

Village of Rye Brook, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2013

Village of Rye Brook, New York

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of Rye Brook , 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 Rye Brook, 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 Village'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 Village'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 respective budgetary comparison for the General 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 19, 2013

Village of Rye Brook, New York

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

Introduction

The management of the Village of Rye Brook, New York ("Village"), offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2013. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

- ❖ On the government-wide financial statements, the assets of the Village exceeded its liabilities at the close of fiscal year 2013 by \$22,777,389. Of this amount, a net unrestricted deficit of \$5,082,626 exists.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$8,240,691 of which \$4,336,236 is unassigned, which is available for spending at the Village's discretion. The fund balance of all governmental funds increased by \$241,878, primarily attributable to revenues and other financing sources exceeding expenditures and other financing uses.
- ❖ At the end of the fiscal years 2013 and 2012, the unassigned fund balance for the General Fund was \$4,336,236 or 24% and \$3,539,671 or 20% respectively of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village did not issue new long-term obligations. Other long-term liabilities were reduced by \$720,000 in scheduled payments.
- ❖ During the current fiscal year, the Village issued short-term obligations (bond anticipation notes) in the amount of \$467,775 at an interest rate of 1.21%. Existing bond anticipation notes used to finance the cost of various capital projects were reduced by \$30,250.

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

The government-wide financial statements distinguish 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 two major governmental funds: the General Fund and the Capital Projects Fund. This information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The Friends of Rye Brook and the Recreation Trust Fund are grouped together as a Special Purpose non-major governmental fund.

Budgetary comparison statements have been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budget.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains one type of fiduciary fund, 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 combining and individual fund financial statements and schedules of budgets to actual comparisons.

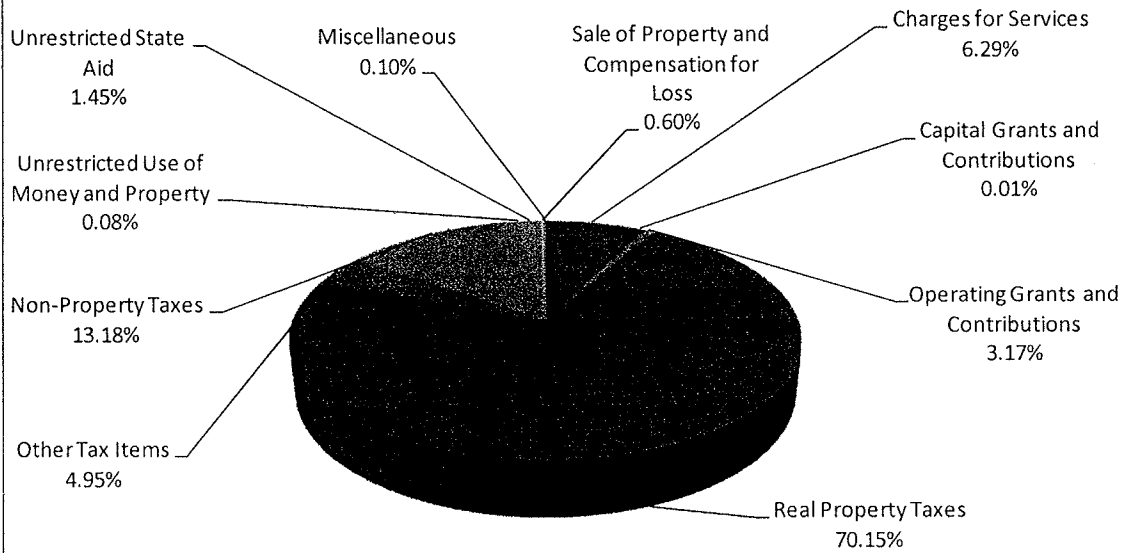
Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$22,777,389 at the close of the fiscal year 2012-2013. The largest portion of the Village's net position is its investment in capital assets (land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

