

Village of Briarcliff Manor, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2013

Village of Briarcliff Manor, New York

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Independent Auditors' Report

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2013, and the respective changes in financial position, thereof, and the budgetary comparison for the General and Water Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 11, 2013

Village of Briarcliff Manor, New York

Management's Discussion and Analysis (MD&A)
May 31, 2013

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, 2013. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Comparative Financial Highlights

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

At the conclusion of **fiscal year 2013**, total assets exceeded total liabilities by \$16,438,968, and the Village's governmental funds reported combined ending fund balances of \$ 4,657,548.

Unassigned fund balance for the General Fund of \$2,245,742 in FY 2012 decreased to \$1,426,207 at the close of FY 2013. This amount represents 9.2% of total General Fund expenditures and other financing uses; a decrease from 15.7% in 2012. The cause for the decline is directly attributable to the appropriation of fund balance, as planned since 6/1/09, for union contract settlements and for unexpected Tax Certioraris.

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

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

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 funds 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 \$16,438,968 at the close of the most recent fiscal year. A portion of the Village's net position 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 Position

	May 31,	
	2013	2012
Current Assets	\$ 9,732,603	\$ 10,214,965
Capital Assets, net	52,359,425	53,333,905
Total Assets	62,092,028	63,548,870
Current Liabilities	5,173,389	3,272,868
Long-Term Liabilities	40,479,671	49,792,032
Total Liabilities	45,653,060	53,064,900
Net Position		
Net Investment in Capital Assets	17,211,928	7,126,766
Restricted	2,229,244	4,806,783
Unrestricted	(3,002,204)	(1,449,579)
Total Net Position	\$ 16,438,968	\$ 10,483,970

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

Changes in Net Position

	May 31,	
	2013	2012
REVENUES		
Program Revenues		
Charges for Services	\$ 6,536,323	\$ 6,562,099
Operating Grants and Contributions	628,098	363,474
Capital Grants and Contributions	8,596,568	901,646
General Revenues		
Real Property Taxes	9,790,295	9,699,623
Other Tax Items	43,479	34,040
Non-Property Taxes	1,434,805	1,398,539
Unrestricted Use of Money and Property	2,035	3,443
Sale of Property and Compensation for Loss	172,408	70,597
Unrestricted State Aid	233,327	219,108
Miscellaneous	105,469	67,531
	<u>27,542,807</u>	<u>19,320,100</u>
PROGRAM EXPENSES		
General Government Support	3,797,223	3,474,503
Public Safety	5,431,665	4,711,433
Health	246,971	246,686
Transportation	2,701,073	2,258,785
Culture and Recreation	2,366,221	2,538,770
Home and Community Services	5,981,797	5,605,545
Interest	1,062,859	1,010,177
	<u>21,587,809</u>	<u>19,845,899</u>
Change in Net Position	5,954,998	(525,799)
Net Position - Beginning of Year,	<u>10,483,970</u>	<u>11,009,769</u>
Net Position - Ending	<u>\$ 16,438,968</u>	<u>\$ 10,483,970</u>

Governmental Activities

For the fiscal year ended May 31, 2013, revenues from governmental activities totaled \$27,542,807. Tax revenues comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (40.9% or \$11,268,579).

The largest components of governmental expenses are home & community services (\$5,981,797), public safety (\$5,431,665), and general government support (\$3,797,223).

Financial Analysis of the Village's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the Village's fiscal period ending May 31, 2012. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: Non-spendable, restricted, committed, assigned and unassigned which are defined below.

Nonspendable – 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.

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

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

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

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

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 \$2,920,848.

Of the Assigned fund balance, \$126,908 has been designated to support the subsequent year's General 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, debt service, and special purposes.

The General Fund is the primary operating fund of the Village. At the end of FY 2012, the Unassigned fund balance of the General Fund was \$2,245,742. At the end of the current fiscal year, the Unassigned

fund balance was \$1,426,207, representing 79.56% of the total General Fund fund balance of \$1,792,638.

General Fund Budgetary Highlights

The net change in total general fund balance was \$(676,595). This is due to Contract settlements and Tax Judgments where fund balance was appropriated during the fiscal year. Actual revenues, some of which exceeded projections are as follows: State Aid \$16,121 and Departmental Income \$207,787. Actual expenditures and other financing uses were \$177,016 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, 2013, net of accumulated depreciation was \$52,359,425. 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,

Asset:	2013	2012
Land	\$ 855,947	\$ 855,947
Buildings and improvements	15,891,024	13,392,412
Infrastructure	47,524,642	27,486,443
Machinery and equipment	9,794,050	9,076,235
Construction-in-Progress	1,302,546	23,884,919
Less - accumulated depreciation	(23,008,784)	(21,362,051)
Total (Net of Depreciation)	\$ 52,359,425	\$ 53,333,905

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.

Village of Briarcliff Manor, New York

Statement of Net Position
May 31, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 7,466,735
Restricted investments	429,261
Receivables	
Taxes	30,714
Accounts	139,973
Water rents	526,584
Due from State and Federal governments	383,162
Due from other governments	410,242
Prepaid expenses	266,076
Deferred charges	79,856
Capital assets	
Not being depreciated	2,158,493
Being depreciated, net	50,200,932
	<hr/>
Total Assets	62,092,028
LIABILITIES	
Accounts payable	564,646
Accrued liabilities	144,777
Retainages payable	115,525
Due to retirement systems	383,080
Unearned revenues	605,775
Bond anticipation notes payable	3,158,056
Accrued interest payable	201,530
Non-current liabilities	
Due within one year	2,503,435
Due in more than one year	37,976,236
	<hr/>
Total Liabilities	45,653,060
NET POSITION	
Net investment in capital assets	17,211,928
Restricted	
Debt service	344,942
Future capital projects	1,322,194
Special Revenue Funds	
Water	518,282
Special purposes	43,826
Unrestricted	(3,002,204)
	<hr/>
Total Net Position	\$ 16,438,968
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The notes to the financial statements are an integral part of this statement.

Village of Briarcliff Manor, New York

Statement of Activities
Year Ended May 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,797,223	\$ 293,067	\$ 8,041	\$ -
Public safety	5,431,665	328,898	-	-
Health	246,971	-	-	-
Transportation	2,701,073	314,629	542,074	-
Culture and recreation	2,366,221	829,149	13,775	-
Home and community services	5,981,797	4,770,580	64,208	8,587,392
Interest	1,062,859	-	-	9,176
Total Governmental Activities	\$ 21,587,809	\$ 6,536,323	\$ 628,098	\$ 8,596,568

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 Position

Net Position - Beginning of Year

Net Position - Ending

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

Net (Expense)
Revenue and
Changes in
Net Position

\$ (3,496,115)
(5,102,767)
(246,971)
(1,844,370)
(1,523,297)

7,440,383
(1,053,683)

(5,826,820)

9,790,295
43,479

166,399
197,361
1,071,045
2,035
172,408
233,327
105,469

11,781,818

5,954,998

10,483,970

\$ 16,438,968

Village of Briarcliff Manor, New York

Balance Sheet
 Governmental Funds
 May 31, 2013

	General	Water	Capital Projects
ASSETS			
Cash and equivalents	\$ 1,981,516	\$ 2,250,518	\$ 2,823,773
Restricted investments	-	-	429,261
Taxes receivable	30,714	-	-
Other receivables			
Accounts	133,657	4,936	-
Water rents	-	526,584	-
Due from State and Federal governments	383,162	-	-
Due from other governments	399,939	10,303	-
Due from other funds	-	-	12,570
Prepaid expenditures	239,523	21,636	-
	<u>3,168,511</u>	<u>2,813,977</u>	<u>3,265,604</u>
Total Assets	<u>\$ 3,168,511</u>	<u>\$ 2,813,977</u>	<u>\$ 3,265,604</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 253,255	\$ 212,625	\$ 89,791
Accrued liabilities	144,777	-	-
Retainages payable	-	-	115,525
Due to other funds	12,570	-	1,982
Due to retirement systems	336,156	35,874	-
Unearned revenues	605,775	-	-
Unearned tax revenues	23,340	-	-
Bond anticipation notes payable	-	-	3,158,056
	<u>1,375,873</u>	<u>248,499</u>	<u>3,365,354</u>
Total Liabilities	<u>1,375,873</u>	<u>248,499</u>	<u>3,365,354</u>
Fund balances (deficits)			
Nonspendable	239,523	21,636	-
Restricted	-	1,322,194	-
Assigned	126,908	1,221,648	-
Unassigned	1,426,207	-	(99,750)
	<u>1,792,638</u>	<u>2,565,478</u>	<u>(99,750)</u>
Total Fund Balances (Deficits)	<u>1,792,638</u>	<u>2,565,478</u>	<u>(99,750)</u>
	<u>\$ 3,168,511</u>	<u>\$ 2,813,977</u>	<u>\$ 3,265,604</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,168,511</u>	<u>\$ 2,813,977</u>	<u>\$ 3,265,604</u>

