

Village of Sleepy Hollow, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2013

Village of Sleepy Hollow, New York

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of Sleepy Hollow, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Sleepy Hollow, New York ("Village") as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

O'CONNOR DAVIES, LLP

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Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
December 2, 2013

Village of Sleepy Hollow, New York

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

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

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- Net position 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 2013 by \$12,201,920. Of this amount, the unrestricted portion is (\$5,198,723) and net invested in capital assets is \$15,953,721. The restricted amount of \$1,446,922 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 \$2,239,777; a decrease of \$77,471 from the prior year's fund balance of \$2,317,248.
 - Of this balance \$166,877 or 7.5% is unassigned for fiscal year 2013. 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 decreased by \$257,273 to \$815,516 from \$1,072,789. At the end of the fiscal years 2013 and 2012, unassigned fund balance for the General Fund was \$212,537 or 1.47% and \$480,097 or 3.33% respectively, of total General Fund expenditures and other financing uses. This indicates a decline in the unassigned fund balance for general activities of the Village.
- The Village retired \$1,230,000 of long-term debt. During the current fiscal year, the Village issued bond anticipation notes for Capital Projects of \$650,000.

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

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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 position may serve as a useful indicator of a government's financial position. At fiscal year end, May 31, 2013, the assets of the Village exceeded the liabilities.

Although the Village's total net position decreased by \$3,653,644 for the year ended May 31, 2013, 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, 2013, the Village's OPEB obligations of \$5,290,000 are reflected as a liability on the entity-wide financial statements, and accordingly were the prime factor in the decrease in total net position.

**Net Position
May 31,**

	2013	2012
Current Assets	\$ 6,311,137	\$ 6,402,595
Capital Assets, net	<u>32,366,515</u>	<u>35,112,579</u>
Total Assets	<u>38,677,652</u>	<u>41,515,174</u>
Current Liabilities	2,777,924	2,060,984
Non-Current Liabilities	<u>23,697,808</u>	<u>23,598,626</u>
Total Liabilities	<u>26,475,732</u>	<u>25,659,610</u>
Net Position		
Net Investment in Capital Assets	15,953,721	19,151,431
Restricted	1,446,922	1,303,370
Unrestricted	<u>(5,198,723)</u>	<u>(4,599,237)</u>
Total Net Position	<u>\$ 12,201,920</u>	<u>\$ 15,855,564</u>

**Change in Net Position
Fiscal Year Ended May 31,**

	<u>2013</u>	<u>2012</u>
REVENUES		
Program Revenues		
Charges for Services	\$ 5,987,116	\$ 5,476,182
Operating Grants and Contributions	195,939	61,772
Capital Grants and Contributions	184,678	398,076
Total Program Revenues	<u>6,367,733</u>	<u>5,936,030</u>
General Revenues		
Real Property Taxes	9,488,465	9,413,205
Other Tax Items	717,629	662,967
Non-Property Taxes	1,617,904	1,551,890
Unrestricted Use of Money and Property	6,248	2,429
Sale of Property and Compensation for Loss	103,646	10,093
Unrestricted State Aid	121,514	155,042
Miscellaneous	34,155	183,219
Total General Revenues	<u>12,089,561</u>	<u>11,978,845</u>
Total Revenues	<u>18,457,294</u>	<u>17,914,875</u>
PROGRAM EXPENSES		
General Government Support	2,888,487	3,245,101
Public Safety	9,416,741	8,457,906
Health	137,477	81,206
Transportation	2,509,519	2,086,073
Economic Opportunity and Development	78,918	92,903
Culture and Recreation	2,510,200	2,452,439
Home and Community Services	3,884,250	3,376,931
Interest	685,346	654,419
Total Expenses	<u>22,110,938</u>	<u>20,446,978</u>
Change in Net Position	(3,653,644)	(2,532,103)
Net Position - Beginning	<u>15,855,564</u>	<u>18,387,667</u>
Net Position - Ending	<u>\$ 12,201,920</u>	<u>\$ 15,855,564</u>

Governmental Activities

For the fiscal years ended May 31, 2013 and 2012, revenues from governmental activities totaled \$18,457,294 and \$17,914,875, respectively. Tax revenues \$11,823,998 in 2013 and \$11,628,062 in 2012, comprised of real property taxes, other tax items and non-property taxes; represent the largest revenue source (64.1% in 2013 and 64.9% in 2012).

The largest components of governmental activities' expenditures are public safety (42.6% in 2013 and 41.4% in 2012), home and community services (17.6% in 2013 and 16.5% in 2012), general government support (13.1% in 2013 and 15.9% in 2012) and transportation (11.3% in

2013 and 10.2% in 2012). 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.

Fund Balance Reporting

It is noteworthy to report that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for periods ending May 31, 2011 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.

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>2013</u>	<u>2012</u>
General	\$ 815,516	\$ 1,072,789
Water	204,612	201,407
Parking	3,758	1,432
Sewer	608,905	436,946
Sanitation	(37,923)	(38,880)
Special Purpose	644,909	643,554
Capital Projects	851,070	1,849,766
	<u>\$ 3,090,847</u>	<u>\$ 4,167,014</u>

Exclusive of the Capital Projects Fund, the combined ending fund balance is \$2,239,777 of which \$166,877 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 \$212,573, representing 26.1% of the total General Fund balance of \$815,516. When the fiscal year 2012-2013 General Fund budget was adopted, it anticipated that revenues would equal expenditures. Actual results of operations resulted in a decrease in the fund balance of \$257,273. Revenues and other financing sources were \$14,192,012 which was \$71,312 more than the final budget. Expenditures and other financing uses were \$14,449,285, which was \$328,585 more than the final budget.

The Capital Projects Fund has a restricted fund balance of \$851,070. A majority of the capital projects have been financed by long term debt and grants as of May 31, 2013.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2013, net of accumulated depreciation, was \$32,366,515. 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>	<u>2013</u>	<u>2012</u>
Land	\$ 2,938,414	\$ 2,938,414
Construction-in-Progress	152,272	4,682,623
Buildings	6,096,755	4,937,727
Land Improvements	3,397,587	1,934,337
Infrastructure	15,968,467	17,089,164
Machinery and Equipment	3,813,020	3,530,314
	<hr/>	<hr/>
Total (net of depreciation)	\$ 32,366,515	\$ 35,112,579
	<hr/>	<hr/>

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$16,665,000. 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.

