

VILLAGE OF SLEEPY HOLLOW, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED MAY 31, 2012

WITH INDEPENDENT AUDITORS' REPORT

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Sleepy Hollow, New York ("Village") as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Water funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

O'CONNOR DAVIES, LLP

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 10, 2013

Village of Sleepy Hollow, New York
Management's Discussion and Analysis (MD&A)
May 31, 2012

Introduction

The management of the Village of Sleepy Hollow offers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2012 to readers of the Village's financial statements. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance the understanding of the Village's financial performance.

It is noteworthy to report that the Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for periods ending May 31, 2012 and moving forward. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- Net assets may serve over time as a useful indicator of the Village’s financial position. On the government-wide financial statements, the assets of the Village exceeded its liabilities at the close of the fiscal year 2012 by \$15,855,564. Of this amount, the unrestricted portion is (\$4,599,237) and invested in capital assets are \$19,151,431 net of related debt. The restricted amount of \$1,303,370 is for use for the Sewer and Special Purpose (Parks & Recreation Developer’s Fund) funds and for future snow removal and debt service expenses.
- As of the close of the fiscal year, the Village’s governmental funds (exclusive of the Capital Projects Fund) reported combined ending fund balances of \$2,317,248; an \$215,700 increase from the prior year’s fund balance of \$2,101,548.
 - Of this balance \$434,241 or 19% is unassigned for fiscal year 2012. 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.
 - The remainder of fund balance is either classified as Nonspendable, Restricted or Assigned to indicate that it is not available for new spending.
- The General fund balance increased by \$29,090 to \$1,072,789 from \$1,043,699. At the end of the fiscal years 2012 and 2011, unassigned fund balance for the General Fund was \$480,097 or 3.33% and \$620,886 or 4.67% respectively, of total General Fund expenditures and other financing uses. This indicates a small decline in the unassigned fund balance for general activities of the Village.
- The Village retired \$955,000 of long-term debt and redeemed \$8,126,000 of short term debt. During the current fiscal year, the Village issued bond anticipation notes for Capital Projects of \$900,000 and a serial bond in the

amount of \$7,875,000 for various Village improvements, taking advantage of very favorable interest rates long term.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements distinguish the functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village include general government support, public safety, health, 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. 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 eight individual governmental funds: the General Fund, Water Fund, Parking Fund, Sewer Fund, Sanitation Fund, Special Purpose Fund and the Capital Projects Fund. The General, Water and Capital Projects funds are considered major funds and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for these funds. The remaining funds are non-major and their information is aggregated and presented in a single column as other governmental funds.

Budgetary comparison statements are provided for the General Fund and Water Fund. Budgetary comparison statements have been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

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's fiduciary fund consists of an Agency Fund. Resources in the Agency Fund are held by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

Notes to the Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements and include individual fund financial statements and schedules of "budget to actual" comparisons.

Government-wide Financial Analysis

As noted previously, over a period of time net assets may serve as a useful indicator of a government's financial position. At fiscal year end, May 31, 2012, the assets of the Village exceeded the liabilities.

Although the Village's total net assets decreased by \$2,532,103 for the year ended May 31, 2012, this was primarily due to the recognition of the other post employment benefit ("OPEB") obligations as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. The GASB is charged with developing the accounting rules that apply to governments. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 establishes standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending May 31, 2012, the Village's OPEB obligations of \$3,920,000 are reflected as a liability on the entity-wide financial statements, and accordingly were the prime factor in the decrease in total net assets.

Net Assets May 31,

	2012	2011
Current Assets	\$ 6,402,595	\$ 5,905,131
Capital Assets, net	35,112,579	37,156,086
Total Assets	<u>41,515,174</u>	<u>43,061,217</u>
Current Liabilities	2,060,984	10,959,031
Non-Current Liabilities	23,598,626	13,714,519
Total Liabilities	<u>25,659,610</u>	<u>24,673,550</u>
Net Assets:		
Invested in Capital Assets, net of related debt	19,151,431	20,632,080
Restricted	1,303,370	1,179,176
Unrestricted	<u>(4,599,237)</u>	<u>(3,423,589)</u>
Total Net Assets	<u>\$ 15,855,564</u>	<u>\$ 18,387,667</u>

Change in Net Assets
Fiscal Year Ended May 31,

	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,476,182	\$ 5,417,270
Operating Grants and Contributions	61,772	95,873
Capital Grants and Contributions	398,076	371,688
Total Program Revenues	<u>5,936,030</u>	<u>5,884,831</u>
General Revenues:		
Real Property Taxes	9,413,205	8,950,127
Other Tax Items	662,967	610,392
Non-Property Taxes	1,551,890	1,482,560
Unrestricted Use of Money and Property	2,429	23,813
Sale of Property and Compensation for Loss	10,093	-
Unrestricted State Aid	155,042	148,666
Miscellaneous	183,219	8,737
Total General Revenues	<u>11,978,845</u>	<u>11,224,295</u>
Total Revenues	<u>17,914,875</u>	<u>17,109,126</u>
Program Expenses:		
General Government Support	3,245,101	3,363,233
Public Safety	8,457,906	7,174,247
Health	81,206	97,068
Transportation	2,086,073	2,115,079
Economic Opportunity and Development	92,903	117,746
Culture and Recreation	2,452,439	2,197,783
Home and Community Services	3,376,931	3,943,915
Interest	654,419	566,181
Total Expenses	<u>20,446,978</u>	<u>19,575,252</u>
Change in Net Assets	<u>(2,532,103)</u>	<u>(2,466,126)</u>
Net Assets - Beginning, as reported	18,387,667	21,094,211
Prior Period Adjustment	-	(240,418)
Net Assets - Beginning, as restated	<u>18,387,667</u>	<u>20,853,793</u>
Net Assets - Ending	<u>\$ 15,855,564</u>	<u>\$ 18,387,667</u>

Governmental Activities

For the fiscal years ended May 31, 2012 and 2011, revenues from governmental activities totaled \$17,914,875 and \$17,109,126, respectively. Tax revenues \$11,628,062 in 2012 and \$11,043,079 in 2011, comprised of real property taxes, other tax items and non-property taxes; represent the largest revenue source (64.9% in 2012 and 64.5% in 2011).

The largest components of governmental activities' expenditures are public safety (41.4% in 2012 and 36.6% in 2011), home and community services (16.5% in 2012 and 20.1% in 2011), general government support (15.9% in 2012 and 17.2% in 2011) and transportation (10.2% in 2012 and 10.8% in 2011). Public safety includes police, fire and safety inspections. Home and community services include planning, refuse and garbage and shade tree costs. General government support reflects various administrative services including clerk, engineer, law, treasurer, justices and the Board of Trustees. Transportation includes street administration and maintenance, snow removal and street lighting.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements.

The Village's governmental funds reported ending fund balances of May 31, as follows:

<u>Fund</u>	<u>2012</u>	<u>2011</u>
General	\$ 1,072,789	\$ 1,043,699
Water	201,407	32,668
Parking	1,432	44,811
Sewer	436,946	282,679
Sanitation	(38,880)	40,994
Special Purpose	643,554	656,697
Capital Projects	1,849,766	(5,599,006)
	<u>\$ 4,167,014</u>	<u>\$ (3,497,458)</u>

Exclusive of the Capital Projects Fund, the combined ending fund balance is \$2,317,248 of which \$434,241 is unassigned.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$480,097, representing 44.8% of the total General Fund balance of \$1,072,789. When the fiscal year 2011-2012 General Fund budget was adopted, it anticipated that revenues would equal expenditures. Actual results of operations resulted in an increase in the fund balance of \$29,090. Revenues and other financing sources were \$14,648,783 which was \$161,218 more than the final budget. Expenditures and other financing uses were \$14,619,693, which was \$132,128 more than the final budget.

The Capital Projects Fund has a restricted fund balance of \$1,849,766. A majority of the capital projects have been financed by long term debt and grants as of May 31, 2012.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2012, net of accumulated depreciation, was \$35,112,579. This investment in capital assets includes land, construction-in-progress, buildings, land improvements, infrastructure (not all inclusive) and machinery and equipment.

Major capital asset activity during the current fiscal year included the following:

Capital Assets May 31,

<u>Asset</u>	2012	2011
Land	\$ 2,938,414	\$ 2,938,414
Construction-in-Progress	4,682,623	7,227,691
Buildings	4,937,727	2,599,172
Land Improvements	1,934,337	1,706,874
Infrastructure	17,089,164	19,108,795
Machinery and Equipment	3,530,314	3,575,140
Total (net of depreciation)	\$ 35,112,579	\$ 37,156,086

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$17,845,000. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

Economic Factors and Next Year's Budgets and Rates

We have seen continued increases in the cost of providing health insurance and retirement benefits to our employees over the last 3 years. These costs, along with paying out retroactive salary increases for several years, have put a strain on available Village resources this year and have hampered our ability to contribute more to our fund balance.

The ongoing economic decline has also had an impact on our local economy. Housing prices fell, new construction slowed, unemployment grew reducing disposable incomes, all affecting our revenues. The Village continually attempts to eliminate or reduce non-essential spending, while closely monitoring the costs of the programs that our residents rely on.