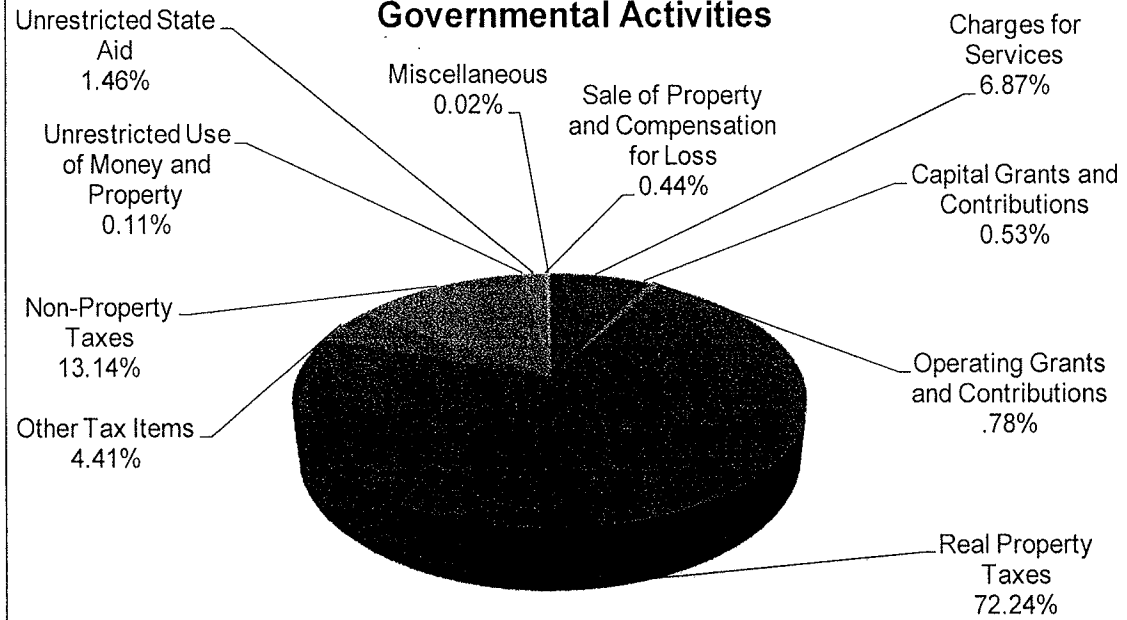
The following table reflects the condensed Statement of Net Position:

	May 31,	
	2013	2012
Current Assets	\$ 9,914,360	\$ 9,066,186
Capital Assets, net	<u>29,183,666</u>	<u>29,400,671</u>
Total Assets	<u>39,098,026</u>	<u>38,466,857</u>
Current Liabilities	1,665,681	1,023,378
Long-term Liabilities	<u>14,654,956</u>	<u>13,328,472</u>
Total Liabilities	<u>16,320,637</u>	<u>14,351,850</u>
Net Position		
Net Investment in Capital Assets	26,839,957	25,454,304
Restricted	1,020,058	2,275,686
Unrestricted	<u>(5,082,626)</u>	<u>(3,614,983)</u>
Total Net Position	<u>\$ 22,777,389</u>	<u>\$ 24,115,007</u>

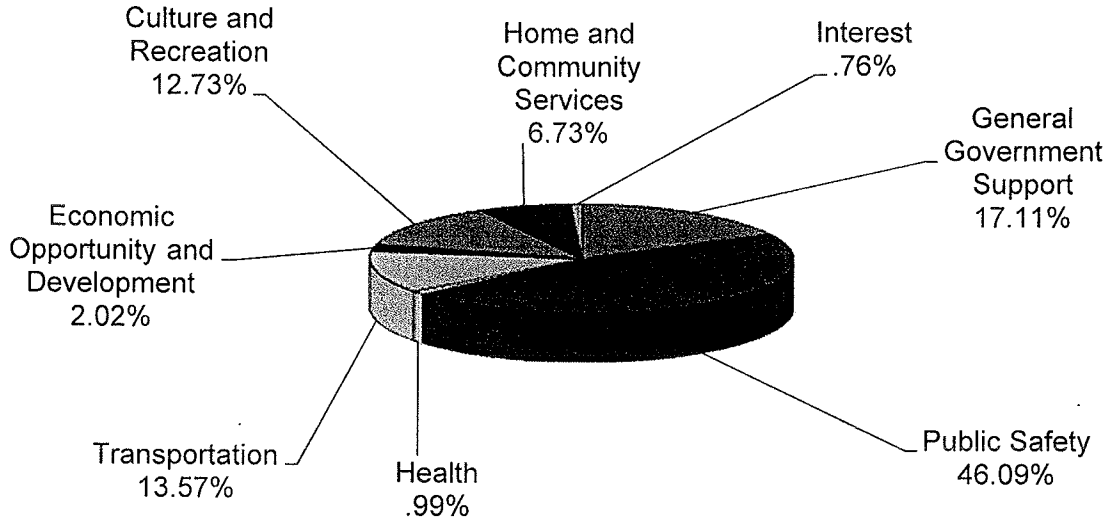
Sources of Revenue for Fiscal Year 2013 Governmental Activities