Village of Sleepy Hollow, New York

Statement of Net Position

May 31, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 3,482,705
Receivables	
Taxes, net	696,418
Accounts	338,162
Water rents	982,855
Sewer rents	157,610
State and Federal aid	119,108
Due from other governments	267,552
Inventories	56,241
Prepaid expenses	210,486
Capital assets	
Not being depreciated	3,090,686
Being depreciated, net	29,275,829
Total Assets	38,677,652
LIABILITIES	
Accounts payable	1,417,656
Accrued liabilities	469,207
Unearned revenues	8,344
Bond anticipation notes payable	650,000
Accrued interest payable	232,717
Non-current liabilities	
Due within one year	2,357,368
Due in more than one year	21,340,440
Total Liabilities	26,475,732
NET POSITION	
Net investment in capital assets	15,953,721
Restricted	
Snow removal	105,815
Debt service	244,341
Special Revenue Funds	
Sewer	451,857
Special purpose	644,909
Unrestricted	(5,198,723)
Total Net Position	\$ 12,201,920

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 2,888,487	\$ 122,432	\$ 1,000	\$ 31,934
Public safety	9,416,741	566,386	134,514	-
Health	137,477	165,520	-	-
Transportation	2,509,519	387,838	59,070	100,000
Economic opportunity and development	78,918	-	-	-
Culture and recreation	2,510,200	170,757	1,355	-
Home and community services	3,884,250	4,574,183	-	52,500
Interest	685,346	-	-	244
Total Governmental Activities	<u>\$ 22,110,938</u>	<u>\$ 5,987,116</u>	<u>\$ 195,939</u>	<u>\$ 184,678</u>

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

Unrestricted State aid

Insurance recoveries

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense)
Revenue and
Changes in
Net Position

\$ (2,733,121)
(8,715,841)
28,043
(1,962,611)

(78,918)
(2,338,088)

742,433
(685,102)

(15,743,205)

9,488,465

607,753
109,876

142,548
139,628
1,335,728
6,248

121,514

103,646

34,155

12,089,561

(3,653,644)

15,855,564

\$ 12,201,920

Village of Sleepy Hollow, New York

Balance Sheet
Governmental Funds
May 31, 2013

	General	Water	Capital Projects
ASSETS			
Cash and equivalents	\$ 925,254	\$ 104,144	\$ 1,173,015
Taxes Receivable, net of allowance for uncollectible taxes	696,418	-	-
Other receivables			
Accounts	108,878	-	-
Water rents	-	982,855	-
Sewer rents	-	-	-
State and Federal aid	119,108	-	-
Due from other governments	267,552	-	-
Advances to other funds	45,660	-	-
Due from other funds	981,299	2,040	389,717
	1,522,497	984,895	389,717
Other assets			
Inventories	-	56,241	-
Prepaid expenditures	176,952	22,359	-
	176,952	78,600	-
Total Assets	\$ 3,321,121	\$ 1,167,639	\$ 1,562,732
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 852,442	\$ 185,516	\$ 5,718
Accrued liabilities	418,644	25,828	-
Advances from other funds	-	-	-
Due to other funds	551,092	751,683	55,944
Unearned revenues	8,344	-	-
Unearned tax revenues	675,083	-	-
Bond anticipation notes payable	-	-	650,000
Total Liabilities	2,505,605	963,027	711,662
Fund balances (deficits)			
Nonspendable	222,612	78,600	-
Restricted	350,156	-	851,070
Assigned	30,211	126,012	-
Unassigned	212,537	-	-
Total Fund Balances	815,516	204,612	851,070
Total Liabilities and Fund Balances	\$ 3,321,121	\$ 1,167,639	\$ 1,562,732

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 1,280,292	\$ 3,482,705
-	696,418
229,284	338,162
-	982,855
157,610	157,610
-	119,108
-	267,552
-	45,660
207,899	1,580,955
594,793	3,491,902
-	56,241
11,175	210,486
11,175	266,727
\$ 1,886,260	\$ 7,937,752
\$ 373,980	\$ 1,417,656
24,735	469,207
45,660	45,660
222,236	1,580,955
-	8,344
-	675,083
-	650,000
666,611	4,846,905
11,175	312,387
644,909	1,846,135
609,225	765,448
(45,660)	166,877
1,219,649	3,090,847
\$ 1,886,260	\$ 7,937,752

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Village of Sleepy Hollow, New York

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

Fund Balances - Total Governmental Funds	\$ 3,090,847
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>32,366,515</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>675,083</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(232,717)
Bonds payable	(16,665,000)
Bond anticipation notes payable	(850,000)
Retirement incentives and other pension obligations	(214,819)
Compensated absences	(677,989)
Other post employment <u>benefit</u> obligations payable	<u>(5,290,000)</u>
	<u>(23,930,525)</u>
Net Position of Governmental Activities	<u><u>\$ 12,201,920</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 Governmental Funds Year Ended May 31, 2013

	General	Water	Capital Projects
REVENUES			
Real property taxes	\$ 9,332,932	\$ -	\$ -
Other tax items	717,629	-	-
Non-property taxes	1,617,904	-	-
Departmental income	472,378	3,409,968	-
Intergovernmental charges	14,360	-	-
Use of money and property	72,966	-	-
Licenses and permits	437,621	-	-
Fines and forfeitures	112,438	-	-
State aid	179,761	-	72,157
Federal aid	134,514	-	100,000
Miscellaneous	35,155	609	12,277
Total Revenues	<u>13,127,658</u>	<u>3,410,577</u>	<u>184,434</u>
EXPENDITURES			
Current			
General government support	2,066,725	87,647	-
Public safety	4,009,653	-	-
Health	133,754	-	-
Transportation	1,189,602	-	-
Economic opportunity and development	79,710	-	-
Culture and recreation	1,559,361	-	-
Home and community services	24,895	1,843,959	-
Employee benefits	3,758,453	283,824	-
Debt service			
Principal	924,193	254,807	-
Interest	572,939	188,485	-
Capital outlay	-	-	1,183,130
Total Expenditures	<u>14,319,285</u>	<u>2,658,722</u>	<u>1,183,130</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,191,627)</u>	<u>751,855</u>	<u>(998,696)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	103,646	-	-
Transfers in	960,708	-	-
Transfers out	(130,000)	(748,650)	-
Total Other Financing Sources (Uses)	<u>934,354</u>	<u>(748,650)</u>	<u>-</u>
Net Change in Fund Balances	(257,273)	3,205	(998,696)
Fund Balances - Beginning of Year	<u>1,072,789</u>	<u>201,407</u>	<u>1,849,766</u>
Fund Balances - End of Year	<u>\$ 815,516</u>	<u>\$ 204,612</u>	<u>\$ 851,070</u>

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

Non - Major Governmental	Total Governmental Funds
\$ -	\$ 9,332,932
-	717,629
-	1,617,904
1,473,374	5,355,720
-	14,360
2,072	75,038
-	437,621
-	112,438
-	251,918
-	234,514
-	48,041
1,475,446	18,198,115

43,412	2,197,784
-	4,009,653
-	133,754
138,353	1,327,955
-	79,710
-	1,559,361
699,703	2,568,557
248,165	4,290,442
51,000	1,230,000
36,158	797,582
-	1,183,130
1,216,791	19,377,928

258,655	(1,179,813)
---------	-------------

-	103,646
130,000	1,090,708
(212,058)	(1,090,708)

(82,058)	103,646
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176,597	(1,076,167)
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1,043,052	4,167,014
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\$ 1,219,649	\$ 3,090,847
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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, 2013

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,076,167)</u>
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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.

Capital outlay expenditures	1,061,916
Depreciation expense	<u>(3,807,980)</u>
	<u>(2,746,064)</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>155,533</u>
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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 position. 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 position.