Requests for Information

This financial report is designed to provide a general overview of the Village of Sleepy Hollow's finances. Questions and comments concerning any of the information provided in this report should be addressed to Sara A. DiGiacomo, Village Treasurer, Village of Sleepy Hollow, 28 Beekman Avenue, Sleepy Hollow, New York 10591.

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

STATEMENT OF NET ASSETS

MAY 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 3,213,262
Receivables	
Taxes, net	628,361
Accounts	1,171,131
Water rents	732,300
Sewer rents	119,177
State and Federal aid	25,123
Due from other governments	272,735
Inventories	56,241
Prepaid expenses	184,265
Capital assets	
Not being depreciated	7,621,037
Being depreciated, net	<u>27,491,542</u>
Total Assets	<u>41,515,174</u>
LIABILITIES	
Accounts payable	1,221,024
Accrued liabilities	495,007
Accrued interest payable	344,953
Non-current liabilities	
Due within one year	2,218,905
Due in more than one year	<u>21,379,721</u>
Total Liabilities	<u>25,659,610</u>
NET ASSETS	
Invested in capital assets, net of related debt	19,151,431
Restricted for	
Snow removal	105,709
Debt service	244,097
Special Revenue Funds	
Sewer	310,010
Special purpose	643,554
Unrestricted	<u>(4,599,237)</u>
Total Net Assets	<u>\$ 15,855,564</u>

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

VILLAGE OF SLEEPY HOLLOW, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,245,101	\$ 303,277	\$ 1,375	\$ 65,087
Public safety	8,457,906	340,518	-	-
Health	81,206	119,120	-	-
Transportation	2,086,073	327,528	59,040	316,172
Economic opportunity and development	92,903	-	-	-
Culture and recreation	2,452,439	156,971	1,357	14,956
Home and community services	3,376,931	4,228,768	-	-
Interest	654,419	-	-	1,861
Total Governmental Activities	\$ 20,446,978	\$ 5,476,182	\$ 61,772	\$ 398,076

General Revenues

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

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

<u>Net (Expense)</u>	
<u>Revenue and</u>	
<u>Changes in</u>	
<u>Net Assets</u>	
\$	(2,875,362)
	(8,117,388)
	37,914
	(1,383,333)
	(92,903)
	(2,279,155)
	851,837
	<u>(652,558)</u>
	 (14,510,948)
	 9,413,205
	553,701
	109,266
	137,069
	113,020
	1,301,801
	2,429
	10,093
	155,042
	<u>183,219</u>
	 <u>11,978,845</u>
	 (2,532,103)
	 <u>18,387,667</u>
\$	<u><u>15,855,564</u></u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2012

	General	Water	Capital Projects
ASSETS			
Cash and Equivalents	\$ 293,862	\$ 94,228	\$ 1,526,922
Taxes Receivable, net of allowance for uncollectible taxes	628,361	-	-
Other Receivables			
Accounts	1,006,011	-	-
Water rents	-	732,300	-
Sewer rents	-	-	-
State and Federal aid	14,123	-	11,000
Due from other governments	272,735	-	-
Advances to other funds	45,856	-	-
Due from other funds	1,118,651	150,538	550,527
	<u>2,457,376</u>	<u>882,838</u>	<u>561,527</u>
Other Assets			
Inventories	-	56,241	-
Prepaid expenditures	166,819	9,756	-
	<u>166,819</u>	<u>65,997</u>	<u>-</u>
Total Assets	<u><u>\$ 3,546,418</u></u>	<u><u>\$ 1,043,063</u></u>	<u><u>\$ 2,088,449</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 856,664	\$ 133,516	\$ 19,091
Accrued liabilities	495,007	-	-
Advances from other funds	-	-	-
Due to other funds	602,408	708,140	219,592
Deferred tax revenues	519,550	-	-
Total Liabilities	<u>2,473,629</u>	<u>841,656</u>	<u>238,683</u>
Fund Balances (Deficits)			
Nonspendable	212,675	65,997	-
Restricted	349,806	-	1,849,766
Assigned	30,211	135,410	-
Unassigned	480,097	-	-
Total Fund Balances	<u>1,072,789</u>	<u>201,407</u>	<u>1,849,766</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,546,418</u></u>	<u><u>\$ 1,043,063</u></u>	<u><u>\$ 2,088,449</u></u>

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

Non-Major Governmental	Total Governmental Funds
\$ 1,298,250	\$ 3,213,262
-	628,361
165,120	1,171,131
-	732,300
119,177	119,177
-	25,123
-	272,735
-	45,856
676,793	2,496,509
961,090	4,862,831
-	56,241
7,690	184,265
7,690	240,506
<u>\$ 2,267,030</u>	<u>\$ 8,944,960</u>
\$ 211,753	\$ 1,221,024
-	495,007
45,856	45,856
966,369	2,496,509
-	519,550
1,223,978	4,777,946
7,690	286,362
643,554	2,843,126
437,664	603,285
(45,856)	434,241
1,043,052	4,167,014
<u>\$ 2,267,030</u>	<u>\$ 8,944,960</u>

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

Fund Balances - Total Governmental Funds	<u>\$ 4,167,014</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>35,112,579</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>519,550</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(344,953)
Bonds payable	(17,845,000)
Bond anticipation notes payable	(900,000)
Retirement incentives and other pension obligations	(289,724)
Compensated absences	(643,902)
Other post employment benefit obligations payable	<u>(3,920,000)</u>
	<u>(23,943,579)</u>
Net Assets of Governmental Activities	<u>\$ 15,855,564</u>

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

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	General	Water	Capital Projects
REVENUES			
Real property taxes	\$ 9,202,001	\$ -	\$ -
Other tax items	662,967	-	-
Non-property taxes	1,551,890	-	-
Departmental income	430,652	3,168,150	-
Intergovernmental charges	14,123	-	-
Use of money and property	74,774	-	-
Licenses and permits	206,254	-	-
Fines and forfeitures	99,582	-	-
Sale of property and compensation for loss	10,093	-	-
State aid	212,034	-	20,043
Federal aid	-	-	345,402
Miscellaneous	184,594	-	30,770
Total Revenues	<u>12,648,964</u>	<u>3,168,150</u>	<u>396,215</u>
EXPENDITURES			
Current			
General government support	2,640,470	91,633	-
Public safety	3,990,339	-	-
Health	81,206	-	-
Transportation	1,020,015	-	-
Economic opportunity and development	98,441	-	-
Culture and recreation	1,573,673	-	-
Home and community services	20,176	1,740,456	-
Employee benefits	3,276,838	201,882	-
Debt service			
Principal	1,335,868	175,132	-
Interest	393,244	71,618	-
Capital outlay	-	-	1,024,357
Total Expenditures	<u>14,430,270</u>	<u>2,280,721</u>	<u>1,024,357</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,781,306)</u>	<u>887,429</u>	<u>(628,142)</u>
OTHER FINANCING SOURCES (USES)			
Bond anticipation notes issued	344,086	-	555,914
Bonds issued	590,000	-	7,285,000
Insurance recoveries	164,733	-	-
Transfers in	901,000	-	236,000
Transfers out	(189,423)	(718,690)	-
Total Other Financing Sources (Uses)	<u>1,810,396</u>	<u>(718,690)</u>	<u>8,076,914</u>
Net Change in Fund Balances	29,090	168,739	7,448,772
Fund Balances (Deficits) - Beginning of Year	<u>1,043,699</u>	<u>32,668</u>	<u>(5,599,006)</u>
Fund Balances - End of Year	<u>\$ 1,072,789</u>	<u>\$ 201,407</u>	<u>\$ 1,849,766</u>

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

Non - Major Governmental	Total Governmental Funds
\$ -	\$ 9,202,001
-	662,967
-	1,551,890
1,322,204	4,921,006
-	14,123
2,905	77,679
-	206,254
-	99,582
-	10,093
-	232,077
-	345,402
500	215,864
<u>1,325,609</u>	<u>17,538,938</u>
44,491	2,776,594
-	3,990,339
-	81,206
147,144	1,167,159
-	98,441
15,000	1,588,673
564,993	2,325,625
214,871	3,693,591
49,000	1,560,000
43,352	508,214
-	1,024,357
<u>1,078,851</u>	<u>18,814,199</u>
<u>246,758</u>	<u>(1,275,261)</u>
-	900,000
-	7,875,000
-	164,733
26,213	1,163,213
(255,100)	(1,163,213)
<u>(228,887)</u>	<u>8,939,733</u>
17,871	7,664,472
<u>1,025,181</u>	<u>(3,497,458)</u>
<u>\$ 1,043,052</u>	<u>\$ 4,167,014</u>

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 7,664,472</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>	
Capital outlay expenditures	971,941
Depreciation expense	<u>(3,015,448)</u>
	<u>(2,043,507)</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	<u>211,204</u>
<p>Bond and certain bond anticipation notes issued provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and certain bond anticipation note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal paid on bond anticipation notes	605,000
Principal paid on bonds	955,000
Bonds issued	(7,875,000)
Bond anticipation notes issued	(900,000)
Retirement incentives and other pension obligations	<u>(84,167)</u>
	<u>(7,299,167)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(23,900)
Claims payable	395,000
Accrued interest	(146,205)
Other post employment benefit obligations payable	<u>(1,290,000)</u>
	<u>(1,065,105)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (2,532,103)</u></u>

