408,000	-
Police Communication	2/14/2012	2/14/2013	1.03	-	16,000	-	16,000
Fire Fighting Apparatus	2/14/2012	2/14/2013	1.03	-	25,750	-	25,750
Acquisition of Sanitation Vehicle	2/14/2012	2/14/2013	1.03	-	188,700	-	188,700
Improvements to Village Streets	2/14/2012	2/14/2013	1.03	-	198,375	-	198,375
Reconstruction of Building	2/14/2012	2/14/2013	1.03	-	103,125	-	103,125
Acquisition of Machinery and Apparatus	2/14/2012	2/14/2013	1.03	-	56,100	-	56,100
Waterways and Drainage Improvements	2/14/2012	2/14/2013	1.03	-	402,900	-	402,900
				$ 6,245,240	$ 990,950	$ 6,245,240	$ 990,950

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of $75,734 were recorded in the fund financial statements in the following funds:

Fund	Amount
General	$ 68,542
Water	7,192
	$ 75,734

Interest expense of $27,395 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities

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

	Balance June 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2012	Due Within One Year
Bonds Payable:					
General Fund:					
Capital construction	$ 15,847,186	$ 5,612,318	$ 935,355	$ 20,524,149	$ 1,149,219
Judgments and claims	131,600	-	12,080	119,520	6,233
Water Fund	6,661,214	560,699	652,565	6,569,348	652,565
	22,640,000	6,173,017	1,600,000	27,213,017	1,808,017
Add -					
Deferred amounts on refunding	(61,014)	-	(3,864)	(57,150)	-
	22,578,986	6,173,017	1,596,136	27,155,867	1,808,017
Other Non-Current Liabilities:					
Compensated Absences	464,737	91,899	47,000	509,636	51,000
Loans Payable	18,781,938	-	230,211	18,551,727	18,551,727
Retirement Incentive Payable	-	239,978	55,176	184,802	41,316
Other Post Employment Benefit Obligations Payable	2,270,000	1,800,000	680,000	3,390,000	-
Total Long-Term Liabilities	$ 44,095,661	$ 8,304,894	$ 2,608,523	$ 49,792,032	$ 20,452,060

Each governmental fund's liability for compensated absences, retirement incentive payable and other post employment benefit obligations is liquidated by the General, Water and Library funds. The Village's indebtedness for bonds and loans is liquidated by the Debt Service Fund, which is funded primarily by the General and Water Funds.

Bonds Payable

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at May 31, 2012
Water Improvements	1987	$ 4,000,000	September, 2013	6.00 %	$ 350,000
Public Improvements	2004	5,445,880	November, 2024	2.50-4.25	2,335,000
Public Improvements	2006	9,626,000	October, 2027	3.75-4.00	8,070,000
Public Improvements	2008	7,295,000	September, 2029	3.00-5.00	6,700,000
Refunding Bonds	2008	1,585,000	October, 2015	3.00-4.00	890,000
Refunding Bonds	2010	3,305,000	March , 2020	4.00-5.00	2,695,000
Public Improvements	2012	6,173,017	September, 2031	2.00-4.00	6,173,017
					$ 27,213,017

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of $854,539 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of $982,782 was recorded in the government-wide financial statements.

Retirement Incentive Payable

Chapter 105 of the Laws of 2010 authorizes the adoption of the Early Retirement Incentive Programs Part A. Part A of the program provides eligible employees one month of additional service credit for each year of service up to 36 months. The estimated cost of the program will be approximately 60% of the employee's final average salary. The balance due at December 31, 2012 was $184,802. The interest rate is 7.5%. The current year payment of $55,176 was charged to the General Fund.

Loans Payable

The Village entered into a loan agreement with the New York State Environmental Facilities Corporation ("EFC") in the original amount of $18,799,238 for the financing of the Full Water Supply Project. The loan is due, without interest, on November, 2012. The balance due at May 31, 2012 is $18,551,727.

The Village is eligible for forgiveness up to an amount equal to fifty percent of the principal amount of the loan provided that the Village has complied with all terms of the agreement. The funding for the loan forgiveness will be provided through the American Recovery and Reinvestment Act ("ARRA").

The Village anticipates that the principal forgiveness on the loan will occur on or around November 2012, at which time the remaining loan balance will be refinanced with serial bonds through EFC.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of May 31, 2012, including interest payments of $8,722,806 are as follows:

Year Ended	Bonds		Loans	Retirement Incentive		Total	
May 31,	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2013	$ 1,808,017	$ 1,068,466	$ 18,551,727	$ 41,316	$ 13,860	$ 20,401,060	$ 1,082,326
2014	1,940,000	910,976	-	44,415	10,761	1,984,415	921,737
2015	1,735,000	846,107	-	47,745	7,431	1,782,745	853,538
2016	1,765,000	786,376	-	51,326	3,849	1,816,326	790,225
2017	1,600,000	728,139	-	-	-	1,600,000	728,139
2018-2022	7,750,000	2,764,100	-	-	-	7,750,000	2,764,100
2023-2027	7,620,000	1,341,328	-	-	-	7,620,000	1,341,328
2028-2032	2,995,000	241,413	-	-	-	2,995,000	241,413
	$ 27,213,017	$ 8,686,905	$ 18,551,727	$ 184,802	$ 35,901	$ 45,949,546	$ 8,722,806

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.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

Pursuant to collective bargaining agreements, the Village is required to pay employees their accumulated vacation and compensatory time. Upon termination of employment, any unused vacation and compensatory time shall be paid to the employee at the current rate of pay. Police Department employees hired on or before May 31, 1997 are paid upon retirement for accumulated sick leave at the rate of 2 days for every 3 days, up to a maximum of 195 days. Employees hired after June 1, 1997 are paid upon retirement for accumulated sick leave at the rate of one day for every 2 days up to a maximum of 195 days. The value of the compensated absences has been reflected in the government-wide financial statements.