Principal paid on bond anticipation notes	50,000
Principal paid on bonds	1,180,000
Retirement incentives and other pension obligations	<u>74,905</u>
	<u>1,304,905</u>

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

Compensated absences	(34,087)
Accrued interest	112,236
Other post employment benefit obligations payable	<u>(1,370,000)</u>
	<u>(1,291,851)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,653,644)</u></u>
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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, 2013

	General Fund			Variance with Final Budget (Positive) Negative
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 9,507,804	\$ 9,507,804	\$ 9,332,932	\$ (174,872)
Other tax items	588,757	588,757	717,629	128,872
Non-property taxes	1,670,000	1,670,000	1,617,904	(52,096)
Departmental income	392,740	392,740	472,378	79,638
Intergovernmental charges	25,000	25,000	14,360	(10,640)
Use of money and property	68,000	68,000	72,966	4,966
Licenses and permits	373,500	373,500	437,621	64,121
Fines and forfeitures	210,000	210,000	112,438	(97,562)
Sale of property and compensation for loss	5,000	5,000	-	(5,000)
State aid	239,691	239,691	179,761	(59,930)
Federal aid	-	-	134,514	134,514
Miscellaneous	9,500	9,500	35,155	25,655
Total Revenues	13,089,992	13,089,992	13,127,658	37,666
EXPENDITURES				
Current				
General government support	2,284,486	2,089,493	2,066,725	22,768
Public safety	3,772,718	3,771,902	4,009,653	(237,751)
Health	81,600	133,754	133,754	-
Transportation	1,106,333	1,189,640	1,189,602	38
Economic opportunity and development	93,500	79,761	79,710	51
Culture and recreation	1,484,155	1,561,173	1,559,361	1,812
Home and community services	33,240	24,895	24,895	-
Employee benefits	3,585,000	3,642,950	3,758,453	(115,503)
Debt service				
Principal	941,217	924,193	924,193	-
Interest	608,451	572,939	572,939	-
Total Expenditures	13,990,700	13,990,700	14,319,285	(328,585)
Excess (Deficiency) of Revenues Over Expenditures	(900,708)	(900,708)	(1,191,627)	(290,919)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	35,000	35,000	103,646	68,646
Transfers in	995,708	995,708	960,708	(35,000)
Transfers out	(130,000)	(130,000)	(130,000)	-
Total Other Financing Sources (Uses)	900,708	900,708	934,354	33,646
Net Change in Fund Balances	-	-	(257,273)	(257,273)
Fund Balances - Beginning of Year	-	-	1,072,789	1,072,789
Fund Balances - End of Year	\$ -	\$ -	\$ 815,516	\$ 815,516

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
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
3,302,252	3,302,252	3,409,968	107,716
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	609	609
3,302,252	3,302,252	3,410,577	108,325
130,000	87,647	87,647	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,767,169	1,827,698	1,843,959	(16,261)
302,000	283,824	283,824	-
226,013	226,013	254,807	(28,794)
128,420	128,420	188,485	(60,065)
2,553,602	2,553,602	2,658,722	(105,120)
748,650	748,650	751,855	3,205
-	-	-	-
-	-	-	-
(748,650)	(748,650)	(748,650)	-
(748,650)	(748,650)	(748,650)	-
-	-	3,205	3,205
-	-	201,407	201,407
\$ -	\$ -	\$ 204,612	\$ 204,612

Village of Sleepy Hollow, New York

Statement of Assets and Liabilities
Fiduciary Fund
May 31, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 93,611
Accounts receivable	<u>3,867</u>
 Total Assets	 <u><u>\$ 97,478</u></u>
 LIABILITIES	
Payroll taxes	\$ 4,363
Deposits	<u>93,115</u>
 Total Liabilities	 <u><u>\$ 97,478</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 Position 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 Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

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 statements.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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, 2013.

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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

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, 2013, 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 insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

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 Revenues - Unearned 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.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues in the General Fund of \$675,083 for real property taxes and \$8,344 for other items. These amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, 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 of the State of New York.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The 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. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

F. Use of Estimates

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

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 December 2, 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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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.
- 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 2013 fiscal year was \$21,512,809 which exceeded the actual levy by \$12,179,877.

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

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

C. Application of Accounting Standards

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

D. Expenditures in Excess of Budget

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

	<u>Amount</u>
General Fund	
Police	\$ 238,971
State retirement	115,902
Water Fund	
Home and community services	16,261
Debt service - Principal	28,794
Debt service - Interest	60,065
Sanitation Fund	
Home and community services	33,827
Debt Service - Interest	26,135

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

	<u>Amount</u>
General Fund	\$ 328,585
Water Fund	105,120
Sanitation	59,962

E. Fund Deficits

The Sanitation Fund has an unassigned deficit in the amount of \$45,660 at May 31, 2013. The deficit will be addressed in a subsequent year.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Taxes Receivable - Current	\$ 351,826
Taxes Receivable - Overdue	<u>537,930</u>
	889,756
Allowance for uncollectible taxes	<u>(193,338)</u>
	<u><u>\$ 696,418</u></u>

Taxes receivable are also partially offset by unearned tax revenues of \$675,083, 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, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 981,299	\$ 551,092
Water	2,040	751,683
Capital Projects	389,717	55,944
Non-Major Governmental	<u>207,899</u>	<u>222,236</u>
	<u><u>\$ 1,580,955</u></u>	<u><u>\$ 1,580,955</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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Balance June 1, 2012	Additions	Deletions	Balance May 31, 2013
Capital Assets, not being depreciated				
Land	\$ 2,938,414	\$ -	\$ -	\$ 2,938,414
Construction-in-progress	4,682,623	119,171	4,649,522	152,272
Total Capital Assets, not being depreciated	<u>\$ 7,621,037</u>	<u>\$ 119,171</u>	<u>\$ 4,649,522</u>	<u>\$ 3,090,686</u>
Capital Assets, being depreciated				
Buildings	\$ 7,194,193	\$ 1,507,359	\$ -	\$ 8,701,552
Land improvements	2,891,773	2,066,402	-	4,958,175
Infrastructure	81,648,625	1,109,104	-	82,757,729
Machinery and equipment	10,923,528	909,402	645,983	11,186,947
Total Capital Assets, being depreciated	<u>102,658,119</u>	<u>5,592,267</u>	<u>645,983</u>	<u>107,604,403</u>
Less Accumulated Depreciation for				
Buildings	2,256,466	348,331	-	2,604,797
Land improvements	957,436	603,152	-	1,560,588
Infrastructure	64,559,461	2,229,801	-	66,789,262
Machinery and equipment	7,393,214	626,696	645,983	7,373,927
Total Accumulated Depreciation	<u>75,166,577</u>	<u>3,807,980</u>	<u>645,983</u>	<u>78,328,574</u>
Total Capital Assets, being depreciated, net	<u>\$ 27,491,542</u>	<u>\$ 1,784,287</u>	<u>\$ -</u>	<u>\$ 29,275,829</u>
Capital Assets, net	<u>\$ 35,112,579</u>	<u>\$ 1,903,458</u>	<u>\$ 4,649,522</u>	<u>\$ 32,366,515</u>

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

General Government Support	\$ 456,958
Public Safety	2,094,389
Transportation	456,958
Culture and Recreation	380,798
Home and Community Services	418,877
Total Depreciation Expense	<u>\$ 3,807,980</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

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2013 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	18.6%
	4 A15	18.6
	5 A15	15.1
	6 A15	10.1
PFRS	2 375I	18.1
	2 384D	25.1

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

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 611,378	\$ 814,945
2012	541,673	598,891
2011	426,326	471,540

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	\$ 429,378
Water	90,000
Parking	17,000
Sanitation	58,000
Sewer	17,000
	<u>\$ 611,378</u>

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

E. Short-Term Capital Borrowings

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

Purpose	Issue Date	Balance June 1, 2012	New Issues	Balance at May 31, 2013
Purchase of Fire Truck	11/30/2012	\$ -	\$ 650,000	\$ 650,000

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.