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

Debt Service	Other Governmental	Total Governmental Funds
\$ 342,960	\$ 67,968	\$ 7,466,735
-	-	429,261
-	-	30,714
-	1,380	139,973
-	-	526,584
-	-	383,162
-	-	410,242
1,982	-	14,552
-	4,917	266,076
<u>\$ 344,942</u>	<u>\$ 74,265</u>	<u>\$ 9,667,299</u>
\$ -	\$ 8,975	\$ 564,646
-	-	144,777
-	-	115,525
-	-	14,552
-	11,050	383,080
-	-	605,775
-	-	23,340
-	-	3,158,056
-	20,025	5,009,751
-	4,917	266,076
104,604	43,826	1,470,624
240,338	5,497	1,594,391
-	-	1,326,457
<u>344,942</u>	<u>54,240</u>	<u>4,657,548</u>
<u>\$ 344,942</u>	<u>\$ 74,265</u>	<u>\$ 9,667,299</u>

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Village of Briarcliff Manor, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
May 31, 2013

Fund Balances - Total Governmental Funds	<u>\$ 4,657,548</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>52,359,425</u>
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	<u>79,856</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unearned in the funds	<u>23,340</u>
Long-term liabilities that are not due and payable in the current period and are not reported in the funds.	
Accrued interest payable	(201,530)
Bonds payable	(35,240,734)
Compensated absences	(495,451)
Retirement incentive payable	(143,486)
Other post employment benefit obligations payable	<u>(4,600,000)</u>
	<u>(40,681,201)</u>
Net Position of Governmental Activities	<u>\$ 16,438,968</u>

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
 Governmental Funds
 Year Ended May 31, 2013

	General	Water	Capital Projects
REVENUES			
Real property taxes	\$ 9,806,125	\$ -	\$ -
Other tax items	43,479	-	-
Non-property taxes	1,434,805	-	-
Departmental income	1,795,215	4,342,610	-
Use of money and property	263,164	1,690	-
Licenses and permits	27,845	-	-
Fines and forfeitures	92,597	-	-
Sale of property and compensation for loss	23,901	13,060	-
State aid	393,377	-	-
Federal aid	383,162	10,303	8,690,238
Miscellaneous	113,510	12,801	(102,846)
Total Revenues	14,377,180	4,380,464	8,587,392
EXPENDITURES			
Current			
General government support	2,902,955	302,125	-
Public safety	4,855,851	-	-
Health	158,964	-	-
Transportation	1,573,915	-	-
Culture and recreation	1,643,192	-	-
Home and community services	1,814,502	2,713,391	-
Debt service			
Principal	-	-	18,138,135
Interest	5,939	4,069	-
Capital outlay	-	-	1,719,323
Total Expenditures	12,955,318	3,019,585	19,857,458
Excess (Deficiency) of Revenues Over Expenditures	1,421,862	1,360,879	(11,270,066)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	148,507	-	-
Bonds issued	-	-	10,359,020
Transfers in	300,000	-	45,727
Transfers out	(2,546,964)	(2,198,936)	(272,090)
Total Other Financing Sources (Uses)	(2,098,457)	(2,198,936)	10,132,657
Net Change in Fund Balances	(676,595)	(838,057)	(1,137,409)
Fund Balances - Beginning of Year	2,469,233	3,403,535	1,037,659
Fund Balances (Deficits) - End of Year	\$ 1,792,638	\$ 2,565,478	\$ (99,750)

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

Debt Service	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ 9,806,125
-	-	43,479
-	-	1,434,805
-	16,927	6,154,752
9,176	-	274,030
-	-	27,845
-	-	92,597
-	-	36,961
-	1,950	395,327
-	-	9,083,703
-	37,041	60,506
9,176	55,918	27,410,130
-	18,575	3,223,655
-	-	4,855,851
-	-	158,964
-	-	1,573,915
-	582,755	2,225,947
-	93,429	4,621,322
2,691,609	-	20,829,744
1,138,564	-	1,148,572
-	-	1,719,323
3,830,173	694,759	40,357,293
(3,820,997)	(638,841)	(12,947,163)
-	-	148,507
-	-	10,359,020
4,102,263	570,000	5,017,990
-	-	(5,017,990)
4,102,263	570,000	10,507,527
281,266	(68,841)	(2,439,636)
63,676	123,081	7,097,184
\$ 344,942	\$ 54,240	\$ 4,657,548

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Village of Briarcliff Manor, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2013

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

Net Change in Fund Balances - Total Governmental Funds \$ (2,439,636)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays 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	881,017
Depreciation expense	<u>(1,855,497)</u>
	<u>(974,480)</u>

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

Real property taxes	<u>(15,830)</u>
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 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	(10,359,020)
Principal paid on serial bonds	2,278,017
Amortization of issuance costs, loss on refunding and issuance premium	(20,858)
Principal paid on loans	<u>18,551,727</u>
	<u>10,449,866</u>

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

Accrued interest	89,577
Compensated absences	14,185
Retirement incentive	41,316
Other post employment benefit obligations	<u>(1,210,000)</u>
	<u>(1,064,922)</u>

Change in Net Position of Governmental Activities	<u>\$ 5,954,998</u>
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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, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 9,837,804	\$ 9,837,804	\$ 9,806,125	\$ (31,679)
Other tax items	35,600	35,600	43,479	7,879
Non-property taxes	1,424,000	1,424,000	1,434,805	10,805
Departmental income	1,584,234	1,587,428	1,795,215	207,787
Use of money and property	264,318	264,318	263,164	(1,154)
Licenses and permits	29,000	29,000	27,845	(1,155)
Fines and forfeitures	90,000	90,000	92,597	2,597
Sale of property and compensation for loss	30,000	30,000	23,901	(6,099)
State aid	377,256	377,256	393,377	16,121
Federal aid	-	379,613	383,162	3,549
Miscellaneous	72,485	91,253	113,510	22,257
Total Revenues	13,744,697	14,146,272	14,377,180	230,908
EXPENDITURES				
Current				
General government support	2,657,662	2,906,175	2,902,955	3,220
Public safety	4,312,687	4,886,564	4,855,851	30,713
Health	162,936	158,964	158,964	-
Transportation	1,344,638	1,716,998	1,573,915	143,083
Culture and recreation	1,638,838	1,643,192	1,643,192	-
Home and community services	1,585,513	1,814,502	1,814,502	-
Debt service				
Interest	5,939	5,939	5,939	-
Total Expenditures	11,708,213	13,132,334	12,955,318	177,016
Excess of Revenues Over Expenditures	2,036,484	1,013,938	1,421,862	407,924
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	6,000	134,986	148,507	13,521
Transfers in	300,000	300,000	300,000	-
Transfers out	(2,546,965)	(2,546,964)	(2,546,964)	-
Total Other Financing Uses	(2,240,965)	(2,111,978)	(2,098,457)	13,521
Net Change in Fund Balances	(204,481)	(1,098,040)	(676,595)	421,445
Fund Balances - Beginning of Year	204,481	1,098,040	2,469,233	1,371,193
Fund Balances - End of Year	\$ -	\$ -	\$ 1,792,638	\$ 1,792,638

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
4,497,457	4,497,457	4,342,610	(154,847)
500	500	1,690	1,190
-	-	-	-
-	-	-	-
4,000	12,850	13,060	210
-	-	-	-
-	10,303	10,303	-
8,043	8,043	12,801	4,758
<u>4,510,000</u>	<u>4,529,153</u>	<u>4,380,464</u>	<u>(148,689)</u>
347,840	302,355	302,125	230
-	-	-	-
-	-	-	-
-	-	-	-
2,930,650	2,995,288	2,713,391	281,897
4,069	4,069	4,069	-
<u>3,282,559</u>	<u>3,301,712</u>	<u>3,019,585</u>	<u>282,127</u>
<u>1,227,441</u>	<u>1,227,441</u>	<u>1,360,879</u>	<u>133,438</u>
-	-	-	-
-	-	-	-
<u>(1,245,245)</u>	<u>(2,198,936)</u>	<u>(2,198,936)</u>	<u>-</u>
<u>(1,245,245)</u>	<u>(2,198,936)</u>	<u>(2,198,936)</u>	<u>-</u>
(17,804)	(971,495)	(838,057)	133,438
<u>17,804</u>	<u>971,495</u>	<u>3,403,535</u>	<u>2,432,040</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,565,478</u>	<u>\$ 2,565,478</u>