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

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	General Fund			Variance with Final Budget (Positive) Negative
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 9,223,550	\$ 9,223,550	\$ 9,202,001	\$ (21,549)
Other tax items	585,000	585,000	662,967	77,967
Non-property taxes	1,565,000	1,565,000	1,551,890	(13,110)
Departmental income	359,740	359,740	430,652	70,912
Intergovernmental charges	25,000	25,000	14,123	(10,877)
Use of money and property	68,000	68,000	74,774	6,774
Licenses and permits	432,000	432,000	206,254	(225,746)
Fines and forfeitures	110,000	110,000	99,582	(10,418)
Sale of property and compensation for loss	5,000	5,000	10,093	5,093
State aid	239,691	239,691	212,034	(27,657)
Miscellaneous	3,500	3,498	184,594	181,096
Total Revenues	12,616,481	12,616,479	12,648,964	32,485
EXPENDITURES				
Current				
General government support	2,290,155	2,744,275	2,640,470	103,805
Public safety	3,749,187	3,645,020	3,990,339	(345,319)
Health	81,600	82,201	81,206	995
Transportation	1,104,382	1,021,888	1,020,015	1,873
Economic opportunity and development	122,100	99,590	98,441	1,149
Culture and recreation	1,397,693	1,579,408	1,573,673	5,735
Home and community services	33,240	22,381	20,176	2,205
Employee benefits	3,250,500	3,268,270	3,276,838	(8,568)
Debt service				
Principal	909,078	1,335,868	1,335,868	-
Interest	369,333	442,451	393,244	49,207
Total Expenditures	13,307,268	14,241,352	14,430,270	(188,918)
Excess (Deficiency) of Revenues Over Expenditures	(690,787)	(1,624,873)	(1,781,306)	(156,433)
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	344,086	344,086	-
Bonds issued	-	590,000	590,000	-
Insurance recoveries	35,000	35,000	164,733	-
Transfers in	902,000	902,000	901,000	(1,000)
Transfers out	(246,213)	(246,213)	(189,423)	(56,790)
Total Other Financing Sources (Uses)	690,787	1,624,873	1,810,396	(57,790)
Net Change in Fund Balances	-	-	29,090	29,090
Fund Balances - Beginning of Year	-	-	1,043,699	1,043,699
Fund Balances - End of Year	\$ -	\$ -	\$ 1,072,789	\$ 1,072,789

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
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
3,503,071	3,503,071	3,168,150	(334,921)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,503,071</u>	<u>3,503,071</u>	<u>3,168,150</u>	<u>(334,921)</u>
130,000	111,313	91,633	19,680
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,130,631	2,149,318	1,740,456	408,862
277,000	277,000	201,882	75,118
175,132	175,132	175,132	-
71,618	71,618	71,618	-
<u>2,784,381</u>	<u>2,784,381</u>	<u>2,280,721</u>	<u>503,660</u>
<u>718,690</u>	<u>718,690</u>	<u>887,429</u>	<u>168,739</u>
-	-	-	-
-	-	-	-
-	-	-	-
(718,690)	(718,690)	(718,690)	-
<u>(718,690)</u>	<u>(718,690)</u>	<u>(718,690)</u>	<u>-</u>
-	-	168,739	168,739
-	-	32,668	32,668
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,407</u>	<u>\$ 201,407</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
MAY 31, 2012

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	\$ 43,702
Accounts Receivable	<u>23,604</u>
Total Assets	<u><u>\$ 67,306</u></u>
LIABILITIES	
Payroll Taxes	\$ 803
Deposits	<u>66,503</u>
Total Liabilities	<u><u>\$ 67,306</u></u>

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

Note 1 - Summary of Significant Accounting Policies

The Village of Sleepy Hollow, New York ("Village") was established in 1874 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 Mayor 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, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Assets presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. 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 explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in 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 and reported in another fund.

Special Revenue Funds - Special revenue funds are established to account for 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 - used to record the water utility operations of the Village, which renders services on a user charge basis to the general public. The major revenue of this fund is departmental income.

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 and other capital assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

The following are the Village's non-major governmental funds:

Special Revenue Funds:

Parking Fund - used to account for the operation and maintenance of the public parking spaces and lots in the Village.

Sewer Fund - used to record the sewer operations of the Village, which renders services on a user charge basis to the general public.

Sanitation Fund - used to record the sanitary operations of the Village, which renders services on a user charge basis to the general public.

Special Purpose Fund - 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 Financial Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. The Agency Fund is used to account for employer payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement incentives and other pension obligations, compensated absences, certain claims and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits 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.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

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

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

Taxes Receivable - Real property taxes attach as an enforceable lien on 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. The Village also has the responsibility for holding and collecting tax liens.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Advances To/From Other Funds - Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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

Inventories - The inventories reflected in the financial statements of the Water Fund represent materials and supplies for general use and are valued at cost on a first-in, first-out basis. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The Village uses the consumption method to relieve inventory. Reported inventories are equally offset by nonspendable fund balance in the fund financial statements, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are reported as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of 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/or 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.

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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

<u>Class</u>	<u>Life in Years</u>
Buildings	25-50
Land improvements	20
Infrastructure	20-65
Machinery and equipment	5-15

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

Unearned/Deferred Revenues - Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenues consist of amounts received in advance and/or revenue from grants received before the eligibility requirements have been met.

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported deferred revenues in the General Fund of \$519,550 for real property taxes. These amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for snow removal, debt service and special revenue funds. The balance is classified as unrestricted.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Village Board of Trustees is the highest level of decision making authority for the Village that can, by the 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 Village Board of Trustees removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Village Board of Trustees.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the Village Board of Trustees for amounts assigned for balancing the subsequent year's budget or the Village Mayor to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Use of Estimates

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

G. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 10, 2013.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) 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, Parking, Sewer and Sanitation funds.
- f) Budgets for General, Water, Parking, Sewer and Sanitation 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 legally adopted by the Board for the Special Purpose Fund.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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, Parking, Sewer and Sanitation funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2011-12 fiscal year was \$22,639,822 which exceeded the actual levy by \$13,416,272. (See Note 6.)

C. Expenditures in Excess of Budget

The following funds exceeded their budgetary provisions in total by the amounts indicated:

	Amount
General Fund	\$ 132,128
Parking Fund	5,451

D. Fund Deficits

The Sanitation Fund has an unassigned deficit in the amount of \$45,856 at May 31, 2012. The deficit will be addressed in a subsequent year.

E. Application of Accounting Standards

For the year ended May 31, 2012, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriations. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Taxes Receivable - Current	\$ 313,059
Taxes Receivable - Overdue	<u>490,287</u>
	803,346
Allowance for uncollectible taxes	<u>(174,985)</u>
	<u><u>\$ 628,361</u></u>

Taxes receivable are also partially offset by unearned tax revenues of \$519,550, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

B. Due From/To Other Funds

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

Fund	Due From	Due To
General	\$ 1,118,651	\$ 602,408
Water	150,538	708,140
Capital Projects	550,527	219,592
Non-Major Governmental	<u>676,793</u>	<u>966,369</u>
	<u><u>\$ 2,496,509</u></u>	<u><u>\$ 2,496,509</u></u>

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

C. Capital Assets

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

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Capital Assets, not being depreciated:				
Land	\$ 2,938,414	\$ -	\$ -	\$ 2,938,414
Construction-in-progress	<u>7,227,691</u>	<u>-</u>	<u>2,545,068</u>	<u>4,682,623</u>
Total Capital Assets, not being depreciated	<u><u>\$ 10,166,105</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,545,068</u></u>	<u><u>\$ 7,621,037</u></u>

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Capital Assets, being depreciated:				
Buildings	\$ 4,753,955	\$ 2,440,238	\$ -	\$ 7,194,193
Land improvements	2,531,689	360,084	-	2,891,773
Infrastructure	81,510,000	138,625	-	81,648,625
Machinery and equipment	10,345,466	578,062	-	10,923,528
Total Capital Assets, being depreciated	<u>99,141,110</u>	<u>3,517,009</u>	<u>-</u>	<u>102,658,119</u>
Less Accumulated Depreciation for:				
Buildings	2,154,783	101,683	-	2,256,466
Land improvements	824,815	132,621	-	957,436
Infrastructure	62,401,205	2,158,256	-	64,559,461
Machinery and equipment	6,770,326	622,888	-	7,393,214
Total Accumulated Depreciation	<u>72,151,129</u>	<u>3,015,448</u>	<u>-</u>	<u>75,166,577</u>
Total Capital Assets, being depreciated, net	<u>\$ 26,989,981</u>	<u>\$ 501,561</u>	<u>\$ -</u>	<u>\$ 27,491,542</u>
Capital Assets, net	<u>\$ 37,156,086</u>	<u>\$ 501,561</u>	<u>\$ 2,545,068</u>	<u>\$ 35,112,579</u>

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

General Government Support	\$ 361,854
Public Safety	1,658,496
Transportation	361,854
Culture and Recreation	301,545
Home and Community Services	<u>331,699</u>
Total Depreciation Expense	<u>\$ 3,015,448</u>

D. Pension Plans

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

Note 3 - Detailed Notes on All Funds (Continued)

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

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	15.8%
	4 A15	15.8
	5 A15	12.7
PFRS	2 375I	14.6
	2 384D	20.9
	3 384D	20.4

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 541,673	\$ 598,891
2011	426,326	471,540
2010	249,017	357,682

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 to the funds identified below. The PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 409,873
Water	65,000
Parking	6,300
Sanitation	43,500
Sewer	17,000
	<u>17,000</u>
	<u>\$ 541,673</u>

Note 3 - Detailed Notes on All Funds (Continued)

E. Short-Term Capital Borrowings

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Balance June 1, 2011</u>	<u>Redemptions</u>	<u>Balance at May 31, 2012</u>
Various Capital Projects	8/12/2010	\$ 6,646,000	\$ 6,646,000	\$ -
Various Capital Projects	5/12/2011	<u>875,000</u>	<u>875,000</u>	<u>-</u>
		<u>\$ 7,521,000</u>	<u>\$ 7,521,000</u>	<u>\$ -</u>

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

Interest expenditures of \$75,857 were recorded in the fund financial statements in the funds indicated below. Interest expense of \$16,799 was recorded in the government-wide financial statements.