Other Post Employment Benefit Obligations Payable

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 $32,880 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Village's annual other post/employment 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:

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended December 31,	Rate
2013	8.00 %
2014	7.00
2015	6.00
2016	6.00
2017+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return and a 3.0% inflation rate. The Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the unit credit method.

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

Active Employees	67
Retired Employees	58
	125

Amortization Component:		
Actuarial Accrued Liability as of June 1, 2011	$	18,740,000
Assets at Market Value		-
Unfunded Actuarial Accrued Liability ("UAAL")	$	18,740,000
Funded Ratio		0.00%
Covered Payroll (active plan members)	$	6,770,000
UAAL as a Percentage of Covered Payroll		276.81%
Annual Required Contribution	$	1,830,000
Interest on Net OPEB Obligation		100,000
Adjustment to Annual Required Contribution		(130,000)
Annual OPEB Cost		1,800,000
Contributions Made		(680,000)
Increase in Net OPEB Obligation		1,120,000
Net OPEB Obligation - Beginning of Year		2,270,000
Net OPEB Obligation - End of Year	$	3,390,000

Note 3 - Detailed Notes on All Funds (Continued)

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 two preceding years is as follows:

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 1,800,000	37.78 %	$ 3,390,000
2011	1,480,000	43.24	2,270,000
2010	1,390,000	43.17	1,430,000

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

H. Revenues and Expenditures

Interfund Transfers

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

	Transfers in					
Transfers Out	General Fund	Water Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 113,083	$ 1,547,869	$ 564,307	$ 2,225,259
Water Fund	267,000	-	35,640	1,136,881	-	1,439,521
Capital Projects Fund	-	-	-	21,395	-	21,395
Debt Service Fund	191,803	4,442	-	-	-	196,245
	$ 458,803	$ 4,442	$ 148,723	$ 2,706,145	$ 564,307	$ 3,882,420

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 the Debt Service Fund as debt service principal and interest payments become due and 3) move amounts earmarked in the operating funds to fulfill commitments of the General, Water and Library funds.

Note 3 - Detailed Notes on All Funds (Continued)

I. 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 bond proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

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

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

Restricted for Future Capital Projects – the component of net assets that has been established in accordance with General Municipal Law to set aside funds to be used for future capital projects.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2012						2011					
	General Fund	Water Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Water Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable -												
Prepaid expenditures	$ 19,010	$ 11,424	$ -	$ -	$ 464	$ 30,898	$ 103,906	$ 5,030	$ -	$ -	$ -	$ 108,936
Restricted:												
Capital projects	-	-	1,037,659	-	-	1,037,659	-	-	-	-	-	-
Future capital projects	-	1,734,202	-	-	-	1,734,202	-	1,326,894	-	-	-	1,326,894
Retirement contributions	-	-	-	-	-	-	-	17,804	-	-	-	17,804
Debt service	-	-	-	63,676	-	63,676	-	-	-	81,643	-	81,643
Special purpose	-	-	-	-	110,901	110,901	-	-	-	-	346,545	346,545
Total Restricted	-	1,734,202	1,037,659	63,676	110,901	2,946,438	-	1,344,698	-	81,643	346,545	1,772,886
Assigned:												
Purchases on order:												
General government support	2,800	-	-	-	-	2,800	13,735	-	-	-	-	13,735
Public safety	49,149	-	-	-	-	49,149	51,834	-	-	-	-	51,834
Culture and recreation	5,180	-	-	-	-	5,180	23,882	-	-	-	-	23,882
Home and community services	-	-	-	-	-	-	477	7,597	-	-	-	8,074
	57,129	-	-	-	-	57,129	89,928	7,597	-	-	-	97,525
Subsequent years 'expenditures	147,352	17,804	-	-	-	165,156	147,335	-	-	150,000	-	297,335
Water Fund	-	1,640,105	-	-	-	1,640,105	-	1,776,151	-	-	-	1,776,151
Library Fund	-	-	-	-	11,716	11,716	-	-	-	-	8,679	8,679
Total Assigned	204,481	1,657,909	-	-	11,716	1,874,106	237,263	1,783,748	-	150,000	8,679	2,179,690
Unassigned	2,245,742	-	-	-	-	2,245,742	2,011,676	-	(1,920,891)	-	-	90,785
Total Fund Balances	$ 2,469,233	$ 3,403,535	$ 1,037,659	$ 63,676	$ 123,081	$ 7,097,184	$ 2,352,845	$ 3,133,476	$ (1,920,891)	$ 231,643	$ 355,224	$ 4,152,297

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

Subsequent year's expenditures are amounts that at May 31, 2012, the Village Board has assigned to be appropriated for the ensuing year's budget.