Village of Briarcliff Manor, New York

Statement of Net Position
Fiduciary Funds
May 31, 2013

	<u>Agency</u>	<u>Pension Trust</u>
ASSETS		
Cash and equivalents	\$ 189,775	\$ -
Investments, at fair value		
Money market	-	266,287
Mutual funds	-	770,052
	<u>-</u>	<u>1,036,339</u>
Accounts receivable	<u>4,097</u>	<u>60,900</u>
Total Assets	<u>193,872</u>	<u>1,097,239</u>
LIABILITIES		
Accounts payable	37,194	-
Deposits	<u>156,678</u>	<u>-</u>
Total Liabilities	<u>193,872</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ -</u>	<u>\$ 1,097,239</u>

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 Position
Pension Trust Fund
Year Ended May 31, 2013

ADDITIONS

Interest income	\$ 22,682
Pension contributions	60,900
Unrealized gain on investments	<u>90,306</u>
Total Additions	173,888

DEDUCTIONS

Pension benefits	<u>6,300</u>
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Net Increase in Plan Net Position	167,588
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Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>929,651</u>
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Net Position Held in Trust for Pension Benefits - End of Year	<u><u>\$ 1,097,239</u></u>
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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 Position 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 Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
May 31, 2013

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 and is primarily funded by the levy of real property taxes.

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 statements.

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 but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in

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, Deferred Outflows/Inflows of Resources and Net Position 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 school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2013 except for one bank that was under collateralized in the amount of \$144,183.

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.

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
May 31, 2013

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, 2013, 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.

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of \$23,340 for Village tax liens and \$605,775 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.

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

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

As of May 31, 2013, no amounts were required to be reported as deferred outflows/inflows of resources.

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 Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for 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 of the State of New York.

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. The Board of Trustees is the highest level of decision making authority for the Village that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to

Note 1 - Summary of Significant Accounting Policies (Continued)

establish the commitment. This classification includes certain amounts established and approved by the Village's Board of Trustees.

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. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

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 11, 2013.

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
May 31, 2013

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.
- 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 2012-2013 fiscal year could have been \$41,998,907. The Village levied \$9,837,804, leaving an additional \$32,161,103, that according to the Property Tax Limitation, could have been levied.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

C. Application of Accounting Standards

For the year ended May 31, 2013, the Village implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB Statement No. 63"). This statement provides financial reporting guidance for these elements first introduced in GASB Concept Statement No. 4, "Elements of Financial Statements". Previous financial reporting standards did not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities.

D. Capital Projects Fund Deficit

The deficit in certain individual capital projects arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2013 consisted of the following -

Tax Liens	<u>\$ 30,714</u>
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B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 12,570
Capital Projects	12,570	1,982
Debt Service	<u>1,982</u>	<u>-</u>
	<u>\$ 14,552</u>	<u>\$ 14,552</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures 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:

	<u>Balance June 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2013</u>
Capital assets, not being depreciated				
Land	\$ 855,947	\$ -	\$ -	\$ 855,947
Construction-in-progress	<u>23,884,919</u>	<u>659,305</u>	<u>23,241,678</u>	<u>1,302,546</u>
Total Capital Assets, not being depreciated	<u>\$ 24,740,866</u>	<u>\$ 659,305</u>	<u>\$ 23,241,678</u>	<u>\$ 2,158,493</u>

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2012	Additions	Deletions	Balance May 31, 2013
Capital assets, being depreciated				
Buildings and improvements	\$ 13,392,412	\$ 2,498,612	\$ -	\$ 15,891,024
Infrastructure	27,486,443	20,038,199	-	47,524,642
Machinery and equipment	9,076,235	926,579	208,764	9,794,050
Total Capital Assets, being depreciated	<u>49,955,090</u>	<u>23,463,390</u>	<u>208,764</u>	<u>73,209,716</u>
Less Accumulated Depreciation for				
Buildings and improvements	4,845,532	942,683	-	5,788,215
Infrastructure	9,304,600	313,107	-	9,617,707
Machinery and equipment	7,211,919	599,707	208,764	7,602,862
Total Accumulated Depreciation	<u>21,362,051</u>	<u>1,855,497</u>	<u>208,764</u>	<u>23,008,784</u>
Total Capital Assets, being depreciated, net	<u>\$ 28,593,039</u>	<u>\$ 21,607,893</u>	<u>\$ -</u>	<u>\$ 50,200,932</u>
Governmental Activities Capital Assets, net	<u>\$ 53,333,905</u>	<u>\$ 22,267,198</u>	<u>\$ 23,241,678</u>	<u>\$ 52,359,425</u>

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

Governmental Activities	
General Government Support	\$ 309,107
Public Safety	100,331
Health	88,007
Transportation	340,672
Culture and Recreation	130,904
Home and Community Services	<u>886,476</u>
Total Depreciation Expense	<u>\$ 1,855,497</u>

D. Accrued Liabilities

Accrued liabilities at May 31, 2013 were as follows:

Payroll and Employee Benefits	General Fund
	<u>\$ 144,777</u>

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

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary 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, 2013 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.4 %
	3 A14	18.6
	4 A15	18.6
	5 A15	15.1
	6 A15	10.1
	PFRS	2 384D

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

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 938,586	\$ 641,618
2012	657,064	452,918
2011	508,776	343,401

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.

<u>Fund</u>	<u>Amount</u>
General	\$ 674,615
Water	194,301
Public Library	<u>69,670</u>
	<u>\$ 938,586</u>

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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 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 \$60,900. 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, 2012	New Issues	Redemptions	Balance May 31, 2013
Police Voice Recording Equipment	2/14/2012	2/13/2014	1.00 %	\$ 16,000	\$ -	\$ 1,272	\$ 14,728
Scott Air Packs and Fire Hose	2/14/2012	2/13/2014	1.00	25,750	-	2,047	23,703
Sanitation Truck	2/14/2012	2/13/2014	1.00	188,700	-	15,002	173,698
North State Road Improvements	2/14/2012	2/13/2014	1.00	198,375	-	13,963	184,412
Library Windows and Doors Phase II	2/14/2012	2/13/2014	1.00	103,125	-	4,779	98,346
Acquisition of Machinery and Apparatus	2/14/2012	2/13/2014	1.00	56,100	-	2,600	53,500
Install Radio Remotes and Auto Dialer System	2/14/2012	2/13/2014	1.00	234,600	-	3,531	231,069
Replace Transit Main - Central Drive	2/14/2012	2/13/2014	1.00	168,300	-	2,533	165,767
Annual Paving	2/13/2013	2/13/2014	1.00	-	103,000	-	103,000
Village Wide Drainage Projects	2/13/2013	2/13/2014	1.00	-	180,250	-	180,250
Sewer Lining Repairs	2/13/2013	2/13/2014	1.00	-	71,400	-	71,400
Village Restoration Walls & Barriers	2/13/2013	2/13/2014	1.00	-	41,200	-	41,200
Aqueduct Tap (MEGA)	2/13/2013	2/13/2014	1.00	-	306,000	-	306,000
Streetscape	2/13/2013	2/13/2014	1.00	-	102,000	-	102,000
DPW Garage	2/13/2013	2/13/2014	1.00	-	154,500	-	154,500
Park Field Drainage	2/13/2013	2/13/2014	1.00	-	55,983	-	55,983
Edith Macy Water Tank Paint	5/30/2013	2/14/2014	0.62	-	306,000	-	306,000
6 Wheel Plow Truck	5/30/2013	2/14/2014	0.62	-	204,000	-	204,000
Annual Paving	5/30/2013	2/14/2014	0.62	-	102,000	-	102,000
Traffic Light	5/30/2013	2/14/2014	0.62	-	81,600	-	81,600
Mason Dump Truck	5/30/2013	2/14/2014	0.62	-	71,400	-	71,400
Utility Truck	5/30/2013	2/14/2014	0.62	-	71,400	-	71,400
Village Phone Equipment	5/30/2013	2/14/2014	0.62	-	51,000	-	51,000
Fire Department - Chief Vehicle	5/30/2013	2/14/2014	0.62	-	45,900	-	45,900
Fire Department - Technology	5/30/2013	2/14/2014	0.62	-	45,900	-	45,900
Pick Up Truck Beautification	5/30/2013	2/14/2014	0.62	-	45,900	-	45,900
Pick Up Truck Highway	5/30/2013	2/14/2014	0.62	-	45,900	-	45,900
Air Bottles - Phase 2	5/30/2013	2/14/2014	0.62	-	30,600	-	30,600
Chappaqua Road Switch	5/30/2013	2/14/2014	0.62	-	30,600	-	30,600
Meter Truck	5/30/2013	2/14/2014	0.62	-	25,500	-	25,500
Technology Upgrade	5/30/2013	2/14/2014	0.62	-	20,400	-	20,400
Fire Hose	5/30/2013	2/14/2014	0.62	-	10,200	-	10,200
Farm Road Water Tank Repairs	5/30/2013	2/14/2014	0.62	-	10,200	-	10,200
				<u>\$ 990,950</u>	<u>\$ 2,212,833</u>	<u>\$ 45,727</u>	<u>\$ 3,158,056</u>