<u>Fund</u>	<u>Amount</u>
General	\$ 60,793
Water	9,870
Sanitation	1,558
Sewer	<u>3,636</u>
	<u>\$ 75,857</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

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

	Balance June 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2012	Due Within One Year
Bonds Payable					
Judgements and claims	\$ -	\$ 590,000	\$ -	\$ 590,000	\$ 12,950
Capital construction	10,925,000	7,285,000	955,000	17,255,000	1,167,050
	<u>10,925,000</u>	<u>7,875,000</u>	<u>955,000</u>	<u>17,845,000</u>	<u>1,180,000</u>
Bond Anticipation Note Payable					
Judgements and claims	-	344,086		344,086	344,086
Capital construction	605,000	555,914	605,000	555,914	555,914
	<u>605,000</u>	<u>900,000</u>	<u>605,000</u>	<u>900,000</u>	<u>900,000</u>
Retirement Incentives and Other					
Pension Obligations	205,557	128,207	44,040	289,724	74,905
Compensated Absences	620,002	85,900	62,000	643,902	64,000
Claims Payable	395,000	-	395,000	-	-
Other Post Employment Benefit Obligations Payable	2,630,000	1,930,000	640,000	3,920,000	-
Total Long-Term Liabilities	<u>\$ 15,380,559</u>	<u>\$ 10,919,107</u>	<u>\$ 2,701,040</u>	<u>\$ 23,598,626</u>	<u>\$ 2,218,905</u>

Each governmental fund's liability for bonds, bond anticipation notes, retirement incentives and other pension obligations, compensated absences, claims and other post employment benefit obligations is liquidated by the respective fund.

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2012
Various Purposes	2001	\$ 2,890,000	August, 2016	4.00 - 5.00 %	\$ 1,185,000
Various Purposes	2003	3,473,000	March, 2015	2.25 - 5.00	1,010,000
Various Purposes	2004	4,517,512	August, 2024	3.50 - 4.25	3,370,000
Various Purposes	2007	5,326,070	August, 2024	4.00 - 5.00	4,405,000
Various Purposes	2012	7,875,000	May, 2031	2.25 - 5.00	7,875,000
					<u>\$ 17,845,000</u>

Interest expenditures of \$432,357 were recorded in the fund financial statements in the funds indicated below. Interest expense of \$637,620 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

<u>Fund</u>	<u>Amount</u>
General	\$ 332,451
Water	61,748
Parking	<u>38,158</u>
	<u>\$ 432,357</u>

Bond Anticipation Notes Payable

The Village issued a bond anticipation note of \$900,000 on November 30, 2011 for various improvements and judgments and claims. The Village, pursuant to FASB guidance, has not recorded these liabilities in the fund financial statements since it has demonstrated ability to consummate refinancing. The ability to consummate refinancing was evidenced by obtaining permanent financing or a renewal of the notes prior to the issuance of the financial statements. The \$900,000 note is due on November 30, 2012, with interest at 1.71%.

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 260 of the Laws of 2004. This chapter authorized local governments to amortize the portion of their respective 2004 contribution which exceeded 7.0% of covered payroll, over a ten year period, commencing in 2005. The amortization payment would include interest at 5% per annum. The Village elected to amortize the maximum allowable ERS and PFRS contributions. The ERS amount required to be amortized for the Village during 2012 was \$16,194, including interest and was charged to expenditures in the General Fund. The PFRS amount required to be amortized during 2012 was \$21,600, including interest. This amount was charged to expenditures in the General Fund. The balance due at May 31, 2012 was \$44,100 for ERS and \$58,822 for PFRS.

The State Legislature enacted Chapter 260 of the Laws of 2004. This chapter authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum. The Village elected to amortize the maximum allowable ERS and PFRS contributions which aggregated \$26,677 for ERS and \$100,920 for PFRS. The ERS amount required to be amortized for the Village during 2012 was \$3,455 including interest and was charged to expenditures in the General Fund. The PFRS amount required to be amortized during 2012 was \$13,070, including interest. This amount was charged to expenditures in the General Fund. The balance due at May 31, 2012 was \$12,251 for ERS and \$46,344 for PFRS.

The 2010 State-wide Retirement Incentive Program enacted under Chapter 105 of the Laws of 2010 authorized local municipalities to offer employees a retirement incentive. Under Part A of the plan, eligible employees would be granted one month of additional service credit for each year of service up to 36 years. The estimated cost of the program will be approximately 60% of the employee's final average salary. The Village elected to pay this obligation over a five year period with interest. The balance due at May 31, 2012 was \$128,207.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of May 31, 2012, including interest payments of \$5,501,337 are as follows:

Year Ending May 31,	Bonds Payable		Bond Anticipation notes		Retirement Incentives and Other Pension Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,180,000	\$ 782,191	\$ 900,000	\$ 15,390	\$ 74,905	\$ 17,691	\$ 2,154,905	\$ 815,272
2014	1,360,000	605,651	-	-	79,368	13,230	1,439,368	618,881
2015	1,425,000	547,454	-	-	84,106	8,491	1,509,106	555,945
2016	1,120,000	489,648	-	-	51,345	3,458	1,171,345	493,106
2017	1,165,000	444,874	-	-	-	-	1,165,000	444,874
2018-2022	5,030,000	1,676,059	-	-	-	-	5,030,000	1,676,059
2023-2027	4,455,000	729,253	-	-	-	-	4,455,000	729,253
2028-2031	2,110,000	167,947	-	-	-	-	2,110,000	167,947
	<u>\$ 17,845,000</u>	<u>\$ 5,443,077</u>	<u>\$ 900,000</u>	<u>\$ 15,390</u>	<u>\$ 289,724</u>	<u>\$ 42,870</u>	<u>\$ 19,034,724</u>	<u>\$ 5,501,337</u>

The above general obligation bonds, bond anticipation notes and retirement incentives and other pension obligations 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 the terms of existing collective bargaining agreements, certain employees are permitted to accumulate unused sick and personal leave. The maximum accumulation varies with each agreement. Upon termination, employees will be compensated for such accumulated leave at varying amounts according to the terms of each agreement. The value of the compensated absences has been reflected in the government-wide financial statements.

Other Post Employment Benefit Obligations

The Village provides certain health care benefits for retired employees. 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 these benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure as claims are paid within the governmental funds.

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

The assumed rate of increase in postretirement benefits is as follows:

<u>Year</u>	<u>Assumed Increase</u>
1	10.00%
2	9.00%
3	8.00%
4	7.00%
5	6.00%
6	6.00%
7+	5.00%

The amortization basis is the level percentage of payroll method with an open amortization approach. The actuarial assumptions included a 4.5% discount rate and a 3.0% annual payroll growth rate. The Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the unit credit method.

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

Active Employees	69
Retired Employees	<u>47</u>
Total	<u><u>116</u></u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2011	\$ 21,750,000
Assets at Market Value	-
	<u>21,750,000</u>
Unfunded Actuarial Accrued Liability ("UAAL")	\$ 21,750,000
	<u>0.00%</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	\$ 6,860,000
	<u>317.06%</u>
UAAL as a Percentage of Covered Payroll	<u>317.06%</u>
Annual Required Contribution	\$ 1,960,000
Interest on OPEB Obligation	120,000
Adjustment to Annual Required Contribution	<u>(150,000)</u>
Annual OPEB Cost	1,930,000
Contributions Made	<u>(640,000)</u>
Increase in Net OPEB Obligation	1,290,000
Net OPEB Obligation - Beginning of Year	<u>2,630,000</u>
Net OPEB Obligation - End of Year	<u>\$ 3,920,000</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current year and two preceding years is as follows:

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2010	\$ 1,460,000	34.25 %	\$ 1,720,000
2011	1,520,000	40.13	2,630,000
2012	1,930,000	33.16	3,920,000

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 liability for the benefits overtime.

Note 3 - Detailed Notes on All Funds (Continued)

G. 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	Capital Projects	Non-Major Governmental	
General	\$ -	\$ 163,210	\$ 26,213	\$ 189,423
Water	671,000	47,690	-	718,690
Non-Major Governmental	230,000	25,100	-	255,100
	<u>\$ 901,000</u>	<u>\$ 236,000</u>	<u>\$ 26,213</u>	<u>\$ 1,163,213</u>

Transfers are used to 1) move funds earmarked in the General, Water, Sewer and Sanitation funds to fulfill commitments for Capital Projects Fund expenditures 2) move funds from the Water, Parking and Sewer Funds to fulfill commitments for General Fund expenditures and 3) move funds earmarked in the General fund to fulfill commitments for Sanitation Fund expenditures.