Unassigned fund balance represents amounts not classified as non-spendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payment of future tax refunds by the Village if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The Village is a party to a lawsuit which is seeking damages due to a damaged Village water main. The owners of the subject residence have asserted a counterclaim against the Village in the amount of $250,000 for the Village's alleged failure and refusal to issue a Certificate of Occupancy for the residence. The Village's insurance carrier has appointed counsel to defend the Village in the counterclaim. Counsel has indicated that risk of loss cannot be estimated nor a range of loss.

The Village, in common with other municipalities, receives numerous notices of claims for money damages arising generally from false arrest, malicious prosecution, false imprisonment or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Village, if adversely settled.

B. Contingencies

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains a general liability policy with coverage up to $1 million. The Village also maintains a public officials liability policy with coverage up to $1 million, a law enforcement liability policy with coverage up to $1 million and an excess liability policy with coverage up to $10 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Village purchases conventional medical and workers' compensation coverage.

Note 5 - Other Matters

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

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

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

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

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

	Actuarial					
Valuation Date	Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
June 1, 2009	$ -	$ 18,420,000	$ 18,420,000	- %	$ 7,130,000	258.35 %
June 1, 2010	-	19,360,000	19,360,000	-	6,850,000	282.63
June 1, 2011	-	18,740,000	18,740,000	-	6,770,000	276.81

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash:		
Demand deposits	$ 2,988,978	$ 2,650,013
Petty cash	790	790
	2,989,768	2,650,803
Taxes Receivable - Liens	46,297	38,710
Other Receivables:		
Accounts	112,829	137,823
Due from other governments	541,438	440,841
Due from other funds	83,407	35,897
	737,674	614,561
Prepaid Expenditures	19,010	103,906
Total Assets	$ 3,792,749	$ 3,407,980
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 308,946	$ 266,871
Accrued liabilities	233,475	151,294
Due to other funds	11,541	4,814
Due to retirement systems	151,702	84,512
Deferred revenues	578,682	547,644
Deferred tax revenues	39,170	-
Total Liabilities	1,323,516	1,055,135
Fund Balance:		
Nonspendable	19,010	103,906
Assigned	204,481	237,263
Unassigned	2,245,742	2,011,676
Total Fund Balance	2,469,233	2,352,845
Total Liabilities and Fund Balance	$ 3,792,749	$ 3,407,980

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2012 AND 2011

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	$ 9,790,351	$ 9,790,351	$ 9,660,453	$ (129,898)
Other tax items	35,600	35,600	34,040	(1,560)
Non-property taxes	1,396,000	1,396,000	1,398,539	2,539
Departmental income	1,805,388	1,810,100	1,712,863	(97,237)
Use of money and property	232,018	232,018	244,458	12,440
Licenses and permits	17,500	18,431	30,266	11,835
Fines and forfeitures	77,150	77,150	96,387	19,237
Sale of property and compensation for loss	33,000	45,396	70,597	25,201
State aid	376,841	413,010	409,569	(3,441)
Federal aid	-	108,508	108,508	-
Miscellaneous	101,954	106,036	103,103	(2,933)
Total Revenues	13,865,802	14,032,600	13,868,783	(163,817)
Expenditures:				
Current:				
General government support	2,723,581	2,605,328	2,352,266	253,062
Public safety	4,134,626	4,348,648	4,318,292	30,356
Health	163,936	158,594	155,944	2,650
Transportation	1,753,126	1,839,817	1,746,545	93,272
Culture and recreation	1,685,164	1,674,686	1,600,613	74,073
Home and community services	1,772,225	1,786,133	1,724,379	61,754
Employee benefits	34,300	19,538	19,358	180
Debt service -				
Interest	32,945	69,749	68,542	1,207
Total Expenditures	12,299,903	12,502,493	11,985,939	516,554
Excess of Revenues Over Expenditures	1,565,899	1,530,107	1,882,844	352,737
Other Financing Sources (Uses):				
Transfers in	417,000	458,803	458,803	-
Transfers out	(2,220,162)	(2,225,259)	(2,225,259)	-
Total Other Financing Uses	(1,803,162)	(1,766,456)	(1,766,456)	-
Net Change in Fund Balance	(237,263)	(236,349)	116,388	352,737
Fund Balance - Beginning of Year	237,263	236,349	2,352,845	2,116,496
Fund Balance - End of Year	$ -	$ -	$ 2,469,233	$ 2,469,233

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 9,631,655	$ 9,631,655	$ 9,582,780	$ (48,875)
35,550	35,550	39,503	3,953
1,326,000	1,326,000	1,387,909	61,909
1,700,116	1,737,178	1,600,708	(136,470)
285,590	285,604	259,979	(25,625)
11,700	11,700	20,933	9,233
75,300	75,300	93,089	17,789
43,000	45,923	65,187	19,264
479,378	496,663	366,683	(129,980)
-	45,000	48,638	3,638
98,427	140,118	173,245	33,127
13,686,716	13,830,691	13,638,654	(192,037)
2,922,569	2,976,744	2,456,519	520,225
4,088,267	4,122,195	4,027,297	94,898
163,200	162,988	161,697	1,291
1,739,213	1,783,878	1,782,796	1,082
1,659,566	1,694,676	1,630,255	64,421
1,777,355	1,761,887	1,751,532	10,355
-	-	-	-
42,729	57,485	57,485	-
12,392,899	12,559,853	11,867,581	692,272
1,293,817	1,270,838	1,771,073	500,235
517,000	539,979	539,979	-
(2,090,906)	(2,090,906)	(2,066,893)	(24,013)
(1,573,906)	(1,550,927)	(1,526,914)	(24,013)
(280,089)	(280,089)	244,159	524,248
280,089	280,089	2,108,686	1,828,597
$ -	$ -	$ 2,352,845	$ 2,352,845