F. Long-Term Liabilities

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

	Balance June 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2013	Due Within One Year
Bonds Payable					
Judgements and claims	\$ 590,000	\$ -	\$ 12,950	\$ 577,050	\$ 22,400
Capital construction	17,255,000	-	1,167,050	16,087,950	1,337,600
	17,845,000	-	1,180,000	16,665,000	1,360,000
Bond Anticipation Note Payable					
Judgements and claims	344,086	-	20,000	324,086	324,086
Capital construction	555,914	-	30,000	525,914	525,914
	900,000	-	50,000	850,000	850,000
Retirement Incentives and Other Pension Obligations	289,724		74,905	214,819	79,368
Compensated Absences	643,902	98,087	64,000	677,989	68,000
Other Post Employment Benefit Obligations Payable	3,920,000	2,020,000	650,000	5,290,000	-
Total Long-Term Liabilities	\$ 23,598,626	\$ 2,118,087	\$ 2,018,905	\$ 23,697,808	\$ 2,357,368

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

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at May 31, 2013 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at May 31, 2013</u>
Various Purposes	2001	\$ 2,890,000	August, 2016	4.375 - 4.60 %	\$ 970,000
Various Purposes	2003	3,473,000	March, 2015	3.50 - 3.60	685,000
Various Purposes	2004	4,517,512	August, 2024	3.75 - 4.25	3,170,000
Various Purposes	2007	5,326,070	August, 2024	4.00 - 5.00	4,150,000
Various Purposes	2012	7,875,000	May, 2031	2.25 - 5.00	7,690,000
					<u>\$ 16,665,000</u>

Interest expenditures of \$782,192 were recorded in the fund financial statements in the funds indicated below. Interest expense of \$663,522 was recorded in the government-wide financial statements.

<u>Fund</u>	<u>Amount</u>
General	\$ 558,126
Water	187,908
Parking	<u>36,158</u>
	<u>\$ 782,192</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 remaining balance of \$850,000 is due on November 29, 2013, with interest at 1.88%.

Interest expenditures of \$15,390 were recorded in the fund financial statements in the funds indicated below. Interest expense of \$21,824 was recorded in the government-wide financial statements.

<u>Fund</u>	<u>Amount</u>
General	\$ 14,813
Water	<u>577</u>
	<u>\$ 15,390</u>

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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 2013 was \$16,194, including interest and was charged to expenditures in the General Fund. The PFRS amount required to be amortized during 2013 was \$21,600, including interest. This amount was charged to expenditures in the General Fund. The balance due at May 31, 2013 was \$30,111 for ERS and \$40,163 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 2013 was \$3,455 including interest and was charged to expenditures in the General Fund. The PFRS amount required to be amortized during 2013 was \$13,070, including interest. This amount was charged to expenditures in the General Fund. The balance due at May 31, 2013 was \$9,409 for ERS and \$35,592 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 ERS amount required to be amortized for the Village during 2013 was \$38,278 including interest and was charged to expenditures in the General Fund. The balance due at May 31, 2013 was \$99,544.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of May 31, 2013, including interest payments of \$4,702,045 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
2014	\$ 1,360,000	\$ 605,651	\$ 850,000	\$ 15,980	\$ 79,368	\$ 13,230	\$ 2,289,368	\$ 634,861
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	935,000	404,031	-	-	-	-	935,000	404,031
2019-2023	5,225,000	1,495,084	-	-	-	-	5,225,000	1,495,084
2024-2028	3,825,000	577,391	-	-	-	-	3,825,000	577,391
2029-2031	1,610,000	96,753	-	-	-	-	1,610,000	96,753
	<u>\$ 16,665,000</u>	<u>\$ 4,660,886</u>	<u>\$ 850,000</u>	<u>\$ 15,980</u>	<u>\$ 214,819</u>	<u>\$ 25,179</u>	<u>\$ 17,729,819</u>	<u>\$ 4,702,045</u>

Note 3 - Detailed Notes on All Funds (Continued)

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.

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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Year</u>	<u>Assumed Increase</u>
1	9.50%
2	9.00%
3	8.50%
4	8.00%
5	7.50%
6	7.00%
7	6.50%
8	6.00%
9	5.50%
10+	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, 2013 was as follows:

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

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2012	\$ 22,780,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 22,780,000</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (active plan members)	<u><u>\$ 7,000,000</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>325.43%</u></u>
Annual Required Contribution	\$ 2,070,000
Interest on OPEB Obligation	180,000
Adjustment to Annual Required Contribution	<u>(230,000)</u>
Annual OPEB Cost	2,020,000
Contributions Made	<u>(650,000)</u>
Increase in Net OPEB Obligation	1,370,000
Net OPEB Obligation - Beginning of Year	<u>3,920,000</u>
Net OPEB Obligation - End of Year	<u><u>\$ 5,290,000</u></u>

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current 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
2011	\$ 1,520,000	40.13 %	\$ 2,630,000
2012	1,930,000	33.16	3,920,000
2013	2,020,000	32.18	5,290,000

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.

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		
	General	Non-Major Governmental	Total
General	\$ -	\$ 130,000	\$ 130,000
Water	748,650	-	748,650
Non-Major Governmental	212,058	-	212,058
	<u>\$ 960,708</u>	<u>\$ 130,000</u>	<u>\$ 1,090,708</u>

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

H. Net Position

The components of net position are detailed below:

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

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

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	45,660	-	-	-	45,660	45,856	-	-	-	45,856
Prepaid expenditures	176,952	22,359	-	11,175	210,486	166,819	9,756	-	7,690	184,265
Total Nonspendable	222,612	78,600	-	11,175	312,387	212,675	65,997	-	7,690	286,362
Restricted										
Snow removal	105,815	-	-	-	105,815	105,709	-	-	-	105,709
Debt service	244,341	-	-	-	244,341	244,097	-	-	-	244,097
Capital projects	-	-	851,070	-	851,070	-	-	1,849,766	-	1,849,766
Special purposes	-	-	-	644,909	644,909	-	-	-	643,554	643,554
Total Restricted	350,156	-	851,070	644,909	1,846,135	349,806	-	1,849,766	643,554	2,843,126
Assigned										
Major funds	-	126,012	-	-	126,012	-	135,410	-	-	135,410
Parking	-	-	-	2,039	2,039	-	-	-	718	718
Sewer	-	-	-	607,186	607,186	-	-	-	436,946	436,946
Tax certiorari	30,211	-	-	-	30,211	30,211	-	-	-	30,211
Total Assigned	30,211	126,012	-	609,225	765,448	30,211	135,410	-	437,664	603,285
Unassigned										
	212,537	-	-	(45,660)	166,877	480,097	-	-	(45,856)	434,241
Total Fund Balances (Deficits)	\$ 815,516	\$ 204,612	\$ 851,070	\$ 1,219,649	\$ 3,090,847	\$ 1,072,789	\$ 201,407	\$ 1,849,766	\$ 1,043,052	\$ 4,167,014

Village of Sleepy Hollow, New York

Notes to Financial Statements (Continued)

May 31, 2013

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 Position 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, 2013, 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 a deficit fund balance.

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.

Village of Sleepy Hollow, New York

Notes to Financial Statements (Concluded)

May 31, 2013

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, on November 26 2013, issued a bond anticipation note for various Village improvements in the amount of \$7,935,000. The note is due on November 26, 2014 with interest at 1.25%.