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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 \$10,008 were recorded in the fund financial statements in the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 5,939
Water	<u>4,069</u>
	<u>\$ 10,008</u>

Interest expense of \$12,839 was recorded in the government-wide financial statements.

G. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2013:

	<u>Balance June 1, 2012</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance May 31, 2013</u>	<u>Due Within One Year</u>
Bonds Payable					
General Fund					
Capital construction	\$ 20,524,149	\$ -	\$ 1,113,214	\$ 19,410,935	\$ 1,229,567
Judgments and claims	119,520	-	6,389	113,131	6,389
Water Fund	<u>6,569,348</u>	<u>10,359,020</u>	<u>1,158,414</u>	<u>15,769,954</u>	<u>1,173,064</u>
	27,213,017	10,359,020	2,278,017	35,294,020	2,409,020
Add					
Deferred amounts on refunding	<u>(57,150)</u>	<u>-</u>	<u>(3,864)</u>	<u>(53,286)</u>	<u>-</u>
	27,155,867	10,359,020	2,274,153	35,240,734	2,409,020
Other Non-Current Liabilities					
Compensated Absences	509,636	36,815	51,000	495,451	50,000
Loans Payable	18,551,727	-	18,551,727	-	-
Retirement Incentive Payable	184,802	-	41,316	143,486	44,415
Other Post Employment Benefit Obligations Payable	<u>3,390,000</u>	<u>1,890,000</u>	<u>680,000</u>	<u>4,600,000</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 49,792,032</u>	<u>\$ 12,285,835</u>	<u>\$ 21,598,196</u>	<u>\$ 40,479,671</u>	<u>\$ 2,503,435</u>

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.

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at May 31, 2013
Water Improvements	1987	\$ 4,000,000	September, 2013	6.000 %	\$ 175,000
Public Improvements	2004	5,445,880	November, 2024	2.500-4.250	2,080,000
Public Improvements	2006	9,626,000	October, 2027	3.750-4.000	7,670,000
Public Improvements	2008	7,295,000	September, 2029	3.000-5.000	6,430,000
Refunding Bonds	2008	1,585,000	October, 2015	3.000-4.000	660,000
Refunding Bonds	2010	3,305,000	March, 2020	4.000-5.000	2,390,000
Public Improvements	2012	6,173,017	September, 2031	2.000-4.000	6,000,000
EFC Water	2013	10,359,020	May, 2032	.304-3.044	9,889,020
					<u>\$ 35,294,020</u>

Interest expenditures of \$1,138,564 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,050,020 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 was approximately 60% of the employee's final average salary. The balance due at December 31, 2013 was \$143,486. 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, without interest, for the financing of the Full Water Supply Project. The loan was paid in full during the year ended May 31, 2013.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of May 31, 2013, including interest payments of \$9,598,750 are as follows:

Year Ended May 31,	Bonds		Retirement Incentive		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,409,020	\$ 1,057,754	\$ 44,415	\$ 10,761	\$ 2,453,435	\$ 1,068,515
2015	2,210,000	995,045	47,745	7,431	2,257,745	1,002,476
2016	2,240,000	933,543	51,326	3,849	2,291,326	937,392
2017	2,080,000	873,156	-	-	2,080,000	873,156
2018	2,120,000	813,775	-	-	2,120,000	813,775
2019-2023	10,055,000	3,121,411	-	-	10,055,000	3,121,411
2024-2028	9,710,000	1,505,550	-	-	9,710,000	1,505,550
2029-2032	4,470,000	276,475	-	-	4,470,000	276,475
	<u>\$ 35,294,020</u>	<u>\$ 9,576,709</u>	<u>\$ 143,486</u>	<u>\$ 22,041</u>	<u>\$ 35,437,506</u>	<u>\$ 9,598,750</u>

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

Compensated Absences

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 \$31,911 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

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Rate</u>
2014	9.50 %
2015	9.00
2016	8.50
2017	8.00
2018	7.50
2019	7.00
2020	6.50
2021	6.00
2022	5.50
2023+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 25 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, 2013 was as follows:

Active Employees	67
Retired Employees	<u>58</u>
	<u><u>125</u></u>

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2012	\$ 19,990,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 19,990,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 6,660,000</u>
UAAL as a Percentage of Covered Payroll	<u>300%</u>
Annual Required Contribution	\$ 1,940,000
Interest on Net OPEB Obligation	150,000
Adjustment to Annual Required Contribution	<u>(200,000)</u>
Annual OPEB Cost	1,890,000
Contributions Made	<u>(680,000)</u>
Increase in Net OPEB Obligation	1,210,000
Net OPEB Obligation - Beginning of Year	<u>3,390,000</u>
Net OPEB Obligation - End of Year	<u>\$ 4,600,000</u>

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)
 May 31, 2013

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
2013	\$ 1,890,000	36.0 %	\$ 4,600,000
2012	1,800,000	37.8	3,390,000
2011	1,480,000	43.2	2,270,000

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 Out	Transfers in				Total
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 39,663	\$ 1,937,301	\$ 570,000	\$ 2,546,964
Water Fund	300,000	6,064	1,892,872	-	2,198,936
Capital Projects Fund	-	-	272,090	-	272,090
	<u>\$ 300,000</u>	<u>\$ 45,727</u>	<u>\$ 4,102,263</u>	<u>\$ 570,000</u>	<u>\$ 5,017,990</u>

Transfers are used to 1) move funds earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures, 2) move funds from the operating funds to 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 and Library funds.

I. Net Position

The components of net position are detailed below:

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Village of Briarcliff Manor, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2013						2012					
	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	\$ 239,523	\$ 21,636	\$ -	\$ -	\$ 4,917	\$ 266,076	\$ 19,010	\$ 11,424	\$ -	\$ -	\$ 464	\$ 30,898
Restricted												
Capital projects	-	-	-	-	-	-	-	-	1,037,659	-	-	1,037,659
Future capital projects	-	1,322,194	-	-	-	1,322,194	-	1,734,202	-	-	-	1,734,202
Debt service	-	-	-	104,604	-	104,604	-	-	-	63,676	-	63,676
Special purpose	-	-	-	-	43,826	43,826	-	-	-	-	110,901	110,901
Total Restricted	-	1,322,194	-	104,604	43,826	1,470,624	-	1,734,202	1,037,659	63,676	110,901	2,946,438
Assigned												
Purchases on order												
General government support	3,206	-	-	-	-	3,206	2,800	-	-	-	-	2,800
Public safety	30,713	-	-	-	-	30,713	49,149	-	-	-	-	49,149
Transportation	92,989	-	-	-	-	92,989	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	5,180	-	-	-	-	5,180
Total Assigned	126,908	-	-	-	-	126,908	57,129	-	-	-	-	57,129
Subsequent years' expenditures												
Water Fund	-	-	-	240,338	-	240,338	147,352	17,804	-	-	-	165,156
Library Fund	-	1,221,648	-	-	5,497	1,221,648	-	1,640,105	-	-	11,716	1,640,105
Total Assigned	126,908	1,221,648	-	240,338	5,497	1,594,391	204,481	1,657,909	-	-	11,716	1,874,106
Unassigned	1,426,207	-	(99,750)	-	-	1,326,457	2,245,742	-	-	-	-	2,245,742
Total Fund Balances	\$ 1,792,638	\$ 2,565,478	\$ (99,750)	\$ 344,942	\$ 54,240	\$ 4,657,548	\$ 2,469,233	\$ 3,403,535	\$ 1,037,659	\$ 63,676	\$ 123,081	\$ 7,097,184

Note 3 - Detailed Notes on All Funds (Continued)

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

Prepaid Expenditures has been 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 represent that at May 31, 2013, the Village has assigned the above amount 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, 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.