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
REAL PROPERTY TAXES	$ 9,790,351	$ 9,790,351	$ 9,660,453	$ (129,898)	$ 9,582,780
OTHER TAX ITEMS					
Interest and penalties on real property taxes	35,600	35,600	34,040	(1,560)	39,503
NON - PROPERTY TAXES					
Franchise fees	150,000	150,000	178,280	28,280	163,819
Utilities gross receipts taxes	187,000	187,000	183,007	(3,993)	200,649
Non - property tax distribution from County	1,059,000	1,059,000	1,037,252	(21,748)	1,023,441
	1,396,000	1,396,000	1,398,539	2,539	1,387,909
DEPARTMENTAL INCOME					
Clerk fees	2,199	2,199	5,626	3,427	3,447
Police fees	7,500	12,212	12,552	340	14,439
Building permit fees	382,500	382,500	303,413	(79,087)	218,533
Parking fees	272,000	272,000	272,845	845	266,662
Parks and recreation charges	545,770	545,770	560,518	14,748	515,961
Pool and tennis fees	304,644	304,644	276,955	(27,689)	296,234
Planning board fees	5,000	5,000	3,750	(1,250)	9,830
Zoning board fees	4,500	4,500	3,000	(1,500)	4,987
Sale of leaf bags	4,500	4,500	3,635	(865)	4,814
Sewer charges	2,500	2,500	2,500	-	2,500
Alarm system service	45,500	45,500	45,460	(40)	44,656
Sanitation fees	30,000	30,000	11,850	(18,150)	200
Fire protection services to other governments	163,575	163,575	174,848	11,273	153,384
Sale of unleaded/diesel fuel	19,000	19,000	20,524	1,524	47,551
Snow removal charges to other governments	16,200	16,200	15,387	(813)	17,510
	1,805,388	1,810,100	1,712,863	(97,237)	1,600,708

USE OF MONEY AND PROPERTY					
Earnings on investments	10,000	10,000	3,443	(6,557)	10,166
Rental of real property	222,018	222,018	241,015	18,997	249,813
	232,018	232,018	244,458	12,440	259,979
LICENSES AND PERMITS					
Street opening permits	15,000	15,931	28,381	12,450	18,400
Dog licenses	2,500	2,500	1,885	(615)	2,533
	17,500	18,431	30,266	11,835	20,933
FINES AND FORFEITURES					
Fines and forfeited bail	77,150	77,150	96,387	19,237	93,089
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	15,000	15,000	7,305	(7,695)	-
Sale of scrap	18,000	18,000	27,051	9,051	21,447
Insurance recoveries	-	12,396	36,241	23,845	43,740
	33,000	45,396	70,597	25,201	65,187
STATE AID					
Per capita	35,000	35,000	36,431	1,431	37,174
Mortgage tax	187,000	187,000	182,677	(4,323)	155,855
Consolidated highway aid	153,000	153,000	152,905	(95)	153,992
Public safety grant	-	-	-	-	17,285
Youth programs	1,841	1,841	1,387	(454)	1,771
Emergency Management Office	-	36,169	36,169	-	606
	376,841	413,010	409,569	(3,441)	366,683
FEDERAL AID					
Department of Justice Grant	-	-	-	-	45,000
Emergency Management Agency	-	108,508	108,508	-	3,638
	-	108,508	108,508	-	48,638

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VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
MISCELLANEOUS					
Refund of prior year's expenditures	$ 14,795	$ 14,795	$ 14,795	$ -	$ 14,795
Gifts and donations	-	2,692	2,692	-	1,000
Reimbursement Medicare Part D	35,000	35,000	32,880	(2,120)	32,131
Other	52,159	53,549	52,736	(813)	125,319
	101,954	106,036	103,103	(2,933)	173,245
TOTAL REVENUES	13,865,802	14,032,600	13,868,783	(163,817)	13,638,654
OTHER FINANCING SOURCES					
Transfers in:					
Water Fund	267,000	267,000	267,000	-	267,000
Debt Service Fund	150,000	150,000	150,000	-	256,937
Special Purpose Fund	-	41,803	41,803		16,042
TOTAL OTHER FINANCING SOURCES	417,000	458,803	458,803	-	539,979
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 14,282,802	$ 14,491,403	$ 14,327,586	$ (163,817)	$ 14,178,633