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, 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	
June 1, 2012	-	22,780,000	22,780,000	-	7,000,000	325.43	

Village of Sleepy Hollow, New York

General Fund
Comparative Balance Sheet
May 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 925,254	\$ 293,862
Taxes receivable, net of allowance for uncollectible taxes of \$193,338 for 2013 and \$174,985 for 2012	696,418	628,361
Other receivables		
Accounts	108,878	1,006,011
State and Federal aid	119,108	14,123
Due from other governments	267,552	272,735
Advances to other funds	45,660	45,856
Due from other funds	981,299	1,118,651
	1,522,497	2,457,376
Prepaid expenditures	176,952	166,819
Total Assets	\$ 3,321,121	\$ 3,546,418
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 852,442	\$ 856,664
Accrued liabilities	418,644	495,007
Due to other funds	551,092	602,408
Unearned revenues	8,344	-
Unearned tax revenues	675,083	519,550
Total Liabilities	2,505,605	2,473,629
Fund balance		
Nonspendable	222,612	212,675
Restricted	350,156	349,806
Assigned	30,211	30,211
Unassigned	212,537	480,097
Total Fund Balance	815,516	1,072,789
Total Liabilities and Fund Balance	\$ 3,321,121	\$ 3,546,418

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,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 9,507,804	\$ 9,507,804	\$ 9,332,932	\$ (174,872)
Other tax items	588,757	588,757	717,629	128,872
Non-property taxes	1,670,000	1,670,000	1,617,904	(52,096)
Departmental income	392,740	392,740	472,378	79,638
Intergovernmental charges	25,000	25,000	14,360	(10,640)
Use of money and property	68,000	68,000	72,966	4,966
Licenses and permits	373,500	373,500	437,621	64,121
Fines and forfeitures	210,000	210,000	112,438	(97,562)
Sale of property and compensation for loss	5,000	5,000	-	(5,000)
State aid	239,691	239,691	179,761	(59,930)
Federal aid	-	-	134,514	134,514
Miscellaneous	9,500	9,500	35,155	25,655
Total Revenues	13,089,992	13,089,992	13,127,658	37,666
EXPENDITURES				
Current				
General government support	2,284,486	2,089,493	2,066,725	22,768
Public safety	3,772,718	3,771,902	4,009,653	(237,751)
Health	81,600	133,754	133,754	-
Transportation	1,106,333	1,189,640	1,189,602	38
Economic opportunity and development	93,500	79,761	79,710	51
Culture and recreation	1,484,155	1,561,173	1,559,361	1,812
Home and community services	33,240	24,895	24,895	-
Employee benefits	3,585,000	3,642,950	3,758,453	(115,503)
Debt service				
Principal	941,217	924,193	924,193	-
Interest	608,451	572,939	572,939	-
Total Expenditures	13,990,700	13,990,700	14,319,285	(328,585)
Deficiency of Revenues Over Expenditures	(900,708)	(900,708)	(1,191,627)	(290,919)
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	-	-	-
Bonds issued	-	-	-	-
Insurance recoveries	35,000	35,000	103,646	68,646
Transfers in	995,708	995,708	960,708	(35,000)
Transfers out	(130,000)	(130,000)	(130,000)	-
Total Other Financing Sources	900,708	900,708	934,354	33,646
Net Change in Fund Balance	-	-	(257,273)	(257,273)
Fund Balance - Beginning of Year	-	-	1,072,789	1,072,789
Fund Balance - End of Year	\$ -	\$ -	\$ 815,516	\$ 815,516

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 9,223,550	\$ 9,223,550	\$ 9,202,001	\$ (21,549)
585,000	585,000	662,967	77,967
1,565,000	1,565,000	1,551,890	(13,110)
359,740	359,740	430,652	70,912
25,000	25,000	14,123	(10,877)
68,000	68,000	74,774	6,774
432,000	432,000	206,254	(225,746)
110,000	110,000	99,582	(10,418)
5,000	5,000	10,093	5,093
239,691	239,691	212,034	(27,657)
-	-	-	-
3,500	3,498	184,594	181,096
12,616,481	12,616,479	12,648,964	32,485
2,290,155	2,744,275	2,640,470	103,805
3,749,187	3,645,020	3,990,339	(345,319)
81,600	82,201	81,206	995
1,104,382	1,021,888	1,020,015	1,873
122,100	99,590	98,441	1,149
1,397,693	1,579,408	1,573,673	5,735
33,240	22,381	20,176	2,205
3,250,500	3,268,270	3,276,838	(8,568)
909,078	1,335,868	1,335,868	-
369,333	442,451	393,244	49,207
13,307,268	14,241,352	14,430,270	(188,918)
(690,787)	(1,624,873)	(1,781,306)	(156,433)
-	344,086	344,086	-
-	590,000	590,000	-
35,000	35,000	164,733	129,733
902,000	902,000	901,000	(1,000)
(246,213)	(246,213)	(189,423)	56,790
690,787	1,624,873	1,810,396	185,523
-	-	29,090	29,090
-	-	1,043,699	1,043,699
\$ -	\$ -	\$ 1,072,789	\$ 1,072,789

Village of Sleepy Hollow, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REAL PROPERTY TAXES	\$ 9,507,804	\$ 9,507,804	\$ 9,332,932	\$ (174,872)	\$ 9,202,001
OTHER TAX ITEMS					
Payments in lieu of taxes	538,757	538,757	607,753	68,996	553,701
Interest and penalties on real property taxes	50,000	50,000	109,876	59,876	109,266
	588,757	588,757	717,629	128,872	662,967
NON-PROPERTY TAXES					
Franchise fees	125,000	125,000	142,548	17,548	137,069
Utilities gross receipts taxes	120,000	120,000	139,628	19,628	113,020
Non-property tax distribution from County	1,425,000	1,425,000	1,335,728	(89,272)	1,301,801
	1,670,000	1,670,000	1,617,904	(52,096)	1,551,890
DEPARTMENTAL INCOME					
Clerk - Treasurer fees	43,000	43,000	42,024	(976)	50,029
Police fees	61,000	61,000	62,245	1,245	72,762
Ambulance charges	100,000	100,000	165,520	65,520	119,120
Parks and recreation charges	167,000	167,000	174,264	7,264	162,501
Zoning Board fees	3,000	3,000	2,900	(100)	3,330
Planning Board fees	17,740	17,740	13,510	(4,230)	19,281
Public works fees	1,000	1,000	11,915	10,915	3,629
	392,740	392,740	472,378	79,638	430,652

INTERGOVERNMENTAL CHARGES

Snow removal fees

25,000	25,000	14,360	(10,640)	14,123
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USE OF MONEY AND PROPERTY

Earnings on investments

Rental of real property

5,000	5,000	6,598	1,598	4,790
63,000	63,000	66,368	3,368	69,984
68,000	68,000	72,966	4,966	74,774

LICENSES AND PERMITSBusiness and occupational licenses
permit fees

10,000	10,000	22,240	12,240	20,859
363,500	363,500	415,381	51,881	185,395

FINES AND FORFEITURES

Fines and forfeited bail

373,500	373,500	437,621	64,121	206,254
210,000	210,000	112,438	(97,562)	99,582

SALE OF PROPERTY AND COMPENSATION**FOR LOSS**

Sale of equipment

5,000	5,000	-	(5,000)	10,093
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STATE AID