Village of Briarcliff Manor, New York

Notes to Financial Statements (Concluded)
May 31, 2013

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.

Village of Briarcliff Manor, New York

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 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
June 1, 2012	-	19,990,000	19,990,000	-	6,660,000	300.15

Village of Briarcliff Manor, New York

General Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 1,981,516	\$ 2,989,768
Taxes receivable		
Liens	<u>30,714</u>	<u>46,297</u>
Other Receivables		
Accounts	133,657	112,829
State and Federal aid	383,162	-
Due from other governments	399,939	541,438
Due from other funds	<u>-</u>	<u>83,407</u>
	<u>916,758</u>	<u>737,674</u>
Prepaid expenditures	<u>239,523</u>	<u>19,010</u>
Total Assets	<u>\$ 3,168,511</u>	<u>\$ 3,792,749</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 253,255	\$ 308,946
Accrued liabilities	144,777	233,475
Due to other funds	12,570	11,541
Due to retirement systems	336,156	151,702
Unearned revenues	605,775	578,682
Unearned tax revenues	<u>23,340</u>	<u>39,170</u>
Total Liabilities	<u>1,375,873</u>	<u>1,323,516</u>
Fund balance		
Nonspendable	239,523	19,010
Assigned	126,908	204,481
Unassigned	<u>1,426,207</u>	<u>2,245,742</u>
Total Fund Balance	<u>1,792,638</u>	<u>2,469,233</u>
Total Liabilities and Fund Balance	<u>\$ 3,168,511</u>	<u>\$ 3,792,749</u>

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,

2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 9,837,804	\$ 9,837,804	\$ 9,806,125	\$ (31,679)
Other tax items	35,600	35,600	43,479	7,879
Non-property taxes	1,424,000	1,424,000	1,434,805	10,805
Departmental income	1,584,234	1,587,428	1,795,215	207,787
Use of money and property	264,318	264,318	263,164	(1,154)
Licenses and permits	29,000	29,000	27,845	(1,155)
Fines and forfeitures	90,000	90,000	92,597	2,597
Sale of property and compensation for loss	30,000	30,000	23,901	(6,099)
State aid	377,256	377,256	393,377	16,121
Federal aid	-	379,613	383,162	3,549
Miscellaneous	72,485	91,253	113,510	22,257
Total Revenues	13,744,697	14,146,272	14,377,180	230,908
EXPENDITURES				
Current				
General government support	2,657,662	2,906,175	2,902,955	3,220
Public safety	4,312,687	4,886,564	4,855,851	30,713
Health	162,936	158,964	158,964	-
Transportation	1,344,638	1,716,998	1,573,915	143,083
Culture and recreation	1,638,838	1,643,192	1,643,192	-
Home and community services	1,585,513	1,814,502	1,814,502	-
Employee benefits	-	-	-	-
Debt service				
Interest	5,939	5,939	5,939	-
Total Expenditures	11,708,213	13,132,334	12,955,318	177,016
Excess of Revenues Over Expenditures	2,036,484	1,013,938	1,421,862	407,924
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	6,000	134,986	148,507	13,521
Transfers in	300,000	300,000	300,000	-
Transfers out	(2,546,965)	(2,546,964)	(2,546,964)	-
Total Other Financing Uses	(2,240,965)	(2,111,978)	(2,098,457)	13,521
Net Change in Fund Balance	(204,481)	(1,098,040)	(676,595)	421,445
Fund Balance - Beginning of Year	204,481	1,098,040	2,469,233	1,371,193
Fund Balance - End of Year	\$ -	\$ -	\$ 1,792,638	\$ 1,792,638

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 9,790,351	\$ 9,790,351	\$ 9,660,453	\$ (129,898)
35,600	35,600	34,040	(1,560)
1,396,000	1,396,000	1,398,539	2,539
1,805,388	1,810,100	1,712,863	(97,237)
232,018	232,018	244,458	12,440
17,500	18,431	30,266	11,835
77,150	77,150	96,387	19,237
33,000	33,000	34,356	1,356
376,841	413,010	409,569	(3,441)
-	108,508	108,508	-
101,954	106,036	103,103	(2,933)
<u>13,865,802</u>	<u>14,020,204</u>	<u>13,832,542</u>	<u>(187,662)</u>
2,723,581	2,605,328	2,352,266	253,062
4,134,626	4,348,648	4,318,292	30,356
163,936	158,594	155,944	2,650
1,753,126	1,839,817	1,746,545	93,272
1,685,164	1,674,686	1,600,613	74,073
1,772,225	1,786,133	1,724,379	61,754
34,300	19,538	19,358	180
32,945	69,749	68,542	1,207
<u>12,299,903</u>	<u>12,502,493</u>	<u>11,985,939</u>	<u>516,554</u>
<u>1,565,899</u>	<u>1,517,711</u>	<u>1,846,603</u>	<u>328,892</u>
-	12,396	36,241	(23,845)
417,000	458,803	458,803	-
<u>(2,220,162)</u>	<u>(2,225,259)</u>	<u>(2,225,259)</u>	<u>-</u>
<u>(1,803,162)</u>	<u>(1,754,060)</u>	<u>(1,730,215)</u>	<u>(23,845)</u>
(237,263)	(236,349)	116,388	352,737
<u>237,263</u>	<u>236,349</u>	<u>2,352,845</u>	<u>2,116,496</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,469,233</u>	<u>\$ 2,469,233</u>

Village of Briarcliff Manor, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended May 31, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REAL PROPERTY TAXES	\$ 9,837,804	\$ 9,837,804	\$ 9,806,125	\$ (31,679)	\$ 9,660,453
OTHER TAX ITEMS	35,600	35,600	43,479	7,879	34,040
Interest and penalties on real property taxes					
NON - PROPERTY TAXES					
Franchise fees	170,000	170,000	166,399	(3,601)	178,280
Utilities gross receipts taxes	195,000	195,000	197,361	2,361	183,007
Non - property tax distribution from County	1,059,000	1,059,000	1,071,045	12,045	1,037,252
	1,424,000	1,424,000	1,434,805	10,805	1,398,539
DEPARTMENTAL INCOME					
Clerk fees	2,700	2,700	4,093	1,393	5,626
Police fees	6,750	9,944	9,279	(665)	12,552
Building permit fees	217,000	217,000	395,513	178,513	303,413
Parking fees	272,000	272,000	282,308	10,308	272,845
Parks and recreation charges	520,642	520,642	523,998	3,356	560,518
Pool and tennis fees	297,295	297,295	288,224	(9,071)	276,955
Planning board fees	5,000	5,000	12,000	7,000	3,750
Zoning board fees	4,500	4,500	2,525	(1,975)	3,000
Sale of leaf bags	4,000	4,000	2,632	(1,368)	3,635
Sewer charges	-	-	-	-	2,500
Alarm system service	45,500	45,500	39,635	(5,865)	45,460
Sanitation fees	10,000	10,000	15,300	5,300	11,850
Fire protection services to other governments	163,647	163,647	187,387	23,740	174,848
Sale of unleaded/diesel fuel	19,000	19,000	15,023	(3,977)	20,524
Snow removal charges to other governments	16,200	16,200	17,298	1,098	15,387
	1,584,234	1,587,428	1,795,215	207,787	1,712,863

USE OF MONEY AND PROPERTY

Earnings on investments	5,000	5,000	2,035	(2,965)	3,443
Rental of real property	259,318	259,318	261,129	1,811	241,015
	<u>264,318</u>	<u>264,318</u>	<u>263,164</u>	<u>(1,154)</u>	<u>244,458</u>