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	$ 65,421	$ 61,174	$ 60,245	$ 929	$ 79,889
Village Justice	189,170	175,146	175,079	67	164,161
Manager	224,171	232,488	232,488	-	241,073
Auditor	30,659	29,643	28,303	1,340	29,909
Treasurer	264,275	262,120	262,120	-	254,615
Clerk	255,319	253,555	246,556	6,999	255,072
Law	160,000	177,844	177,844	-	245,905
Engineer	86,661	91,269	91,269	-	81,231
Elections	3,695	3,072	2,156	916	2,400
Records management	16,606	12,483	12,239	244	3,090
Buildings	218,431	221,946	190,070	31,876	194,187
Central garage	521,681	513,358	498,010	15,348	566,518
Central data processing	48,496	42,369	41,548	821	35,945
Unallocated insurance	302,761	221,774	221,774	-	230,017
Municipal association dues	3,964	8,056	7,926	130	3,268
Taxes and assessments	21,500	21,500	20,647	853	20,245
Refunds of real property taxes	40,000	43,225	43,225	-	18,331
Fiscal agent fees	2,650	2,825	2,825	-	2,325
Metropolitan commuter transportation mobility tax	18,871	19,546	19,546	-	19,415
Other	6,000	18,396	18,396	-	8,923
Contingency	243,250	193,539	-	193,539	-
	2,723,581	2,605,328	2,352,266	253,062	2,456,519
PUBLIC SAFETY					
Police department	3,499,891	3,707,710	3,707,710	-	3,345,291
Fire department	447,193	446,444	416,104	30,340	448,987
Control of animals	7,100	7,017	7,001	16	7,779
Safety inspection	180,442	187,477	187,477	-	225,240
	4,134,626	4,348,648	4,318,292	30,356	4,027,297

HEALTH					
Ambulance	163,936	158,594	155,944	2,650	161,697
TRANSPORTATION					
Administration	383,080	368,852	367,610	1,242	408,248
Street maintenance	821,705	962,347	912,853	49,494	804,924
Road construction	152,905	152,905	152,905	-	152,905
Snow removal	158,453	121,532	82,344	39,188	197,285
Street lighting	236,983	234,181	230,833	3,348	219,434
	1,753,126	1,839,817	1,746,545	93,272	1,782,796
CULTURE AND RECREATION					
Administration	501,991	500,516	497,522	2,994	511,818
Parks and playgrounds	372,125	375,813	373,551	2,262	349,222
Recreation programs	180,891	180,923	164,713	16,210	172,369
Youth programs	473,976	462,740	425,504	37,236	436,939
After school programs	48,715	47,210	44,982	2,228	55,363
Celebrations	17,200	18,107	17,992	115	18,133
Adult recreation	33,557	32,650	26,363	6,287	29,274
Senior citizens	56,709	56,727	49,986	6,741	57,137
	1,685,164	1,674,686	1,600,613	74,073	1,630,255
HOME AND COMMUNITY SERVICES					
Zoning board	3,986	3,531	2,374	1,157	2,691
Planning board	19,449	21,330	11,005	10,325	9,608
Recycling	338,102	335,654	312,432	23,222	291,600
Sanitary sewers	197,601	198,965	179,574	19,391	205,829
Refuse and garbage	794,740	777,889	770,703	7,186	757,598
Construction projects	271,278	266,464	266,464	-	251,491
Community beautification	147,069	182,300	181,827	473	232,715
	1,772,225	1,786,133	1,724,379	61,754	1,751,532

(Continued)

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
EMPLOYEE BENEFITS					
Workers compensation benefits - Unallocated	$ 34,300	$ 19,538	$ 19,358	$ 180	$ -
DEBT SERVICE					
Interest - Bond anticipation notes	32,945	69,749	68,542	1,207	57,485
TOTAL EXPENDITURES	12,299,903	12,502,493	11,985,939	516,554	11,867,581
OTHER FINANCING USES					
Transfers out:					
Public Library Fund	564,307	564,307	564,307	-	473,932
Debt Service Fund	1,547,772	1,547,869	1,547,869	-	1,539,640
Capital Projects Fund	108,083	113,083	113,083	-	53,321
TOTAL OTHER FINANCING USES	2,220,162	2,225,259	2,225,259	-	2,066,893
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 14,520,065	$ 14,727,752	$ 14,211,198	$ 516,554	$ 13,934,474

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

WATER FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash - Demand deposits	$ 3,224,325	$ 2,803,854
Receivables:		
Accounts	17,082	-
Water rents	468,751	422,166
Due from other governments	32,232	-
Due from other funds	9,734	4,814
	527,799	426,980
Prepaid Expenditures	11,424	5,030
Total Assets	$ 3,763,548	$ 3,235,864
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 244,581	$ 84,278
Accrued liabilities	8,284	-
Due to other funds	84,853	9,521
Due to retirement systems	22,295	8,589
Total Liabilities	360,013	102,388
Fund Balance:		
Nonspendable	11,424	5,030
Restricted	1,734,202	1,344,698
Assigned	1,657,909	1,783,748
Total Fund Balance	3,403,535	3,133,476
Total Liabilities and Fund Balance	$ 3,763,548	$ 3,235,864

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

WATER FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2012 AND 2011

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Departmental income	$ 4,075,047	$ 4,075,047	$ 4,432,046	$ 356,999
Use of money and property	1,500	1,500	3,529	2,029
Sale of property and compensation for loss	1,000	1,000	4,968	3,968
State aid	-	8,058	8,058	-
Federal aid	-	24,174	24,174	-
Miscellaneous	4,772	4,772	11,486	6,714
Total Revenues	4,082,319	4,114,551	4,484,261	369,710
Expenditures:				
Current:				
General government support	219,765	281,325	281,261	64
Home and community services	2,607,004	2,604,761	2,487,470	117,291
Employee benefits	30,449	3,720	3,200	520
Debt service - Interest	3,291	7,380	7,192	188
Total Expenditures	2,860,509	2,897,186	2,779,123	118,063
Excess of Revenues Over Expenditures	1,221,810	1,217,365	1,705,138	487,773
Other Financing Sources (Uses):				
Transfers in	-	4,442	4,442	-
Transfers out	(1,229,407)	(1,439,618)	(1,439,521)	97
Total Other Financing Uses	(1,229,407)	(1,435,176)	(1,435,079)	97
Net Change in Fund Balance	(7,597)	(217,811)	270,059	487,870
Fund Balance - Beginning of Year	7,597	217,811	3,133,476	2,915,665
Fund Balance - End of Year	$ -	$ -	$ 3,403,535	$ 3,403,535