Per capita

Mortgage tax

Consolidated Highway Improvement Program

Other

64,007	64,007	62,105	(1,902)	62,105
85,000	85,000	59,409	(25,591)	68,337
88,684	88,684	58,247	(30,437)	56,992
2,000	2,000	-	(2,000)	24,600
239,691	239,691	179,761	(59,930)	212,034

FEDERAL AID

Emergency Management Agency

-	-	134,514	134,514	-
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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, 2013
(With Comparative Actuals for 2012)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
MISCELLANEOUS					
Gifts and donations	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ 1,375
Refund of prior year expenditures	7,000	7,000	30,836	23,836	19,771
Other	1,500	1,500	3,319	1,819	163,448
	9,500	9,500	35,155	25,655	184,594
TOTAL REVENUES	13,089,992	13,089,992	13,127,658	37,666	12,648,964
OTHER FINANCING SOURCES					
Bond anticipation notes issued	-	-	-	-	344,086
Bonds issued	-	-	-	-	590,000
Insurance recoveries	35,000	35,000	103,646	68,646	164,733
	35,000	35,000	103,646	68,646	1,098,819
Transfers in					
Parking Fund	115,000	115,000	80,000	(35,000)	80,000
Sewer Fund	132,058	132,058	132,058	-	150,000
Water Fund	748,650	748,650	748,650	-	671,000
	995,708	995,708	960,708	(35,000)	901,000
TOTAL OTHER FINANCING SOURCES	1,030,708	1,030,708	1,064,354	33,646	1,999,819
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 14,120,700	\$ 14,120,700	\$ 14,192,012	\$ 71,312	\$ 14,648,783

Village of Sleepy Hollow, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 28,900	\$ 28,900	\$ 28,893	\$ 7	\$ 28,891
Justice	171,166	168,475	168,475	-	195,091
Mayor	18,900	20,183	20,183	-	18,970
Administrator	90,604	111,926	111,521	405	118,762
Auditor	31,500	37,800	37,800	-	27,500
Treasurer	249,347	184,033	183,404	629	222,474
Tax collector	6,000	6,000	5,920	80	1,304
Assessor	36,600	36,000	36,000	-	36,231
Village clerk	125,855	107,464	107,350	114	104,393
Law	257,000	181,447	179,419	2,028	195,293
Engineer	10,000	25,803	6,404	19,399	209,285
Buildings	292,059	289,033	288,979	54	354,526
Central garage	504,555	593,911	593,910	1	598,640
Unallocated insurance	215,000	210,973	210,973	-	216,376
Municipal association dues	5,000	5,000	4,949	51	5,086
Judgments and claims	20,000	29,871	29,871	-	215,434
Taxes and assessments	27,000	14,557	14,557	-	52,836
Miscellaneous	15,000	15,000	15,000	-	17,006
Metropolitan commuter transportation mobility tax	20,000	23,117	23,117	-	22,372
Contingent account	160,000	-	-	-	-
	<u>2,284,486</u>	<u>2,089,493</u>	<u>2,066,725</u>	<u>22,768</u>	<u>2,640,470</u>
PUBLIC SAFETY					
Police	3,228,317	3,212,738	3,451,709	(238,971)	3,457,489
Jail	3,500	2,000	1,280	720	1,615
Fire Department	178,461	199,341	199,341	-	193,860
Control of animals	3,360	3,360	3,360	-	3,360
Safety inspection	359,080	354,463	353,963	500	334,015
	<u>3,772,718</u>	<u>3,771,902</u>	<u>4,009,653</u>	<u>(237,751)</u>	<u>3,990,339</u>

HEALTH

Ambulance
Registrar of Vital Statistics

58,600
23,000

103,253
30,501

103,253
30,501

53,283
27,923

TRANSPORTATION

Street administration
Street maintenance
Snow removal
Street lighting
Off-street parking

26,104
860,729
112,000
105,000
2,500

27,265
894,453
150,927
116,422
573

27,265
894,415
150,927
116,422
573

27,094
836,488
50,808
104,998
627

1,106,333

1,189,640

1,189,602

1,020,015

38

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Programs for the aging

93,500

79,761

79,710

98,441

51

CULTURE AND RECREATION

Parks, playgrounds and recreation
Youth programs
Library
Celebrations
Adult recreation

639,490
79,500
659,265
30,900
75,000

708,875
60,505
659,265
28,300
104,228

707,072
60,505
659,265
28,295
104,224

722,778
50,426
662,943
25,793
111,733

1,803
-
-
5
4

1,484,155

1,561,173

1,559,361

1,573,673

1,812

HOME AND COMMUNITY SERVICES

Emergency tenant protection act
Planning
Shade trees

4,740
18,500
10,000

2,370
16,674
5,851

2,370
16,674
5,851

4,080
7,641
8,455

-
-
-

33,240

24,895

24,895

20,176

-

(Continued)

Village of Sleepy Hollow, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 1,176,500	\$ 1,221,018	\$ 1,336,920	\$ (115,902)	\$ 1,008,764
Local police welfare fund	72,500	61,783	61,783	-	58,782
Social security	395,000	392,702	392,702	-	404,255
Workers' compensation benefits	430,000	501,021	501,021	-	423,179
Life insurance	10,000	6,325	6,325	-	9,065
Unemployment benefits	15,000	-	-	-	6,702
Hospital and medical benefits	1,486,000	1,460,101	1,459,702	399	1,366,091
	3,585,000	3,642,950	3,758,453	(115,503)	3,276,838
DEBT SERVICE					
Principal					
Serial bonds	893,092	876,068	876,068	-	730,868
Bond anticipation notes	48,125	48,125	48,125	-	605,000
	941,217	924,193	924,193	-	1,335,868
Interest					
Serial bonds	593,638	558,126	558,126	-	332,451
Bond anticipation notes	14,813	14,813	14,813	-	60,793
	608,451	572,939	572,939	-	393,244
	1,549,668	1,497,132	1,497,132	-	1,729,112
TOTAL EXPENDITURES	13,990,700	13,990,700	14,319,285	(328,585)	14,430,270

OTHER FINANCING USES

Transfers out

Capital Projects Fund

Sanitation Fund

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 14,120,700	\$ 14,120,700	\$ 14,449,285	\$ (328,585)	\$ 14,619,693
130,000	130,000	130,000	-	163,210
-	-	-	-	26,213
130,000	130,000	130,000	-	189,423

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Village of Sleepy Hollow, New York

Water Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 104,144</u>	<u>\$ 94,228</u>
Receivables		
Water rents	982,855	732,300
Due from other funds	<u>2,040</u>	<u>150,538</u>
	<u>984,895</u>	<u>882,838</u>
Other assets		
Inventories	56,241	56,241
Prepaid expenditures	<u>22,359</u>	<u>9,756</u>
	<u>78,600</u>	<u>65,997</u>
 Total Assets	 <u><u>\$ 1,167,639</u></u>	 <u><u>\$ 1,043,063</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 185,516	\$ 133,516
Accrued liabilities	25,828	-
Due to other funds	<u>751,683</u>	<u>708,140</u>
 Total Liabilities	 <u>963,027</u>	 <u>841,656</u>
 Fund balance		
Nonspendable	78,600	65,997
Assigned	<u>126,012</u>	<u>135,410</u>
 Total Fund Balance	 <u>204,612</u>	 <u>201,407</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 1,167,639</u></u>	 <u><u>\$ 1,043,063</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,**