LICENSES AND PERMITS

Street opening permits	27,000	27,000	26,900	(100)	28,381
Dog licenses	2,000	2,000	945	(1,055)	1,885
	<u>29,000</u>	<u>29,000</u>	<u>27,845</u>	<u>(1,155)</u>	<u>30,266</u>

FINES AND FORFEITURES

Fines and forfeited bail	90,000	90,000	92,597	2,597	96,387
	<u>90,000</u>	<u>90,000</u>	<u>92,597</u>	<u>2,597</u>	<u>96,387</u>

SALE OF PROPERTY AND COMPENSATION**FOR LOSS**

Sale of equipment	7,000	7,000	6,666	(334)	7,305
Sale of scrap	23,000	23,000	17,235	(5,765)	27,051
	<u>30,000</u>	<u>30,000</u>	<u>23,901</u>	<u>(6,099)</u>	<u>34,356</u>

STATE AID

Per capita	36,431	36,431	36,431	-	36,431
Mortgage tax	187,000	187,000	196,896	9,896	182,677
Consolidated highway aid	152,905	152,905	158,912	6,007	152,905
Youth programs	920	920	1,138	218	1,387
Emergency Management Office	-	-	-	-	36,169
	<u>377,256</u>	<u>377,256</u>	<u>393,377</u>	<u>16,121</u>	<u>409,569</u>

FEDERAL AID

Emergency Management Agency	-	379,613	383,162	3,549	108,508
	<u>-</u>	<u>379,613</u>	<u>383,162</u>	<u>3,549</u>	<u>108,508</u>

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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, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
MISCELLANEOUS					
Refund of prior year's expenditures	\$ -	\$ -	\$ 14,795	\$ 14,795	\$ 14,795
Gifts and donations	-	8,041	8,041	-	2,692
Reimbursement Medicare Part D	35,000	35,000	31,911	(3,089)	32,880
Other	37,485	48,212	58,763	10,551	52,736
	72,485	91,253	113,510	22,257	103,103
TOTAL REVENUES	13,744,697	14,146,272	14,377,180	230,908	13,832,542
OTHER FINANCING SOURCES					
Insurance recoveries	6,000	134,986	148,507	13,521	36,241
Transfers in					
Water Fund	300,000	300,000	300,000	-	267,000
Debt Service Fund	-	-	-	-	150,000
Special Purpose Fund	-	-	-	-	41,803
TOTAL OTHER FINANCING SOURCES	306,000	434,986	448,507	13,521	495,044
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 14,050,697	\$ 14,581,258	\$ 14,825,687	\$ 244,429	\$ 14,327,586

Village of Briarcliff Manor, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended May 31, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 44,635	\$ 90,232	\$ 87,026	\$ 3,206	\$ 60,245
Village Justice Manager	172,512	198,336	198,336	-	175,079
Auditor	202,250	210,281	210,281	-	232,488
Treasurer	29,659	27,353	27,353	-	28,303
Clerk	220,316	228,481	228,481	-	262,120
Law	253,999	261,088	261,088	-	246,556
Engineer	135,000	139,876	139,876	-	177,844
Elections	79,489	78,479	78,479	-	91,269
Records management	2,795	2,331	2,331	-	2,156
DPW Administration	11,866	14,734	14,734	-	12,239
Buildings	336,865	342,972	342,972	-	367,610
Central garage	202,063	203,011	203,011	-	190,070
Central data processing	530,513	518,212	518,198	14	498,010
Unallocated insurance	41,899	32,336	32,336	-	41,548
Municipal association dues	230,564	228,172	228,172	-	221,774
Taxes and assessments	1,987	3,298	3,298	-	7,926
Refunds of real property taxes	-	-	-	-	20,647
Fiscal agent fees	50,000	281,052	281,052	-	43,225
Metropolitan commuter transportation mobility tax	3,000	3,225	3,225	-	2,825
Other	19,250	19,991	19,991	-	19,546
Contingency	6,000	22,715	22,715	-	18,396
	83,000	-	-	-	-
	<u>2,657,662</u>	<u>2,906,175</u>	<u>2,902,955</u>	<u>3,220</u>	<u>2,719,876</u>

PUBLIC SAFETY					
Police department	3,660,273	4,183,144	4,152,431	30,713	3,707,710
Fire department	458,604	508,215	508,215	-	416,104
Control of animals	7,100	7,001	7,001	-	7,001
Safety inspection	186,710	188,204	188,204	-	187,477
	<u>4,312,687</u>	<u>4,886,564</u>	<u>4,855,851</u>	<u>30,713</u>	<u>4,318,292</u>
HEALTH					
Ambulance	162,936	158,964	158,964	-	155,944
TRANSPORTATION					
Street maintenance	819,300	1,184,804	1,041,721	143,083	912,853
Road construction	152,905	156,554	156,554	-	152,905
Snow removal	140,833	152,095	152,095	-	82,344
Street lighting	231,600	223,545	223,545	-	230,833
	<u>1,344,638</u>	<u>1,716,998</u>	<u>1,573,915</u>	<u>143,083</u>	<u>1,378,935</u>
CULTURE AND RECREATION					
Administration	466,046	480,521	480,521	-	497,522
Parks and playgrounds	395,022	404,557	404,557	-	373,551
Recreation programs	181,800	180,011	180,011	-	164,713
Youth programs	428,264	429,850	429,850	-	425,504
After school programs	50,208	51,302	51,302	-	44,982
Celebrations	17,200	16,812	16,812	-	17,992
Adult recreation	34,497	23,301	23,301	-	26,363
Senior citizens	65,801	56,838	56,838	-	49,986
	<u>1,638,838</u>	<u>1,643,192</u>	<u>1,643,192</u>	<u>-</u>	<u>1,600,613</u>
HOME AND COMMUNITY SERVICES					
Zoning board	2,986	3,558	3,558	-	2,374
Planning board	8,472	6,921	6,921	-	11,005
Recycling	355,963	456,415	456,415	-	312,432
Sanitary sewers	-	-	-	-	179,574
Refuse and garbage	789,500	871,037	871,037	-	770,703
Construction projects	271,990	288,815	288,815	-	266,464
Community beautification	156,602	187,756	187,756	-	181,827
	<u>1,585,513</u>	<u>1,814,502</u>	<u>1,814,502</u>	<u>-</u>	<u>1,724,379</u>

(Continued)

Village of Briarcliff Manor, New York

**General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
 Year Ended May 31, 2013
 (With Comparative Actuals for 2012)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
EMPLOYEE BENEFITS					
Unallocated workers compensation benefits	\$ -	\$ -	\$ -	\$ -	\$ 19,358
DEBT SERVICE					
Interest					
Bond anticipation notes	5,939	5,939	5,939	-	68,542
TOTAL EXPENDITURES	11,708,213	13,132,334	12,955,318	177,016	11,985,939
OTHER FINANCING USES					
Transfers out					
Public Library Fund	570,000	570,000	570,000	-	564,307
Debt Service Fund	1,937,302	1,937,301	1,937,301	-	1,547,869
Capital Projects Fund	39,663	39,663	39,663	-	113,083
TOTAL OTHER FINANCING USES	2,546,965	2,546,964	2,546,964	-	2,225,259
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 14,255,178	\$ 15,679,298	\$ 15,502,282	\$ 177,016	\$ 14,211,198

Village of Briarcliff Manor, New York

Water Fund
 Comparative Balance Sheet
 May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 2,250,518	\$ 3,224,325
Receivables		
Accounts	4,936	17,082
Water rents	526,584	468,751
Due from other governments	10,303	32,232
Due from other funds	-	9,734
	<u>541,823</u>	<u>527,799</u>
Prepaid expenditures	<u>21,636</u>	<u>11,424</u>
Total Assets	<u>\$ 2,813,977</u>	<u>\$ 3,763,548</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 212,625	\$ 244,581
Accrued liabilities	-	8,284
Due to other funds	-	84,853
Due to retirement systems	<u>35,874</u>	<u>22,295</u>
Total Liabilities	<u>248,499</u>	<u>360,013</u>
Fund balance		
Nonspendable	21,636	11,424
Restricted	1,322,194	1,734,202
Assigned	<u>1,221,648</u>	<u>1,657,909</u>
Total Fund Balance	<u>2,565,478</u>	<u>3,403,535</u>
Total Liabilities and Fund Balance	<u>\$ 2,813,977</u>	<u>\$ 3,763,548</u>