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 3,646,441	$ 3,696,513	$ 4,899,771	$ 1,203,258
-	-	7,339	7,339
3,000	3,000	2,360	(640)
-	-	-	-
-	-	-	-
3,513	3,513	5,888	2,375
3,652,954	3,703,026	4,915,358	1,212,332
248,307	337,783	215,857	121,926
2,457,601	2,415,974	2,336,827	79,147
-	-	-	-
1,235	2,708	2,708	-
2,707,143	2,756,465	2,555,392	201,073
945,811	946,561	2,359,966	1,413,405
-	-	-	-
(1,212,811)	(1,213,561)	(1,213,561)	-
(1,212,811)	(1,213,561)	(1,213,561)	-
(267,000)	(267,000)	1,146,405	1,413,405
267,000	267,000	1,987,071	1,720,071
$ -	$ -	$ 3,133,476	$ 3,133,476

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
DEPARTMENTAL INCOME					
Metered water sales	$ 3,994,647	$ 3,994,647	$ 4,311,704	$ 317,057	$ 4,792,269
Water service charges	5,000	5,000	7,125	2,125	6,655
Interest and penalties on water rents	70,000	70,000	106,817	36,817	94,247
Water services for other governments	5,400	5,400	6,400	1,000	6,600
	4,075,047	4,075,047	4,432,046	356,999	4,899,771
USE OF MONEY AND PROPERTY					
Earnings on investments	1,500	1,500	3,529	2,029	7,339
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	1,000	1,000	4,968	3,968	2,360
STATE AID					
Emergency Management Office	-	8,058	8,058	-	-
FEDERAL AID					
Emergency Management Agency	-	24,174	24,174	-	-

MISCELLANEOUS					
Other	4,772	4,772	11,486	6,714	5,888
TOTAL REVENUES	4,082,319	4,114,551	4,484,261	369,710	4,915,358
OTHER FINANCING SOURCES					
Transfers in - Debt Service Fund	-	4,442	4,442	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 4,082,319	$ 4,118,993	$ 4,488,703	$ 369,710	$ 4,915,358

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Auditor	$ 7,371	$ 7,371	$ 7,371	$ -	$ 7,371
Law	20,996	97,014	97,014	-	30,723
Central garage	84,144	87,119	87,119	-	103,408
Unallocated insurance	70,000	69,541	69,477	64	63,599
Municipal association dues	4,843	3,713	3,713	-	3,713
Taxes and assessments on municipal property	3,900	12,643	12,643	-	3,482
Fiscal agent fees	1,000	1,125	1,125	-	1,050
Metropolitan commuter transportation mobility tax	2,511	2,799	2,799	-	2,511
Contingency	25,000	-	-	-	-
	219,765	281,325	281,261	64	215,857
HOME AND COMMUNITY SERVICES					
Water administration	630,345	637,963	637,963	-	514,676
Pumping, supply and power	1,489,783	1,321,270	1,203,979	117,291	1,288,693
Transmission and distribution	486,876	645,528	645,528	-	533,458
	2,607,004	2,604,761	2,487,470	117,291	2,336,827
EMPLOYEE BENEFITS					
Workers compensation benefits - Unallocated	15,449	3,200	3,200	-	-
Hospital and medical insurance - Unallocated	15,000	520	-	520	-
	30,449	3,720	3,200	520	-

DEBT SERVICE					
Interest - Bond anticipation notes	3,291	7,380	7,192	188	2,708
TOTAL EXPENDITURES	2,860,509	2,897,186	2,779,123	118,063	2,555,392
OTHER FINANCING USES:					
Transfers out:					
General Fund	267,000	267,000	267,000	-	267,000
Capital Projects Fund	35,640	35,640	35,640	-	2,150
Debt Service Fund	926,767	1,136,978	1,136,881	97	944,411
TOTAL OTHER FINANCING USES	1,229,407	1,439,618	1,439,521	97	1,213,561
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 4,089,916	$ 4,336,804	$ 4,218,644	$ 118,160	$ 3,768,953

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	2012	2011
ASSETS		
Cash - Demand deposits	$ 1,486,802	$ 2,346,366
Restricted Investments	275,035	4,176,090
Receivables:		
Accounts	119,196	-
Due from State and Federal governments	557,965	15,211
Due from other funds	41,889	-
	719,050	15,211
Total Assets	$ 2,480,887	$ 6,537,667
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities:		
Accounts payable	$ 271,845	$ 1,590,871
Retainages payable	157,836	593,793
Due to other funds	22,597	28,654
Bond anticipation notes payable	990,950	6,245,240
Total Liabilities	1,443,228	8,458,558
Fund Balance (Deficit):		
Restricted	1,037,659	-
Unassigned	-	(1,920,891)
Total Fund Balance (Deficit)	1,037,659	(1,920,891)
Total Liabilities and Fund Balance (Deficit)	$ 2,480,887	$ 6,537,667