H. Net Assets

The components of net assets are detailed below:

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

Restricted for Snow Removal - the component of net assets that reflects funds restricted for snow removal pursuant to General Municipal Law.

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

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

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

VILLAGE OF SLEEPY HOLLOW, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2012					2011				
	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:										
Inventories	\$ -	\$ 56,241	-	-	\$ 56,241	\$ -	\$ 56,241	-	-	\$ 56,241
Advances to other funds	45,856	-	-	-	45,856	-	-	-	-	-
Prepaid expenditures	166,819	9,756	-	7,690	184,265	138,818	8,281	-	7,459	154,558
Total Nonspendable	212,675	65,997	-	7,690	286,362	138,818	64,522	-	7,459	210,799
Restricted:										
Snow removal	105,709	-	-	-	105,709	105,209	-	-	-	105,209
Debt service	244,097	-	-	-	244,097	178,786	-	-	-	178,786
Capital projects	-	-	1,849,766	-	1,849,766	-	-	-	-	-
Special purposes	-	-	-	643,554	643,554	-	-	-	656,697	656,697
Total Restricted	349,806	-	1,849,766	643,554	2,843,126	283,995	-	-	656,697	940,692
Assigned:										
Major funds	-	135,410	-	718	135,410	-	-	-	-	-
Parking	-	-	-	436,946	718	-	-	-	44,116	44,116
Sewer	-	-	-	-	436,946	-	-	-	282,679	282,679
Sanitation	-	-	-	-	-	-	-	-	34,230	34,230
Tax certiorari	30,211	-	-	-	30,211	-	-	-	-	-
Total Assigned	30,211	135,410	-	437,664	603,285	-	-	-	361,025	361,025
Unassigned	480,097	-	-	(45,856)	434,241	620,886	(31,854)	(5,599,006)	-	(5,009,974)
Total Fund Balances (Deficits)	\$ 1,072,789	\$ 201,407	\$ 1,849,766	\$ 1,043,052	\$ 4,167,014	\$ 1,043,699	\$ 32,668	\$ (5,599,006)	\$ 1,025,181	\$ (3,497,458)

Note 3 - Detailed Notes on All Funds (Continued)

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

Inventories in the Special Revenue - Water Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities. The Village anticipates utilizing them in the normal course of operations.

Advances to Other Funds has been classified as nonspendable to indicate the long-term nature of funds advanced to the Sanitation Fund. These funds do not represent "available spendable resources: even though they are a component of current assets.

Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The amount is classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Assignments of fund balance are not legally required segregations but represent intended use for a specific purpose. At May 31, 2012, the Village Board has assigned amounts to be appropriated for future court awarded property tax refunds.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Sanitation fund represents deficit balances.

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.

Various legal actions are pending and are in process against the Village in the ordinary course of business. It is not possible to state the ultimate liability, if any, in these matters. In management's opinion, the ultimate resolution of these actions if the plaintiffs were to prevail in the litigations would not have a material adverse effect on the financial position of the Village.

Contingencies

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

Risk Management

The Village maintains various liability insurance policies to provide against potential losses. The general liability policy provides coverage up to \$2 million and the Village has an umbrella policy with \$10 million of coverage. In addition, there is a law enforcement liability policy providing coverage of \$2 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage for any of the past three fiscal years. The Village purchases conventional medical and workers' compensation coverage.

Note 5 - Subsequent Event

The Village, in November 2012, issued a bond anticipation note for various Village improvements in the amount of \$1,500,000. The note is due on November 30, 2013 with interest at 1.88%.

Note 6 - Other Matters

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

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 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 may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the Village Board, a local law to override such limit for such coming fiscal year.

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2009	\$ -	\$ 18,940,000	\$ 18,940,000	- %	\$ 6,490,000	291.83 %
June 1, 2010	-	19,860,000	19,860,000	-	6,580,000	301.82
June 1, 2011	-	21,750,000	21,750,000	-	6,860,000	317.06

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
MAY 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash		
Demand deposits	\$ 292,322	\$ 1,745,871
Petty cash	1,540	1,540
	<u>293,862</u>	<u>1,747,411</u>
Taxes Receivable, net of allowance for uncollectible taxes of \$174,985 for 2012 and \$357,659 for 2011	<u>628,361</u>	<u>363,357</u>
Other Receivables		
Accounts	1,006,011	144,600
State and Federal aid	14,123	-
Due from other governments	272,735	272,009
Advances to other funds	45,856	-
Due from other funds	1,118,651	825,487
	<u>2,457,376</u>	<u>1,242,096</u>
Prepaid Expenditures	<u>166,819</u>	<u>138,818</u>
Total Assets	<u>\$ 3,546,418</u>	<u>\$ 3,491,682</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 856,664	\$ 663,293
Accrued liabilities	495,007	556,323
Due to other funds	602,408	920,021
Deferred tax revenues	519,550	308,346
Total Liabilities	<u>2,473,629</u>	<u>2,447,983</u>
Fund Balance		
Nonspendable	212,675	138,818
Restricted	349,806	283,995
Assigned	30,211	-
Unassigned	480,097	620,886
Total Fund Balance	<u>1,072,789</u>	<u>1,043,699</u>
Total Liabilities and Fund Balance	<u>\$ 3,546,418</u>	<u>\$ 3,491,682</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED MAY 31,

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 9,223,550	\$ 9,223,550	\$ 9,202,001	\$ (21,549)
Other tax items	585,000	585,000	662,967	77,967
Non-property taxes	1,565,000	1,565,000	1,551,890	(13,110)
Departmental income	359,740	359,740	430,652	70,912
Intergovernmental charges	25,000	25,000	14,123	(10,877)
Use of money and property	68,000	68,000	74,774	6,774
Licenses and permits	432,000	432,000	206,254	(225,746)
Fines and forfeitures	110,000	110,000	99,582	(10,418)
Sale of property and compensation for loss	5,000	5,000	10,093	5,093
State aid	239,691	239,691	212,034	(27,657)
Miscellaneous	3,500	3,498	184,594	181,096
Total Revenues	<u>12,616,481</u>	<u>12,616,479</u>	<u>12,648,964</u>	<u>32,485</u>
EXPENDITURES				
Current				
General government support	2,290,155	2,744,275	2,640,470	103,805
Public safety	3,749,187	3,645,020	3,990,339	(345,319)
Health	81,600	82,201	81,206	995
Transportation	1,104,382	1,021,888	1,020,015	1,873
Economic opportunity and development	122,100	99,590	98,441	1,149
Culture and recreation	1,397,693	1,579,408	1,573,673	5,735
Home and community services	33,240	22,381	20,176	2,205
Employee benefits	3,250,500	3,268,270	3,276,838	(8,568)
Debt service				
Principal	909,078	1,335,868	1,335,868	-
Interest	369,333	442,451	393,244	49,207
Total Expenditures	<u>13,307,268</u>	<u>14,241,352</u>	<u>14,430,270</u>	<u>(188,918)</u>
Deficiency of Revenues Over Expenditures	<u>(690,787)</u>	<u>(1,624,873)</u>	<u>(1,781,306)</u>	<u>(156,433)</u>
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	344,086	344,086	-
Bonds issued	-	590,000	590,000	-
Insurance recoveries	35,000	35,000	164,733	129,733
Transfers in	902,000	902,000	901,000	(1,000)
Transfers out	(246,213)	(246,213)	(189,423)	(56,790)
Total Other Financing Sources	<u>690,787</u>	<u>1,624,873</u>	<u>1,810,396</u>	<u>71,943</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>29,090</u>	<u>29,090</u>
Fund Balance - Beginning of Year, as reported	-	-	1,043,699	1,043,699
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>-</u>	<u>-</u>	<u>1,043,699</u>	<u>1,043,699</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,789</u>	<u>\$ 1,072,789</u>