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,

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 4,497,457	\$ 4,497,457	\$ 4,342,610	\$ (154,847)
Use of money and property	500	500	1,690	1,190
Sale of property and compensation for loss	4,000	12,850	13,060	210
State aid	-	-	-	-
Federal aid	-	10,303	10,303	-
Miscellaneous	8,043	8,043	12,801	4,758
Total Revenues	<u>4,510,000</u>	<u>4,529,153</u>	<u>4,380,464</u>	<u>(148,689)</u>
EXPENDITURES				
Current				
General government support	347,840	302,355	302,125	230
Home and community services	2,930,650	2,995,288	2,713,391	281,897
Employee benefits	-	-	-	-
Debt service				
Interest	4,069	4,069	4,069	-
Total Expenditures	<u>3,282,559</u>	<u>3,301,712</u>	<u>3,019,585</u>	<u>282,127</u>
Excess of Revenues Over Expenditures	<u>1,227,441</u>	<u>1,227,441</u>	<u>1,360,879</u>	<u>133,438</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,245,245)	(2,198,936)	(2,198,936)	-
Total Other Financing Uses	<u>(1,245,245)</u>	<u>(2,198,936)</u>	<u>(2,198,936)</u>	<u>-</u>
Net Change in Fund Balance	(17,804)	(971,495)	(838,057)	133,438
Fund Balance - Beginning of Year	17,804	971,495	3,403,535	2,432,040
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,565,478</u>	<u>\$ 2,565,478</u>

2012

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
\$ -	\$ -	\$ 3,403,535	\$ 3,403,535

Village of Briarcliff Manor, New York

Water Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2013

(With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
DEPARTMENTAL INCOME					
Metered water sales	\$ 4,412,757	\$ 4,412,757	\$ 4,208,816	\$ (203,941)	\$ 4,311,704
Water service charges	6,500	6,500	7,775	1,275	7,125
Sewer service charges	2,500	2,500	2,500	-	-
Interest and penalties on water rents	70,000	70,000	117,119	47,119	106,817
Water services for other governments	5,700	5,700	6,400	700	6,400
	<u>4,497,457</u>	<u>4,497,457</u>	<u>4,342,610</u>	<u>(154,847)</u>	<u>4,432,046</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	500	500	1,690	1,190	3,529
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	4,000	4,000	4,210	210	4,968
Insurance recoveries	-	8,850	8,850	-	-
	<u>4,000</u>	<u>12,850</u>	<u>13,060</u>	<u>210</u>	<u>4,968</u>
STATE AID					
Emergency Management Office	-	-	-	-	8,058
FEDERAL AID					
Emergency Management Agency	-	10,303	10,303	-	24,174

MISCELLANEOUS							
Other	8,043	8,043	12,801	4,758	11,486		
	<u>4,510,000</u>	4,529,153	4,380,464	(148,689)	4,484,261		
TOTAL REVENUES							
OTHER FINANCING SOURCES							
Transfers in							
Debt Service Fund	-	-	-	-	4,442		
	<u>\$ 4,510,000</u>	\$ 4,529,153	\$ 4,380,464	\$ (148,689)	\$ 4,488,703		
TOTAL REVENUES AND OTHER FINANCING SOURCES							

Village of Briarcliff Manor, New York

Water Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended May 31, 2013
 (With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Auditor	\$ 9,871	\$ 9,871	\$ 9,871	\$ -	7,371
Law	65,996	82,976	82,976	-	97,014
Central garage	83,554	88,743	88,567	176	87,119
Unallocated insurance	70,000	70,000	70,000	-	69,477
Municipal association dues	2,945	4,185	4,185	-	3,713
Taxes and assessments on municipal property	35,120	33,074	33,020	54	12,643
Fiscal agent fees	1,000	1,300	1,300	-	1,125
Metropolitan commuter transportation mobility tax	2,600	3,356	3,356	-	2,799
Other	-	8,850	8,850	-	-
Contingency	76,754	-	-	-	-
	<u>347,840</u>	<u>302,355</u>	<u>302,125</u>	<u>230</u>	<u>281,261</u>
HOME AND COMMUNITY SERVICES					
Water administration	739,647	760,888	757,873	3,015	637,955
Pumping, supply and power	1,395,542	1,303,607	1,032,982	270,625	1,203,979
Transmission and distribution	600,102	722,423	715,976	6,447	645,528
Sanitary sewers	195,359	208,370	206,560	1,810	8
	<u>2,930,650</u>	<u>2,995,288</u>	<u>2,713,391</u>	<u>281,897</u>	<u>2,487,470</u>
EMPLOYEE BENEFITS					
Workers compensation benefits	-	-	-	-	3,200
Unallocated	-	-	-	-	-

DEBT SERVICE					
Interest					
Bond anticipation notes	4,069	4,069	4,069	-	7,192
TOTAL EXPENDITURES	<u>3,282,559</u>	<u>3,301,712</u>	<u>3,019,585</u>	<u>282,127</u>	<u>2,779,123</u>
OTHER FINANCING USES					
Transfers out					
General Fund	300,000	300,000	300,000	-	267,000
Capital Projects Fund	6,064	6,064	6,064	-	35,640
Debt Service Fund	939,181	1,892,872	1,892,872	-	1,136,881
TOTAL OTHER FINANCING USES	<u>1,245,245</u>	<u>2,198,936</u>	<u>2,198,936</u>	<u>-</u>	<u>1,439,521</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,527,804</u>	<u>\$ 5,500,648</u>	<u>\$ 5,218,521</u>	<u>\$ 282,127</u>	<u>\$ 4,218,644</u>

Village of Briarcliff Manor, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 2,823,773	\$ 1,486,802
Restricted investments	429,261	275,035
Receivables		
Accounts	-	119,196
Due from State and Federal governments	-	557,965
Due from other funds	12,570	41,889
	<u>12,570</u>	<u>719,050</u>
Total Assets	<u>\$ 3,265,604</u>	<u>\$ 2,480,887</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 89,791	\$ 271,845
Retainages payable	115,525	157,836
Due to other funds	1,982	22,597
Bond anticipation notes payable	3,158,056	990,950
Total Liabilities	<u>3,365,354</u>	<u>1,443,228</u>
Fund balance (deficit)		
Restricted	-	1,037,659
Unassigned	(99,750)	-
Total Fund Balance (Deficit)	<u>(99,750)</u>	<u>1,037,659</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 3,265,604</u>	<u>\$ 2,480,887</u>

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

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ -	\$ 77,439
Federal aid	8,690,238	592,788
Miscellaneous	<u>(102,846)</u>	<u>224,536</u>
Total Revenues	<u>8,587,392</u>	<u>894,763</u>
EXPENDITURES		
Debt service		
Loan principal	18,138,135	-
Capital outlay	<u>1,719,323</u>	<u>4,236,558</u>
Total Expenditures	<u>19,857,458</u>	<u>4,236,558</u>
Deficiency of Revenues Over Expenditures	<u>(11,270,066)</u>	<u>(3,341,795)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	10,359,020	6,173,017
Transfers in	45,727	148,723
Transfers out	<u>(272,090)</u>	<u>(21,395)</u>
Total Other Financing Sources	<u>10,132,657</u>	<u>6,300,345</u>
Net Change in Fund Balance	(1,137,409)	2,958,550
Fund Balance (Deficit) - Beginning of Year	<u>1,037,659</u>	<u>(1,920,891)</u>
Fund Balance (Deficit) - End of Year	<u>\$ (99,750)</u>	<u>\$ 1,037,659</u>

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Village of Briarcliff Manor, New York

Debt Service Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 342,960	\$ 55,671
Due from other funds	<u>1,982</u>	<u>8,005</u>
Total Assets	<u>\$ 344,942</u>	<u>\$ 63,676</u>
FUND BALANCE		
Restricted	\$ 104,604	\$ 63,676
Assigned	<u>240,338</u>	<u>-</u>
Total Fund Balance	<u>\$ 344,942</u>	<u>\$ 63,676</u>

Village of Briarcliff Manor, New York

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

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 9,176	\$ 9,176
EXPENDITURES				
Debt service				
Principal				
Serial bonds	1,808,017	2,278,017	2,278,017	-
Loans	-	413,592	413,592	-
	1,808,017	2,691,609	2,691,609	-
Interest				
Serial bonds	1,068,465	1,138,564	1,138,564	-
Total Expenditures	2,876,482	3,830,173	3,830,173	-
Deficiency of Revenues Over Expenditures	(2,876,482)	(3,830,173)	(3,820,997)	9,176
OTHER FINANCING SOURCES (USES)				
Transfers in	2,876,482	3,830,173	4,102,263	272,090
Transfers out	-	-	-	-
Total Other Financing Sources	2,876,482	3,830,173	4,102,263	272,090
Net Change in Fund Balance	-	-	281,266	281,266
Fund Balance - Beginning of Year	-	-	63,676	63,676
Fund Balance - End of Year	\$ -	\$ -	\$ 344,942	\$ 344,942