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 3,302,252	\$ 3,302,252	\$ 3,409,968	\$ 107,716
Miscellaneous	-	-	609	609
Total Revenues	3,302,252	3,302,252	3,410,577	108,325
EXPENDITURES				
Current				
General government support	130,000	87,647	87,647	-
Home and community services	1,767,169	1,827,698	1,843,959	(16,261)
Employee benefits	302,000	283,824	283,824	-
Debt service				
Principal	226,013	226,013	254,807	(28,794)
Interest	128,420	128,420	188,485	(60,065)
Total Expenditures	2,553,602	2,553,602	2,658,722	(105,120)
Excess of Revenues Over Expenditures	748,650	748,650	751,855	3,205
OTHER FINANCING USES				
Transfers out	(748,650)	(748,650)	(748,650)	-
Net Change in Fund Balance	-	-	3,205	3,205
Fund Balance - Beginning of Year	-	-	201,407	201,407
Fund Balance - End of Year	\$ -	\$ -	\$ 204,612	\$ 204,612

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,503,071	\$ 3,503,071	\$ 3,168,150	\$ (334,921)
-	-	-	-
3,503,071	3,503,071	3,168,150	(334,921)
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	-
2,784,381	2,784,381	2,280,721	503,660
718,690	718,690	887,429	168,739
(718,690)	(718,690)	(718,690)	-
-	-	168,739	168,739
-	-	32,668	32,668
\$ -	\$ -	\$ 201,407	\$ 201,407

Village of Sleepy Hollow, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 1,173,015</u>	<u>\$ 1,526,922</u>
Receivables		
State and Federal aid	-	11,000
Due from other funds	<u>389,717</u>	<u>550,527</u>
	<u>389,717</u>	<u>561,527</u>
Total Assets	<u><u>\$ 1,562,732</u></u>	<u><u>\$ 2,088,449</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 5,718	\$ 19,091
Due to other funds	55,944	219,592
Bond anticipation notes payable	<u>650,000</u>	<u>-</u>
Total Liabilities	711,662	238,683
Fund balance		
Restricted	<u>851,070</u>	<u>1,849,766</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,562,732</u></u>	<u><u>\$ 2,088,449</u></u>

Village of Sleepy Hollow, New York

Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended May 31,

	2013	2012
REVENUES		
State aid	\$ 72,157	\$ 20,043
Federal aid	100,000	345,402
Miscellaneous	12,277	30,770
Total Revenues	184,434	396,215
EXPENDITURES		
Capital outlay	1,183,130	1,024,357
Deficiency of Revenues Over Expenditures	(998,696)	(628,142)
OTHER FINANCING SOURCES		
Bond anticipation notes issued	-	555,914
Bonds issued	-	7,285,000
Transfers in	-	236,000
Total Other Financing Sources	-	8,076,914
Net Change in Fund Balance	(998,696)	7,448,772
Fund Balance (Deficit) - Beginning of Year	1,849,766	(5,599,006)
Fund Balance - End of Year	\$ 851,070	\$ 1,849,766

Village of Sleepy Hollow, New York

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

	Parking Fund	Sewer Fund	Sanitation Fund
ASSETS			
Cash and equivalents	\$ 75,950	\$ 591,505	\$ -
Receivables			
Accounts	28,295	-	200,989
Sewer rents	-	157,610	-
Due from other funds	-	-	175,813
	<u>28,295</u>	<u>157,610</u>	<u>376,802</u>
Prepaid expenditures	<u>1,719</u>	<u>1,719</u>	<u>7,737</u>
Total Assets	<u>\$ 105,964</u>	<u>\$ 750,834</u>	<u>\$ 384,539</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 6,275	\$ 3,480	\$ 364,225
Accrued liabilities	6,199	5,959	12,577
Advances from other funds	-	-	45,660
Due to other funds	<u>89,732</u>	<u>132,490</u>	<u>-</u>
Total Liabilities	<u>102,206</u>	<u>141,929</u>	<u>422,462</u>
Fund balances (deficits)			
Nonspendable	1,719	1,719	7,737
Restricted	-	-	-
Assigned	2,039	607,186	-
Unassigned	<u>-</u>	<u>-</u>	<u>(45,660)</u>
Total Fund Balances (Deficits)	<u>3,758</u>	<u>608,905</u>	<u>(37,923)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 105,964</u>	<u>\$ 750,834</u>	<u>\$ 384,539</u>

Special Purpose Fund	Total Non-Major Governmental Funds	
	2013	2012
\$ 612,837	\$ 1,280,292	\$ 1,298,250
-	229,284	165,120
-	157,610	119,177
32,086	207,899	676,793
32,086	594,793	961,090
-	11,175	7,690
\$ 644,923	\$ 1,886,260	\$ 2,267,030
\$ -	\$ 373,980	\$ 211,753
-	24,735	-
-	45,660	45,856
14	222,236	966,369
14	666,611	1,223,978
-	11,175	7,690
644,909	644,909	643,554
-	609,225	437,664
-	(45,660)	(45,856)
644,909	1,219,649	1,043,052
\$ 644,923	\$ 1,886,260	\$ 2,267,030

Village of Sleepy Hollow, New York

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

	Parking Fund	Sewer Fund	Sanitation Fund
REVENUES			
Departmental income	\$ 361,563	\$ 552,816	\$ 558,995
Use of money and property	717	-	-
Miscellaneous	-	-	-
Total Revenues	<u>362,280</u>	<u>552,816</u>	<u>558,995</u>
EXPENDITURES			
Current			
General government support	16,662	16,662	10,088
Transportation	138,353	-	-
Culture and recreation	-	-	-
Home and community services	-	189,888	509,815
Employee benefits	37,781	42,249	168,135
Debt service			
Principal	51,000	-	-
Interest	36,158	-	-
Total Expenditures	<u>279,954</u>	<u>248,799</u>	<u>688,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>82,326</u>	<u>304,017</u>	<u>(129,043)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	130,000
Transfers out	(80,000)	(132,058)	-
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(132,058)</u>	<u>130,000</u>
Net Change in Fund Balances	2,326	171,959	957
Fund Balances (Deficits) - Beginning of Year	<u>1,432</u>	<u>436,946</u>	<u>(38,880)</u>
Fund Balances (Deficits) - End of Year	<u>\$ 3,758</u>	<u>\$ 608,905</u>	<u>\$ (37,923)</u>

Special Purpose Fund	Total Non-Major Governmental Funds	
	2013	2012
\$ -	\$ 1,473,374	\$ 1,322,204
1,355	2,072	2,905
-	-	500
1,355	1,475,446	1,325,609
-	43,412	44,491
-	138,353	147,144
-	-	15,000
-	699,703	564,993
-	248,165	214,871
-	51,000	49,000
-	36,158	43,352
-	1,216,791	1,078,851
1,355	258,655	246,758
-	130,000	26,213
-	(212,058)	(255,100)
-	(82,058)	(228,887)
1,355	176,597	17,871
643,554	1,043,052	1,025,181
<u>\$ 644,909</u>	<u>\$ 1,219,649</u>	<u>\$ 1,043,052</u>

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Village of Sleepy Hollow, New York