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	2012	2011
Revenues:		
State aid	$ 77,439	$ 15,246
Federal aid	592,788	174,756
Miscellaneous	224,536	13,896
Total Revenues	894,763	203,898
Expenditures - Capital outlay	4,236,558	10,451,912
Deficiency of Revenues Over Expenditures	(3,341,795)	(10,248,014)
Other Financing Sources (Uses):		
Bonds issued	6,173,017	-
Transfers in	148,723	55,471
Transfers out	(21,395)	-
Total Other Financing Sources	6,300,345	55,471
Net Change in Fund Balance	2,958,550	(10,192,543)
Fund Balance (Deficit) - Beginning of Year	(1,920,891)	8,271,652
Fund Balance (Deficit) - End of Year	$ 1,037,659	$ (1,920,891)

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VILLAGE OF BRIARCLIFF MANOR, NEW YORK

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash - Demand deposits	$ 55,671	$ 223,531
Due from Other Funds	8,005	8,112
Total Assets	$ 63,676	$ 231,643
FUND BALANCE		
Restricted	$ 63,676	$ 81,643
Assigned	-	150,000
Total Fund Balance	$ 63,676	$ 231,643

DEBT SERVICE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2012 AND 2011

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues -				
Use of money and property	$ -	$ -	$ 6,883	$ 6,883
Expenditures -				
Debt service:				
Principal:				
Serial bonds	1,600,000	1,600,000	1,600,000	-
Loans	-	230,212	230,211	1
	1,600,000	1,830,212	1,830,211	1
Interest - Serial bonds	854,539	854,539	854,539	-
Refunding bond issuance costs	-	-	-	-
Total Expenditures	2,454,539	2,684,751	2,684,750	1
Deficiency of Revenues Over Expenditures	(2,454,539)	(2,684,751)	(2,677,867)	6,884
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	2,454,539	2,684,751	2,706,145	21,394
Transfers out	(150,000)	(191,803)	(196,245)	(4,442)
Total Other Financing Sources	2,304,539	2,492,948	2,509,900	16,952
Net Change in Fund Balance	(150,000)	(191,803)	(167,967)	23,836
Fund Balance - Beginning of Year	150,000	191,803	231,643	39,840
Fund Balance - End of Year	$ -	$ -	$ 63,676	$ 63,676

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ 61,145	$ 61,145
1,520,000	1,575,000	1,575,000	-
-	-	17,300	(17,300)
1,520,000	1,575,000	1,592,300	(17,300)
961,071	906,071	891,751	14,320
-	83,049	83,049	-
2,481,071	2,564,120	2,567,100	(2,980)
(2,481,071)	(2,564,120)	(2,505,955)	58,165
-	3,305,000	3,305,000	-
-	97,497	97,497	-
-	(3,319,448)	(3,319,448)	-
2,481,071	2,481,071	2,484,051	2,980
(250,000)	(250,000)	(256,937)	(6,937)
2,231,071	2,314,120	2,310,163	(3,957)
(250,000)	(250,000)	(195,792)	54,208
250,000	250,000	427,435	177,435
$ -	$ -	$ 231,643	$ 231,643

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Public Library	Special Purpose	Total Non-Major Governmental Funds 2012	2011
ASSETS				
Cash and Equivalents	$ 29,910	$ 128,536	$ 158,446	$ 382,720
Receivables:				
Accounts	1,380	-	1,380	-
Due from other funds	1,300	-	1,300	-
	2,680	-	2,680	-
Prepaid Expenditures	464	-	464	-
Total Assets	$ 33,054	$ 128,536	$ 161,590	$ 382,720
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,115	$ -	$ 2,115	$ 13,411
Accrued liabilities	-	-	-	4,716
Due to other funds	7,709	17,635	25,344	5,834
Due to retirement systems	11,050	-	11,050	3,535
Total Liabilities	20,874	17,635	38,509	27,496
Fund Balances:				
Nonspendable	464	-	464	-
Restricted	-	110,901	110,901	346,545
Assigned	11,716	-	11,716	8,679
Total Fund Balances	12,180	110,901	123,081	355,224
Total Liabilities and Fund Balances	$ 33,054	$ 128,536	$ 161,590	$ 382,720

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	Public Library	Special Purpose	Total Non-Major Governmental Funds 2012	Total Non-Major Governmental Funds 2011
Revenues:				
Departmental income	$ 16,642	$ -	$ 16,642	$ 13,937
Use of money and property	-	45	45	278
State aid	1,867	-	1,867	53,823
Miscellaneous	3,686	4,000	7,686	222,873
Total Revenues	22,195	4,045	26,240	290,911
Expenditures -				
Current:				
General government support	16,276	-	16,276	13,157
Culture and recreation	566,725	-	566,725	551,620
Home and community services	-	239,689	239,689	39,512
Total Expenditures	583,001	239,689	822,690	604,289
Deficiency of Revenues Over Expenditures	(560,806)	(235,644)	(796,450)	(313,378)
Other Financing Sources (Uses):				
Transfers in	564,307	-	564,307	473,932
Transfers out	-	-	-	(16,042)
Total Other Financing Sources	564,307	-	564,307	457,890
Net Change in Fund Balances	3,501	(235,644)	(232,143)	144,512
Fund Balances - Beginning of Year	8,679	346,545	355,224	210,712
Fund Balances - End of Year	$ 12,180	$ 110,901	$ 123,081	$ 355,224