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 8,964,036	\$ 8,964,036	\$ 8,714,517	\$ (249,519)
535,000	535,000	610,392	75,392
1,395,000	1,395,000	1,482,560	87,560
320,000	320,000	383,418	63,418
25,000	25,000	15,337	(9,663)
68,000	68,000	94,050	26,050
357,000	357,000	217,827	(139,173)
110,000	110,000	106,260	(3,740)
5,000	5,000	-	(5,000)
253,764	253,764	237,350	(16,414)
43,000	43,000	10,137	(32,863)
<u>12,075,800</u>	<u>12,075,800</u>	<u>11,871,848</u>	<u>(203,952)</u>
2,451,100	2,644,828	2,579,706	65,122
3,760,316	3,835,998	3,800,430	35,568
87,600	98,568	97,068	1,500
945,787	1,185,635	1,175,184	10,451
122,100	115,084	110,782	4,302
1,365,466	1,429,762	1,431,487	(1,725)
39,500	5,114	5,114	-
2,794,000	2,616,530	2,571,962	44,568
850,218	715,318	735,318	(20,000)
590,713	359,963	547,487	(187,524)
<u>13,006,800</u>	<u>13,006,800</u>	<u>13,054,538</u>	<u>(47,738)</u>
<u>(931,000)</u>	<u>(931,000)</u>	<u>(1,182,690)</u>	<u>(251,690)</u>
-	-	-	-
-	-	-	-
30,000	30,000	164,985	134,985
901,000	901,000	580,000	(321,000)
-	-	(230,000)	(230,000)
<u>931,000</u>	<u>931,000</u>	<u>514,985</u>	<u>(416,015)</u>
-	-	(667,705)	(667,705)
-	-	1,951,822	1,951,822
-	-	(240,418)	(240,418)
-	-	1,711,404	1,711,404
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,699</u>	<u>\$ 1,043,699</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
REAL PROPERTY TAXES	\$ 9,223,550	\$ 9,223,550	\$ 9,202,001	\$ (21,549)	\$ 8,714,517
OTHER TAX ITEMS					
Payments in lieu of taxes	535,000	535,000	553,701	18,701	558,008
Interest and penalties on real property taxes	50,000	50,000	109,266	59,266	52,384
NON-PROPERTY TAXES	585,000	585,000	662,967	77,967	610,392
Franchise fees	105,000	105,000	137,069	32,069	125,166
Utilities gross receipts taxes	110,000	110,000	113,020	3,020	118,312
Non-property tax distribution from County	1,350,000	1,350,000	1,301,801	(48,199)	1,239,082
	1,565,000	1,565,000	1,551,890	(13,110)	1,482,560
DEPARTMENTAL INCOME					
Clerk - Treasurer fees	43,000	43,000	50,029	7,029	41,104
Police fees	61,000	61,000	72,762	11,762	39,983
Ambulance charges	140,000	140,000	119,120	(20,880)	134,438
Parks and recreation charges	92,000	92,000	162,501	70,501	145,093
Zoning Board fees	4,000	4,000	3,330	(670)	3,300
Planning Board fees	18,740	18,740	19,281	541	15,340
Public works fees	1,000	1,000	3,629	2,629	4,160
	359,740	359,740	430,652	70,912	383,418

INTERGOVERNMENTAL CHARGES

Snow removal fees	25,000	25,000	14,123	(10,877)	15,337
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USE OF MONEY AND PROPERTY

Earnings on investments	5,000	5,000	4,790	(210)	34,403
Rental of real property	63,000	63,000	69,984	6,984	59,647
	68,000	68,000	74,774	6,774	94,050

LICENSES AND PERMITS

Business and occupational licenses	10,000	10,000	20,859	10,859	12,373
Permit fees	422,000	422,000	185,395	(236,605)	205,454

FINES AND FORFEITURES

Fines and forfeited bail	110,000	110,000	99,582	(10,418)	105,118
Forfeited crime proceeds	-	-	-	-	1,142
	110,000	110,000	99,582	(10,418)	106,260

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	5,000	5,000	10,093	5,093	-
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STATE AID

Per capita	64,007	64,007	62,105	(1,902)	63,372
Mortgage tax	85,000	85,000	68,337	(16,663)	85,294
Consolidated Highway Improvement Program	88,684	88,684	56,992	(31,692)	88,684
Other	2,000	2,000	24,600	22,600	-
	239,691	239,691	212,034	(27,657)	237,350

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
MISCELLANEOUS					
Gifts and donations	\$ 1,000	\$ 1,000	\$ 1,375	\$ 375	\$ 1,400
Refund of prior year expenditures	1,000	998	19,771	18,773	-
Other	1,500	1,500	163,448	161,948	8,737
	3,500	3,498	184,594	181,096	10,137
TOTAL REVENUES	12,616,481	12,616,479	12,648,964	32,485	11,871,848
OTHER FINANCING SOURCES					
Bond anticipations notes issued	-	344,086	344,086	-	-
Bonds issued	-	590,000	590,000	-	-
Insurance recoveries	35,000	35,000	164,733	129,733	164,985
	35,000	969,086	1,098,819	129,733	164,985
Transfers in					
Parking Fund	80,000	80,000	80,000	-	80,000
Sewer Fund	151,000	151,000	150,000	(1,000)	150,000
Water Fund	671,000	671,000	671,000	-	350,000
	902,000	902,000	901,000	(1,000)	580,000
TOTAL OTHER FINANCING SOURCES	937,000	1,871,086	1,999,819	128,733	744,985
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 13,553,481	\$ 14,487,565	\$ 14,648,783	\$ 161,218	\$ 12,616,833

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget	2011 Actual
				Positive (Negative)	
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 28,900	\$ 28,900	\$ 28,891	\$ 9	\$ 28,840
Justice	170,838	195,379	195,091	288	165,946
Mayor	18,900	18,970	18,970	-	19,851
Administrator	94,365	121,006	118,762	2,244	105,660
Auditor	27,500	27,500	27,500	-	29,000
Treasurer	241,263	225,782	222,474	3,308	270,976
Tax collector	6,000	1,400	1,304	96	4,850
Assessor	-	36,231	36,231	-	36,000
Village clerk	132,674	105,532	104,393	1,139	103,049
Law	307,000	195,337	195,293	44	488,815
Engineer	10,000	209,285	209,285	-	5,306
Buildings	306,260	354,527	354,526	1	367,841
Central garage	492,455	601,502	598,640	2,862	607,042
Unallocated insurance	225,000	216,376	216,376	-	222,104
Municipal association dues	5,000	5,086	5,086	-	3,563
Judgments and claims	20,000	215,434	215,434	-	47,597
Taxes and assessments	24,000	146,650	52,836	93,814	31,738
Miscellaneous	15,000	17,006	17,006	-	19,500
Metropolitan commuter transportation mobility tax	20,000	22,372	22,372	-	22,028
Contingent account	145,000	-	-	-	-
	<u>2,290,155</u>	<u>2,744,275</u>	<u>2,640,470</u>	<u>103,805</u>	<u>2,579,706</u>
PUBLIC SAFETY					
Police	3,178,928	3,105,927	3,457,489	(351,562)	3,251,434
Jail	2,500	2,115	1,615	500	742
Fire Department	185,896	197,196	193,860	3,336	239,068
Control of animals	3,360	3,360	3,360	-	3,613
Safety inspection	378,503	336,422	334,015	2,407	305,573
	<u>3,749,187</u>	<u>3,645,020</u>	<u>3,990,339</u>	<u>(345,319)</u>	<u>3,800,430</u>

HEALTH

Ambulance	58,600	54,278	53,283	995	68,027
Public Health Neighborhood Registrar of Vital Statistics	-	-	-	-	4,500
	<u>23,000</u>	<u>27,923</u>	<u>27,923</u>	-	<u>24,541</u>

TRANSPORTATION

Street administration	81,600	82,201	81,206	995	97,068
Street maintenance	26,104	27,094	27,094	-	18,700
Snow removal	863,778	836,488	836,488	-	900,530
Street lighting	112,000	50,808	50,808	-	152,703
Off-street parking	100,000	104,998	104,998	-	102,404
	<u>2,500</u>	<u>2,500</u>	<u>627</u>	<u>1,873</u>	<u>847</u>

	<u>1,104,382</u>	<u>1,021,888</u>	<u>1,020,015</u>	<u>1,873</u>	<u>1,175,184</u>
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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Programs for the aging	122,100	99,590	98,441	1,149	110,782
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CULTURE AND RECREATION

Parks, playgrounds and recreation	597,305	722,859	722,778	81	680,825
Youth programs	31,500	50,426	50,426	-	54,615
Library	667,488	667,488	662,943	4,545	599,436
Celebrations	30,900	25,931	25,793	138	33,484
Adult recreation	70,500	112,704	111,733	971	63,127

	<u>1,397,693</u>	<u>1,579,408</u>	<u>1,573,673</u>	<u>5,735</u>	<u>1,431,487</u>
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HOME AND COMMUNITY SERVICES

Emergency tenant protection act	4,740	4,740	4,080	660	-
Planning	18,500	7,641	7,641	-	1,149
Shade trees	10,000	10,000	8,455	1,545	3,965

	<u>33,240</u>	<u>22,381</u>	<u>20,176</u>	<u>2,205</u>	<u>5,114</u>
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GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
 YEAR ENDED MAY 31, 2012
 (With Comparative Actuals for 2011)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 1,000,000	\$ 972,616	\$ 1,008,764	\$ (36,148)	\$ 817,266
Local police welfare fund	68,500	63,500	58,782	4,718	64,353
Social security	415,000	404,255	404,255	-	396,550
Workers' compensation benefits	375,000	423,179	423,179	-	340,682
Life insurance	10,000	13,174	9,065	4,109	9,959
Unemployment benefits	15,000	6,702	6,702	-	14,993
Hospital and medical benefits	1,367,000	1,384,844	1,366,091	18,753	928,159
	<u>3,250,500</u>	<u>3,268,270</u>	<u>3,276,838</u>	<u>(8,568)</u>	<u>2,571,962</u>
DEBT SERVICE					
Principal					
Serial bonds	730,868	730,868	730,868	-	715,318
Bond anticipation notes	178,210	605,000	605,000	-	20,000
	<u>909,078</u>	<u>1,335,868</u>	<u>1,335,868</u>	<u>-</u>	<u>735,318</u>
Interest					
Serial bonds	332,451	332,451	332,451	-	359,962
Bond anticipation notes	36,882	110,000	60,793	49,207	187,525
	<u>369,333</u>	<u>442,451</u>	<u>393,244</u>	<u>49,207</u>	<u>547,487</u>
	<u>1,278,411</u>	<u>1,778,319</u>	<u>1,729,112</u>	<u>49,207</u>	<u>1,282,805</u>
TOTAL EXPENDITURES	<u>13,307,268</u>	<u>14,241,352</u>	<u>14,430,270</u>	<u>(188,918)</u>	<u>13,054,538</u>