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 6,883	\$ 6,883
1,600,000	1,600,000	1,600,000	-
-	230,212	230,211	1
1,600,000	1,830,212	1,830,211	1
854,539	854,539	854,539	-
2,454,539	2,684,751	2,684,750	1
(2,454,539)	(2,684,751)	(2,677,867)	6,884
2,454,539	2,684,751	2,706,145	21,394
(150,000)	(191,803)	(196,245)	(4,442)
2,304,539	2,492,948	2,509,900	16,952
(150,000)	(191,803)	(167,967)	23,836
150,000	191,803	231,643	39,840
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,676</u>	<u>\$ 63,676</u>

Village of Briarcliff Manor, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 May 31, 2013
 (With Comparative Totals for 2012)

	Public Library	Special Purpose	Total Non-Major Governmental Funds	
			2013	2012
ASSETS				
Cash and equivalents	\$ 24,142	\$ 43,826	\$ 67,968	\$ 158,446
Receivables				
Accounts	1,380	-	1,380	1,380
Due from other funds	-	-	-	1,300
	<u>1,380</u>	<u>-</u>	<u>1,380</u>	<u>2,680</u>
Prepaid expenditures	<u>4,917</u>	<u>-</u>	<u>4,917</u>	<u>464</u>
Total Assets	<u>\$ 30,439</u>	<u>\$ 43,826</u>	<u>\$ 74,265</u>	<u>\$ 161,590</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 8,975	\$ -	\$ 8,975	\$ 2,115
Due to other funds	-	-	-	25,344
Due to retirement systems	<u>11,050</u>	<u>-</u>	<u>11,050</u>	<u>11,050</u>
Total Liabilities	<u>20,025</u>	<u>-</u>	<u>20,025</u>	<u>38,509</u>
Fund balances				
Nonspendable	4,917	-	4,917	464
Restricted	-	43,826	43,826	110,901
Assigned	<u>5,497</u>	<u>-</u>	<u>5,497</u>	<u>11,716</u>
Total Fund Balances	<u>10,414</u>	<u>43,826</u>	<u>54,240</u>	<u>123,081</u>
Total Liabilities and Fund Balances	<u>\$ 30,439</u>	<u>\$ 43,826</u>	<u>\$ 74,265</u>	<u>\$ 161,590</u>

Village of Briarcliff Manor, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended May 31, 2013
(With Comparative Totals for 2012)

	Public Library	Special Purpose	Total Non-Major Governmental Funds	
			2013	2012
REVENUES				
Departmental income	\$ 16,927	\$ -	\$ 16,927	\$ 16,642
Use of money and property	-	-	-	45
State aid	1,950	-	1,950	1,867
Miscellaneous	10,687	26,354	37,041	7,686
Total Revenues	29,564	26,354	55,918	26,240
EXPENDITURES				
Current				
General government support	18,575	-	18,575	16,276
Culture and recreation	582,755	-	582,755	566,725
Home and community services	-	93,429	93,429	239,689
Total Expenditures	601,330	93,429	694,759	822,690
Deficiency of Revenues Over Expenditures	(571,766)	(67,075)	(638,841)	(796,450)
OTHER FINANCING SOURCES				
Transfers in	570,000	-	570,000	564,307
Net Change in Fund Balances	(1,766)	(67,075)	(68,841)	(232,143)
Fund Balances - Beginning of Year	12,180	110,901	123,081	355,224
Fund Balances - End of Year	\$ 10,414	\$ 43,826	\$ 54,240	\$ 123,081

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Village of Briarcliff Manor, New York

Public Library Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 24,142	\$ 29,910
Receivables		
Accounts	1,380	1,380
Due from other funds	-	1,300
	<u>1,380</u>	<u>2,680</u>
Prepaid expenditures	<u>4,917</u>	<u>464</u>
Total Assets	<u>\$ 30,439</u>	<u>\$ 33,054</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 8,975	\$ 2,115
Due to other funds	-	7,709
Due to retirement systems	<u>11,050</u>	<u>11,050</u>
Total Liabilities	<u>20,025</u>	<u>20,874</u>
Fund balance		
Nonspendable	4,917	464
Assigned	<u>5,497</u>	<u>11,716</u>
Total Fund Balance	<u>10,414</u>	<u>12,180</u>
Total Liabilities and Fund Balance	<u>\$ 30,439</u>	<u>\$ 33,054</u>

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,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 17,400	\$ 17,400	\$ 16,927	\$ (473)
State aid	1,866	1,866	1,950	84
Miscellaneous	1,700	10,639	10,687	48
Total Revenues	20,966	29,905	29,564	(341)
EXPENDITURES				
Current				
General government support	18,726	18,575	18,575	-
Culture and recreation	572,240	583,905	582,755	1,150
Total Expenditures	590,966	602,480	601,330	1,150
Deficiency of Revenues Over Expenditures	(570,000)	(572,575)	(571,766)	809
OTHER FINANCING SOURCES				
Transfers in	570,000	570,000	570,000	-
Net Change in Fund Balance	-	(2,575)	(1,766)	809
Fund Balance - Beginning of Year	-	2,575	12,180	9,605
Fund Balance - End of Year	\$ -	\$ -	\$ 10,414	\$ 10,414

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 15,018	\$ 15,018	\$ 16,642	\$ 1,624
1,666	1,666	1,867	201
1,500	1,500	3,686	2,186
<u>18,184</u>	<u>18,184</u>	<u>22,195</u>	<u>4,011</u>
16,701	16,419	16,276	143
<u>565,790</u>	<u>566,072</u>	<u>566,725</u>	<u>(653)</u>
<u>582,491</u>	<u>582,491</u>	<u>583,001</u>	<u>(510)</u>
(564,307)	(564,307)	(560,806)	3,501
<u>564,307</u>	<u>564,307</u>	<u>564,307</u>	<u>-</u>
-	-	3,501	3,501
-	-	8,679	8,679
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,180</u>	<u>\$ 12,180</u>

Village of Briarcliff Manor, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 43,826</u>	<u>\$ 128,536</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ -	\$ 17,635
 Fund balance		
Restricted	<u>43,826</u>	<u>110,901</u>
 Total Liabilities and Fund Balance	<u>\$ 43,826</u>	<u>\$ 128,536</u>

Village of Briarcliff Manor, New York

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

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ -	\$ 45
Miscellaneous	<u>26,354</u>	<u>4,000</u>
 Total Revenues	 26,354	 4,045
 EXPENDITURES		
Current		
Home and community services	<u>93,429</u>	<u>239,689</u>
 Deficiency of Revenues Over Expenditures	 (67,075)	 (235,644)
 Fund Balance - Beginning of Year	 <u>110,901</u>	 <u>346,545</u>
 Fund Balance - End of Year	 <u>\$ 43,826</u>	 <u>\$ 110,901</u>

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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***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

October 11, 2013

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Village of Briarcliff Manor, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2013. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

October 11, 2013

Village of Briarcliff Manor, New York

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2013

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>		
Indirect Program - Passed through New York State Office of Emergency Management		
Disaster Grants - Public Assistance	97.036	\$ 393,465
<u>U.S. Department of Environmental Protection</u>		
Indirect Program - Passed through New York State Department of Environmental Facilities Corporation		
Capitalization Grants for Drinking Water State Revolving Funds (2)	66.468	369,996
Total		\$ 763,461

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

The accompanying notes are an integral part of this schedule.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal award programs for the year ended May 31, 2013. 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 the 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 incurred \$369,996 of expenditures during the year ended May 31, 2013. Federal aid in the amount of \$ 8,690,238 was recognized in 2013 as ARRA funds were used to partially satisfy the EFC loan.

Village of Briarcliff Manor, New York

**Summary Schedule of Prior Audit Findings
Year Ended May 31, 2013**

NONE

Village of Briarcliff Manor, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA

Number Federal Program or Cluster

66.468 Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes no

Village of Briarcliff Manor, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2013

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