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PUBLIC LIBRARY FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash:		
Demand deposits	$ 29,785	$ 36,050
Petty cash	125	125
	29,910	36,175
Receivables:		
Accounts	1,380	-
Due from other funds	1,300	-
	2,680	-
Prepaid Expenditures	464	-
Total Assets	$ 33,054	$ 36,175
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 2,115	$ 13,411
Accrued liabilities	-	4,716
Due to other funds	7,709	5,834
Due to retirement systems	11,050	3,535
Total Liabilities	20,874	27,496
Fund Balance:		
Nonspendable	464	-
Assigned	11,716	8,679
Total Fund Balance	12,180	8,679
Total Liabilities and Fund Balance	$ 33,054	$ 36,175

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

PUBLIC LIBRARY FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2012 AND 2011

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Departmental income	$ 15,018	$ 15,018	$ 16,642	$ 1,624
State aid	1,666	1,666	1,867	201
Miscellaneous	1,500	1,500	3,686	2,186
Total Revenues	18,184	18,184	22,195	4,011
Expenditures -				
Current:				
General government support	16,701	16,419	16,276	143
Culture and recreation	565,790	566,072	566,725	(653)
Total Expenditures	582,491	582,491	583,001	(510)
Deficiency of Revenues Over Expenditures	(564,307)	(564,307)	(560,806)	3,501
Other Financing Sources - Transfers in	564,307	564,307	564,307	-
Net Change in Fund Balance	-	-	3,501	3,501
Fund Balance - Beginning of Year	-	-	8,679	8,679
Fund Balance - End of Year	$ -	$ -	$ 12,180	$ 12,180

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 17,000	$ 17,000	$ 13,937	$ (3,063)
58,048	58,048	53,823	(4,225)
3,000	3,000	2,873	(127)
78,048	78,048	70,633	(7,415)
18,546	17,345	13,157	4,188
533,434	563,316	551,620	11,696
551,980	580,661	564,777	15,884
(473,932)	(502,613)	(494,144)	8,469
473,932	473,932	473,932	-
-	(28,681)	(20,212)	8,469
-	28,681	28,891	210
$ -	$ -	$ 8,679	$ 8,679

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	2012	2011
ASSETS		
Cash - Demand deposits	$ 128,536	$ 346,545
LIABILITIES AND FUND BALANCE		
Liabilities - Due to other funds	$ 17,635	$ -
Fund Balance - Restricted	110,901	346,545
Total Liabilities and Fund Balance	$ 128,536	$ 346,545

VILLAGE OF BRIARCLIFF MANOR, NEW YORK

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

	2012	2011
Revenues:		
Use of money and property	$ 45	$ 278
Miscellaneous	4,000	220,000
Total Revenues	4,045	220,278
Expenditures - Current		
Home and community services	239,689	39,512
Excess (Deficiency) of Revenues Over Expenditures	(235,644)	180,766
Other Financing Uses -		
Transfers out	-	(16,042)
Net Change in Fund Balance	(235,644)	164,724
Fund Balance - Beginning of Year	346,545	181,821
Fund Balance - End of Year	$ 110,901	$ 346,545

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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 Honorable Mayor and Board of Trustees
of the Village of Briarcliff Manor, New York:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Briarcliff, New York ("Village") as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies 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.

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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 the management of the Village in a separate letter.

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 18, 2012

O'CONNOR DAVIES

PKF

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 Honorable Mayor and Board of Trustees
of the Village of Briarcliff Manor, New York:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

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

O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 18, 2012

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

Federal Grantor Program Title	Federal CFDA Number (1)	Non ARRA (2)	ARRA (2)	Federal Program Expenditures
U.S Department of Homeland Security				
Indirect Program - Passed through New York State Office of Emergency Management -				
Disaster Grants - Public Assistance	97.036	$ 364,998	$ -	$ 364,998
U.S Department of Energy				
Indirect Program - Passed through New York State Energy Research and Development Authority (NYSERDA) -				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	-	249,015	249,015
U.S. Department of Environmental Protection				
Indirect Program - Passed through New York State Department of Environmental Facilities Corporation:				
Congressionally Mandated Projects	66.202	111,457	-	111,457
Capitalization Grants for Drinking Water State Revolving Funds	66.468	-	2,011,512	2,011,512
Total U.S. Department of Environmental Protection		111,457	2,011,512	2,122,969
Total		$ 476,455	$ 2,260,527	$ 2,736,982

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal award programs for the year ended May 31, 2012. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

4. *Financing Available under the American Recovery and Reinvestment Act for CFDA 66.458 Capitalization Grants For Clean Water State Revolving Funds (CWSRF)*

Financial assistance was made available to Village of Briarcliff Manor, New York under the American Recovery and Reinvestment Act of 2009 ("ARRA") for the Full Water Supply Project passed through the New York State Environmental Facilities Corporation ("EFC"). The Village has been advanced $18,524,203 of the available $18,799,238 in loans as of May 31, 2012. $2,011,512 represented expenditures incurred during the year ended May 31, 2012.

The Village is eligible for principal forgiveness up to an amount equal to fifty percent of the principal amount of the loan provided that the Village has complied with all the terms of the agreement.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MAY 31, 2012

NONE

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? — ___ yes _X_ no

Identification of major programs:

CFDA Number	Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? — _X_ yes ___ no

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.