OTHER FINANCING USES

Transfers out						
Capital Projects Fund	-	220,000	163,210	56,790	230,000	
Sanitation Fund	246,213	26,213	26,213	-	-	
	<u>246,213</u>	<u>246,213</u>	<u>189,423</u>	<u>56,790</u>	<u>230,000</u>	
TOTAL OTHER FINANCING USES						
	246,213	246,213	189,423	56,790	230,000	
	<u>\$ 13,553,481</u>	<u>\$ 14,487,565</u>	<u>\$ 14,619,693</u>	<u>\$ (132,128)</u>	<u>\$ 13,284,538</u>	

TOTAL EXPENDITURES AND OTHER FINANCING USES

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

WATER FUND
 COMPARATIVE BALANCE SHEET
 MAY 31,

ASSETS	<u>2012</u>	<u>2011</u>
Cash		
Demand deposits	\$ 94,178	\$ 57,960
Petty cash	50	50
	<u>94,228</u>	<u>58,010</u>
Receivables		
Water rents	732,300	601,920
Due from other funds	150,538	156,823
	<u>882,838</u>	<u>758,743</u>
Other Assets		
Inventories	56,241	56,241
Prepaid expenditures	9,756	8,281
	<u>65,997</u>	<u>64,522</u>
Total Assets	<u><u>\$ 1,043,063</u></u>	<u><u>\$ 881,275</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 133,516	\$ 4,592
Accrued liabilities	-	194,015
Due to other funds	708,140	650,000
	<u>841,656</u>	<u>848,607</u>
Fund Balance (Deficit)		
Nonspendable	65,997	64,522
Assigned	135,410	-
Unassigned	-	(31,854)
	<u>201,407</u>	<u>32,668</u>
Total Fund Balance	<u>201,407</u>	<u>32,668</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,043,063</u></u>	<u><u>\$ 881,275</u></u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

WATER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED MAY 31,

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 3,503,071	\$ 3,503,071	\$ 3,168,150	\$ (334,921)
EXPENDITURES				
Current				
General government support	130,000	111,313	91,633	19,680
Home and community services	2,130,631	2,149,318	1,740,456	408,862
Employee benefits	277,000	277,000	201,882	75,118
Debt service				
Principal	175,132	175,132	175,132	-
Interest	71,618	71,618	71,618	-
Total Expenditures	2,784,381	2,784,381	2,280,721	503,660
Excess of Revenues Over Expenditures	718,690	718,690	887,429	168,739
OTHER FINANCING USES				
Transfers out	(718,690)	(718,690)	(718,690)	-
Net Change in Fund Balance	-	-	168,739	168,739
Fund Balance - Beginning of Year	-	-	32,668	32,668
Fund Balance - End of Year	\$ -	\$ -	\$ 201,407	\$ 201,407

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,605,000	\$ 3,605,000	\$ 3,230,686	\$ (374,314)
123,000	89,536	89,536	-
1,907,020	2,129,501	2,113,080	16,421
577,000	550,833	540,833	10,000
224,432	162,682	162,682	-
102,548	66,448	66,448	-
<u>2,934,000</u>	<u>2,999,000</u>	<u>2,972,579</u>	<u>26,421</u>
671,000	606,000	258,107	(347,893)
<u>(671,000)</u>	<u>(606,000)</u>	<u>(350,000)</u>	<u>256,000</u>
-	-	(91,893)	(91,893)
-	-	124,561	124,561
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,668</u>	<u>\$ 32,668</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 MAY 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash - Demand deposits	\$ 1,526,922	\$ 1,332,361
Receivables		
State and Federal aid	11,000	41,401
Due from other funds	550,527	804,230
	<u>561,527</u>	<u>845,631</u>
Total Assets	<u>\$ 2,088,449</u>	<u>\$ 2,177,992</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 19,091	\$ 16,942
Accrued liabilities	-	114,186
Due to other funds	219,592	124,870
Bond anticipation notes payable	-	7,521,000
Total Liabilities	<u>238,683</u>	<u>7,776,998</u>
Fund Balance (Deficit)		
Restricted	1,849,766	-
Unassigned	-	(5,599,006)
Total Fund Balance (Deficit)	<u>1,849,766</u>	<u>(5,599,006)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 2,088,449</u>	<u>\$ 2,177,992</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	<u>2012</u>	<u>2011</u>
REVENUES		
State aid	\$ 20,043	\$ 102,838
Federal aid	345,402	258,939
Miscellaneous	<u>30,770</u>	<u>-</u>
Total Revenues	396,215	361,777
EXPENDITURES		
Capital outlay	<u>1,024,357</u>	<u>1,974,000</u>
Deficiency of Revenues Over Expenditures	<u>(628,142)</u>	<u>(1,612,223)</u>
OTHER FINANCING SOURCES		
Bond anticipation notes issued	555,914	-
Bonds issued	7,285,000	-
Transfers in	<u>236,000</u>	<u>230,000</u>
Total Other Financing Sources	<u>8,076,914</u>	<u>230,000</u>
Net Change in Fund Balance	7,448,772	(1,382,223)
Fund Deficit - Beginning of Year	<u>(5,599,006)</u>	<u>(4,216,783)</u>
Fund Balance (Deficit) - End of Year	<u>\$ 1,849,766</u>	<u>\$ (5,599,006)</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	Parking Fund	Sewer Fund	Sanitation Fund
ASSETS			
Cash - Demand deposits	\$ 434,127	\$ 185,421	\$ -
Receivables			
Accounts	12,920	-	152,200
Sewer rents	-	119,177	-
Due from other funds	-	200,360	476,433
	<u>12,920</u>	<u>319,537</u>	<u>628,633</u>
Prepaid Expenditures	<u>714</u>	<u>-</u>	<u>6,976</u>
Total Assets	<u>\$ 447,761</u>	<u>\$ 504,958</u>	<u>\$ 635,609</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 664	\$ 39	\$ 211,050
Accrued liabilities	-	-	-
Advances from other funds	-	-	45,856
Due to other funds	445,665	67,973	417,583
Deferred revenues	-	-	-
Total Liabilities	<u>446,329</u>	<u>68,012</u>	<u>674,489</u>
Fund Balances (Deficits)			
Nonspendable	714	-	6,976
Restricted	-	-	-
Assigned	718	436,946	-
Unassigned	<u>-</u>	<u>-</u>	<u>(45,856)</u>
Total Fund Balances (Deficits)	<u>1,432</u>	<u>436,946</u>	<u>(38,880)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 447,761</u>	<u>\$ 504,958</u>	<u>\$ 635,609</u>

Special Purpose Fund	Total Non-Major Governmental Funds	
	2012	2011
\$ 678,702	\$ 1,298,250	\$ 926,762
-	165,120	111,823
-	119,177	94,678
-	676,793	650,000
-	961,090	856,501
-	7,690	7,459
<u>\$ 678,702</u>	<u>\$ 2,267,030</u>	<u>\$ 1,790,722</u>
\$ -	\$ 211,753	\$ -
-	-	22,667
-	45,856	-
35,148	966,369	741,649
-	-	1,225
<u>35,148</u>	<u>1,223,978</u>	<u>765,541</u>
-	7,690	7,459
643,554	643,554	656,697
-	437,664	361,025
-	(45,856)	-
<u>643,554</u>	<u>1,043,052</u>	<u>1,025,181</u>
<u>\$ 678,702</u>	<u>\$ 2,267,030</u>	<u>\$ 1,790,722</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	Parking Fund	Sewer Fund	Sanitation Fund
REVENUES			
Departmental income	\$ 309,776	\$ 489,436	\$ 522,992
Use of money and property	1,548	-	-
Miscellaneous	-	-	-
Total Revenues	311,324	489,436	522,992
EXPENDITURES			
Current			
General government support	17,077	17,077	10,337
Transportation	147,144	-	-
Culture and recreation	-	-	-
Home and community services	-	104,619	460,374
Employee benefits	23,324	42,267	149,280
Debt service			
Principal	49,000	-	-
Interest	38,158	3,636	1,558
Total Expenditures	274,703	167,599	621,549
Excess (Deficiency) of Revenues Over Expenditures	36,621	321,837	(98,557)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	26,213
Transfers out	(80,000)	(167,570)	(7,530)
Total Other Financing Sources (Uses)	(80,000)	(167,570)	18,683
Net Change in Fund Balances	(43,379)	154,267	(79,874)
Fund Balances - Beginning of Year	44,811	282,679	40,994
Fund Balances (Deficits) - End of Year	\$ 1,432	\$ 436,946	\$ (38,880)