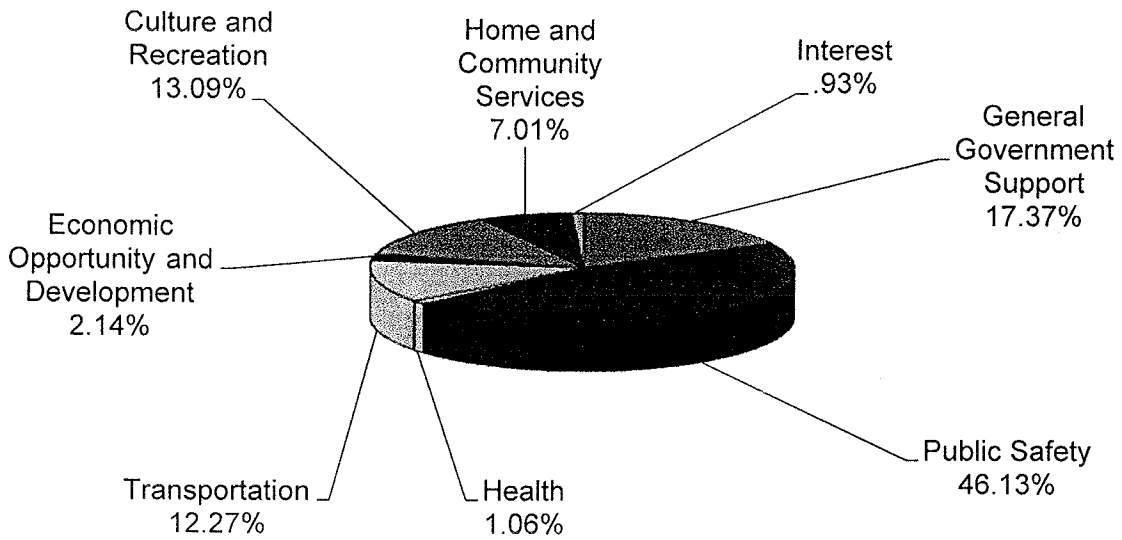
Sources of Revenue for Fiscal Year 2012 Governmental Activities



Sources of Expenses for Fiscal Year 2013 Governmental Activities



Sources of Expenses for Fiscal Year 2012 Governmental Activities



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

	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,184,224	\$ 1,246,172
Operating Grants and Contributions	597,143	96,693
Capital Grants and Contributions	2,239	141,154
Total Program Revenues	1,783,606	1,484,019
General Revenues:		
Real Property Taxes	13,198,242	13,103,226
Other Tax Items	930,643	800,705
Non-Property Taxes	2,480,584	2,383,443
Unrestricted Use of Money and Property	15,663	20,585
Unrestricted State Aid	273,246	262,825
Sale of Property and Compensation for Loss	113,743	79,497
Miscellaneous	18,491	3,424
Total General Revenues	17,030,612	16,653,705
Total Revenues	18,814,218	18,137,724
Program Expenses:		
General Government Support	3,447,938	3,258,544
Public Safety	9,288,427	8,655,504
Health	198,842	198,842
Transportation	2,734,084	2,301,342
Economic Opportunity and Development	407,157	401,786
Culture and Recreation	2,565,659	2,456,559
Home and Community Services	1,355,968	1,315,451
Interest	153,761	173,696
Total Expenses	20,151,836	18,761,724
Change in Net Position	(1,337,618)	(624,000)
Net Position - Beginning	24,115,007	24,739,007
Net Position - Ending	\$ 22,777,389	\$ 24,115,007

Governmental Activities

Governmental activities decreased the Village's net position by \$1,337,618 and \$624,000 in 2013 and 2012 respectively.