Parking Fund
Comparative Balance Sheet
May 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 75,950	\$ 434,127
Accounts receivable	28,295	12,920
Prepaid expenditures	1,719	714
Total Assets	<u>\$ 105,964</u>	<u>\$ 447,761</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 6,275	\$ 664
Accrued liabilities	6,199	-
Due to other funds	89,732	445,665
Total Liabilities	<u>102,206</u>	<u>446,329</u>
Fund balance		
Nonspendable	1,719	714
Assigned	2,039	718
Total Fund Balance	<u>3,758</u>	<u>1,432</u>
Total Liabilities and Fund Balance	<u>\$ 105,964</u>	<u>\$ 447,761</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,

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 402,000	\$ 402,000	\$ 361,563	\$ (40,437)
Use of money and property	-	-	717	717
Total Revenues	402,000	402,000	362,280	(39,720)
EXPENDITURES				
Current				
General government support	20,000	18,529	16,662	1,867
Transportation	137,842	139,313	138,353	960
Employee benefits	42,000	42,000	37,781	4,219
Debt service				
Principal	51,000	51,000	51,000	-
Interest	36,158	36,158	36,158	-
Total Expenditures	287,000	287,000	279,954	7,046
Excess of Revenues Over Expenditures	115,000	115,000	82,326	(32,674)
OTHER FINANCING USES				
Transfers out	(115,000)	(115,000)	(80,000)	35,000
Net Change in Fund Balance	-	-	2,326	2,326
Fund Balance - Beginning of Year	-	-	1,432	1,432
Fund Balance - End of Year	\$ -	\$ -	\$ 3,758	\$ 3,758

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 349,252	\$ 349,252	\$ 309,776	\$ (39,476)
-	-	1,548	1,548
349,252	349,252	311,324	(37,928)
20,000	20,000	17,077	2,923
130,794	130,794	147,144	(16,350)
31,300	31,300	23,324	7,976
49,000	49,000	49,000	-
38,158	38,158	38,158	-
269,252	269,252	274,703	(5,451)
80,000	80,000	36,621	(43,379)
(80,000)	(80,000)	(80,000)	-
-	-	(43,379)	(43,379)
-	-	44,811	44,811
\$ -	\$ -	\$ 1,432	\$ 1,432

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Village of Sleepy Hollow, New York

Sewer Fund
Comparative Balance Sheet
May 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 591,505	\$ 185,421
Receivables		
Sewer rents	157,610	119,177
Due from other funds	-	200,360
	157,610	319,537
Prepaid expenditures	1,719	-
Total Assets	\$ 750,834	\$ 504,958
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,480	\$ 39
Accrued liabilities	5,959	-
Due to other funds	132,490	67,973
Total Liabilities	141,929	68,012
Fund balance		
Nonspendable	1,719	-
Assigned	607,186	436,946
Total Fund Balance	608,905	436,946
Total Liabilities and Fund Balance	\$ 750,834	\$ 504,958

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,

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 431,816	\$ 431,816	\$ 552,816	\$ 121,000
EXPENDITURES				
Current				
General government support	32,000	22,000	16,662	5,338
Home and community services	174,436	191,399	189,888	1,511
Employee benefits	57,000	50,037	42,249	7,788
Debt service				
Interest	24,552	24,552	-	24,552
Total Expenditures	287,988	287,988	248,799	39,189
Excess of Revenues Over Expenditures	143,828	143,828	304,017	160,189
OTHER FINANCING USES				
Transfers out	(143,828)	(143,828)	(132,058)	11,770
Net Change in Fund Balance	-	-	171,959	171,959
Fund Balance - Beginning of Year	-	-	436,946	436,946
Fund Balance - End of Year	\$ -	\$ -	\$ 608,905	\$ 608,905

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 431,397	\$ 431,397	\$ 489,436	\$ 58,039
32,000	32,000	17,077	14,923
171,191	171,191	104,619	66,572
57,000	57,000	42,267	14,733
3,636	3,636	3,636	-
263,827	263,827	167,599	96,228
167,570	167,570	321,837	154,267
(167,570)	(167,570)	(167,570)	-
-	-	154,267	154,267
-	-	282,679	282,679
\$ -	\$ -	\$ 436,946	\$ 436,946

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Village of Sleepy Hollow, New York

Sanitation Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Receivables		
Accounts	\$ 200,989	\$ 152,200
Due from other funds	<u>175,813</u>	<u>476,433</u>
	<u>376,802</u>	<u>628,633</u>
 Prepaid expenditures	 <u>7,737</u>	 <u>6,976</u>
 Total Assets	 <u><u>\$ 384,539</u></u>	 <u><u>\$ 635,609</u></u>
 LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 364,225	\$ 211,050
Accrued liabilities	12,577	-
Advances from other funds	45,660	45,856
Due to other funds	<u>-</u>	<u>417,583</u>
 Total Liabilities	 <u>422,462</u>	 <u>674,489</u>
 Fund balance (deficit)		
Nonspendable	7,737	6,976
Unassigned	<u>(45,660)</u>	<u>(45,856)</u>
 Total Fund Deficit	 <u>(37,923)</u>	 <u>(38,880)</u>
 Total Liabilities and Fund Deficit	 <u><u>\$ 384,539</u></u>	 <u><u>\$ 635,609</u></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,

	2013			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	\$ 498,076	\$ 498,076	\$ 558,995	\$ 60,919
EXPENDITURES				
Current				
General government support	16,000	10,088	10,088	-
Home and community services	470,076	475,988	509,815	(33,827)
Employee benefits	142,000	142,000	168,135	(26,135)
Debt service				
Interest	-	-	-	-
Total Expenditures	628,076	628,076	688,038	(59,962)
Deficiency of Revenues Over Expenditures	(130,000)	(130,000)	(129,043)	957
OTHER FINANCING SOURCES (USES)				
Transfers in	130,000	130,000	130,000	-
Transfers out	-	-	-	-
Total Other Financing Sources	130,000	130,000	130,000	-
Net Change in Fund Balance	-	-	957	957
Fund Balance (Deficit) - Beginning of Year	-	-	(38,880)	(38,880)
Fund Deficit - End of Year	\$ -	\$ -	\$ (37,923)	\$ (37,923)

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 438,000	\$ 438,000	\$ 522,992	\$ 84,992
16,000	16,000	10,337	5,663
506,625	506,625	460,374	46,251
152,500	152,500	149,280	3,220
1,558	1,558	1,558	-
676,683	676,683	621,549	55,134
(238,683)	(238,683)	(98,557)	140,126
246,213	246,213	26,213	(220,000)
(7,530)	(7,530)	(7,530)	-
238,683	238,683	18,683	(220,000)
-	-	(79,874)	(79,874)
-	-	40,994	40,994
\$ -	\$ -	\$ (38,880)	\$ (38,880)

Village of Sleepy Hollow, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 612,837	\$ 678,702
Due from other funds	<u>32,086</u>	<u>-</u>
Total Assets	<u><u>\$ 644,923</u></u>	<u><u>\$ 678,702</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 14	\$ 35,148
Fund balance		
Restricted	<u>644,909</u>	<u>643,554</u>
Total Liabilities and Fund Balance	<u><u>\$ 644,923</u></u>	<u><u>\$ 678,702</u></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>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 1,355	\$ 1,357
Miscellaneous	<u>-</u>	<u>500</u>
Total Revenues	1,355	1,857
EXPENDITURES		
Current		
Culture and recreation	<u>-</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over Expenditures	1,355	(13,143)
Fund Balance - Beginning of Year	<u>643,554</u>	<u>656,697</u>
Fund Balance - End of Year	<u><u>\$ 644,909</u></u>	<u><u>\$ 643,554</u></u>