Special Purpose Fund	Total Non-Major Governmental Funds	
	2012	2011
\$ -	\$ 1,322,204	\$ 1,181,704
1,357	2,905	5,110
500	500	57,406
<u>1,857</u>	<u>1,325,609</u>	<u>1,244,220</u>
-	44,491	46,308
-	147,144	104,978
15,000	15,000	91,293
-	564,993	447,371
-	214,871	114,532
-	49,000	47,000
-	43,352	40,136
<u>15,000</u>	<u>1,078,851</u>	<u>891,618</u>
<u>(13,143)</u>	<u>246,758</u>	<u>352,602</u>
-	26,213	-
-	(255,100)	(230,000)
-	(228,887)	(230,000)
<u>(13,143)</u>	<u>17,871</u>	<u>122,602</u>
<u>656,697</u>	<u>1,025,181</u>	<u>902,579</u>
<u>\$ 643,554</u>	<u>\$ 1,043,052</u>	<u>\$ 1,025,181</u>

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

PARKING FUND
 COMPARATIVE BALANCE SHEET
 MAY 31,

ASSETS	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ 434,127	\$ 266,139
Accounts Receivable	12,920	8,840
Prepaid Expenditures	<u>714</u>	<u>695</u>
 Total Assets	 <u>\$ 447,761</u>	 <u>\$ 275,674</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 664	\$ -
Due to other funds	445,665	229,638
Deferred revenues	<u>-</u>	<u>1,225</u>
 Total Liabilities	 <u>446,329</u>	 <u>230,863</u>
 Fund Balance		
Nonspendable	714	695
Assigned	<u>718</u>	<u>44,116</u>
 Total Fund Balance	 <u>1,432</u>	 <u>44,811</u>
 Total Liabilities and Fund Balance	 <u>\$ 447,761</u>	 <u>\$ 275,674</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

PARKING FUND

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

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 349,252	\$ 349,252	\$ 309,776	\$ (39,476)
Use of money and property	-	-	1,548	1,548
Total Revenues	<u>349,252</u>	<u>349,252</u>	<u>311,324</u>	<u>(37,928)</u>
EXPENDITURES				
Current				
General government support	20,000	20,000	17,077	2,923
Transportation	130,794	130,794	147,144	(16,350)
Employee benefits	31,300	31,300	23,324	7,976
Debt service				
Principal	49,000	49,000	49,000	-
Interest	38,158	38,158	38,158	-
Total Expenditures	<u>269,252</u>	<u>269,252</u>	<u>274,703</u>	<u>(5,451)</u>
Excess of Revenues Over Expenditures	80,000	80,000	36,621	(43,379)
OTHER FINANCING USES				
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	(43,379)	(43,379)
Fund Balance - Beginning of Year	-	-	44,811	44,811
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,432</u>	<u>\$ 1,432</u>

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 350,000	\$ 350,000	\$ 351,273	\$ 1,273
-	-	872	872
<u>350,000</u>	<u>350,000</u>	<u>352,145</u>	<u>2,145</u>
14,764	17,811	17,811	-
136,800	133,753	104,978	28,775
31,300	31,300	22,315	8,985
47,000	47,000	47,000	-
40,136	40,136	40,136	-
<u>270,000</u>	<u>270,000</u>	<u>232,240</u>	<u>37,760</u>
80,000	80,000	119,905	39,905
<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
-	-	39,905	39,905
-	-	4,906	4,906
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,811</u>	<u>\$ 44,811</u>

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

SEWER FUND
COMPARATIVE BALANCE SHEET
MAY 31,

ASSETS	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ 185,421	\$ 137
Receivables		
Sewer rents	119,177	94,678
Due from other funds	<u>200,360</u>	<u>200,000</u>
	<u>319,537</u>	<u>294,678</u>
 Total Assets	 <u>\$ 504,958</u>	 <u>\$ 294,815</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 39	\$ -
Due to other funds	<u>67,973</u>	<u>12,136</u>
 Total Liabilities	 68,012	 12,136
Fund Balance		
Assigned	<u>436,946</u>	<u>282,679</u>
 Total Liabilities and Fund Balance	 <u>\$ 504,958</u>	 <u>\$ 294,815</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

SEWER FUND

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 431,397	\$ 431,397	\$ 489,436	\$ 58,039
EXPENDITURES				
Current				
General government support	32,000	32,000	17,077	14,923
Home and community services	171,191	171,191	104,619	66,572
Employee benefits	57,000	57,000	42,267	14,733
Debt service				
Interest	3,636	3,636	3,636	-
Total Expenditures	263,827	263,827	167,599	96,228
Excess of Revenues Over Expenditures	167,570	167,570	321,837	154,267
OTHER FINANCING USES				
Transfers out	(167,570)	(167,570)	(167,570)	-
Net Change in Fund Balance	-	-	154,267	154,267
Fund Balance - Beginning of Year	-	-	282,679	282,679
Fund Balance - End of Year	\$ -	\$ -	\$ 436,946	\$ 436,946

2011

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ 439,639</u>	<u>\$ 14,639</u>
32,000	32,000	17,811	14,189
149,800	137,715	64,905	72,810
57,000	69,085	54,107	14,978
<u>13,300</u>	<u>13,300</u>	<u>-</u>	<u>13,300</u>
<u>252,100</u>	<u>252,100</u>	<u>136,823</u>	<u>115,277</u>
172,900	172,900	302,816	129,916
<u>(172,900)</u>	<u>(172,900)</u>	<u>(150,000)</u>	<u>22,900</u>
-	-	152,816	152,816
<u>-</u>	<u>-</u>	<u>129,863</u>	<u>129,863</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,679</u>	<u>\$ 282,679</u>

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VILLAGE OF SLEEPY HOLLOW, NEW YORK

SANITATION FUND
 COMPARATIVE BALANCE SHEET
 MAY 31,

ASSETS	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ -	\$ 3,789
Receivables		
Accounts	152,200	102,983
Due from other funds	476,433	450,000
	<u>628,633</u>	<u>552,983</u>
Prepaid Expenditures	<u>6,976</u>	<u>6,764</u>
Total Assets	<u>\$ 635,609</u>	<u>\$ 563,536</u>
 LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 211,050	\$ -
Accrued liabilities	-	22,667
Advances from other funds	45,856	-
Due to other funds	417,583	499,875
Total Liabilities	<u>674,489</u>	<u>522,542</u>
Fund Balance (Deficit)		
Nonspendable	6,976	6,764
Assigned	-	34,230
Unassigned	<u>(45,856)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(38,880)</u>	<u>40,994</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 635,609</u>	<u>\$ 563,536</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

SANITATION FUND

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 438,000	\$ 438,000	\$ 522,992	\$ 84,992
EXPENDITURES				
Current				
General government support	16,000	16,000	10,337	5,663
Home and community services	506,625	506,625	460,374	46,251
Employee benefits	152,500	152,500	149,280	3,220
Debt service - Interest	1,558	1,558	1,558	-
Total Expenditures	676,683	676,683	621,549	55,134
Deficiency of Revenues Over Expenditures	(238,683)	(238,683)	(98,557)	140,126
OTHER FINANCING SOURCES (USES)				
Transfers in	246,213	246,213	26,213	(220,000)
Transfers out	(7,530)	(7,530)	(7,530)	-
Total Other Financing Sources	238,683	238,683	18,683	(220,000)
Net Change in Fund Balance	-	-	(79,874)	(79,874)
Fund Balance - Beginning of Year	-	-	40,994	40,994
Fund Balance (Deficit) - End of Year	\$ -	\$ -	\$ (38,880)	\$ (38,880)

2011

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>\$ 438,000</u>	<u>\$ 438,000</u>	<u>\$ 390,792</u>	<u>\$ (47,208)</u>
16,000	10,686	10,686	-
365,750	382,466	382,466	-
40,800	38,110	38,110	-
<u>15,450</u>	<u>6,738</u>	<u>-</u>	<u>6,738</u>
<u>438,000</u>	<u>438,000</u>	<u>431,262</u>	<u>6,738</u>
<u>-</u>	<u>-</u>	<u>(40,470)</u>	<u>(40,470)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(40,470)</u>	<u>(40,470)</u>
<u>-</u>	<u>-</u>	<u>81,464</u>	<u>81,464</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,994</u>	<u>\$ 40,994</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
MAY 31,

ASSETS	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	<u>\$ 678,702</u>	<u>\$ 656,697</u>
LIABILITIES AND FUND BALANCE		
Liabilities - Due to other funds	\$ 35,148	\$ -
Fund Balance - Restricted	<u>643,554</u>	<u>656,697</u>
Total Liabilities and Fund Balance	<u>\$ 678,702</u>	<u>\$ 656,697</u>

VILLAGE OF SLEEPY HOLLOW, NEW YORK

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

	<u>2012</u>	<u>2011</u>
REVENUES		
Use of money and property	\$ 1,357	\$ 4,238
Miscellaneous	<u>500</u>	<u>57,406</u>
Total Revenues	1,857	61,644
EXPENDITURES		
Current - Culture and recreation	<u>15,000</u>	<u>91,293</u>
Deficiency of Revenues Over Expenditures	(13,143)	(29,649)
Fund Balance - Beginning of Year	<u>656,697</u>	<u>686,346</u>
Fund Balance - End of Year	<u><u>\$ 643,554</u></u>	<u><u>\$ 656,697</u></u>