For the fiscal years ended May 31, 2013 and 2012, revenues from governmental activities totaled \$18,814,218 and \$18,137,724, respectively. Tax revenues (\$16,609,469, in 2013 and \$16,287,374 in 2012), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (88% in 2013 and 90% in 2012).

The largest components of governmental activities' expenses are public safety (46% in 2013 and 2012), general government support (17% in 2013 and 2012) and culture and recreation (13% in 2013 and 2012). The major changes are as follows:

Revenues:

- Total general revenues increased \$376,907 or 2.26% with real property taxes increasing by \$95,016 due to an increase in the tax levy, non-property taxes increasing by \$97,141 due to the Arrowood and Hilton hotels, other tax items increasing by \$129,938 and the sale of property and compensation for loss increasing by \$34,246.

Expenses:

- Total general expenses increased by \$1,390,112 or 7.41% mainly due to increases in public safety of \$632,923, transportation of \$432,742, culture and recreation of \$109,100, general government support of \$189,394 and all other functions/programs increasing by a total of \$25,953.

Financial Analysis of the Village's Funds

Fund Balance Reporting

Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. 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 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 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 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 Board of Trustees.

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

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

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

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.

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$8,240,691. Of this amount \$334,309 has been classified as non-spendable, \$2,356,394 has been classified as restricted, \$1,213,751 has been classified as assigned and \$4,336,236 has been classified as unassigned.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,336,236, representing 65% of the total General Fund balance of \$6,684,584. Revenues and other financing sources were \$19,695,571, which was \$2,059,572 greater than the final budget. The major areas where revenues exceeded the budget were non-property taxes, other tax items, departmental income, state aid and other

financing sources. Expenditures and other financing uses were \$18,300,653, which was \$267,203 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2013, net of \$20,687,640 of accumulated depreciation, was \$29,183,666. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment and construction-in-progress.

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

Capital Assets		
May 31,		
Class	2013	2012
Land	\$ 12,401,325	\$ 12,112,871
Land Improvements	5,891,524	5,864,324
Building and Improvements	7,688,148	7,688,148
Machinery and Equipment	4,159,987	3,923,871
Infrastructure	19,495,927	19,495,927
Construction-in-Progress	234,395	9,015
Less - accumulated depreciation	(20,687,640)	(19,693,485)
Total (net of depreciation)	\$ 29,183,666	\$ 29,400,671

Additional information on the Village's capital assets can be found in Note 3 in the notes to the financial statements.

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$3,950,000. 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.

During the current fiscal year, the Village issued \$467,775 of short-term debt (bond anticipation notes), and paid down \$30,250 (all from General Fund appropriations) on existing bond anticipation notes for capital projects.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the Village is subject to a "constitutional debt limit". This debt limit is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property within the Village. At May 31, 2013 the Village has the authority to issue \$193,381,763 of general obligation long-term debt.

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Rye Brook, New York's finances. Questions and comments concerning any of the information provided in this report should be addressed to Diane DiSanto, Treasurer, Village of Rye Brook, 938 King Street, Rye Brook, New York 10573.

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Village of Rye Brook, New York

Statement of Net Position
May 31, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 8,171,343
Investments	121,162
Receivables	
Taxes	70,174
Accounts	326,137
State and Federal aid	433,378
Due from other governments	432,272
Prepaid expenses	334,309
Deferred charges	25,585
Capital assets	
Not being depreciated	12,635,720
Being depreciated, net	<u>16,547,946</u>
 Total Assets	 <u>39,098,026</u>
 LIABILITIES	
Accounts payable	303,525
Accrued liabilities	256,204
Retainage payable	4,486
Deposits and other liabilities	5,265
Due to retirement systems	262,528
Unearned revenues	110,302
Bond anticipation notes payable	705,775
Accrued interest payable	17,596
Non-current liabilities	
Due within one year	798,000
Due in more than one year	<u>13,856,956</u>
 Total Liabilities	 <u>16,320,637</u>
 NET POSITION	
Net investment in capital assets	26,839,957
Restricted	
Debt service	800,288
Special purposes	219,770
Unrestricted	<u>(5,082,626)</u>
 Total Net Position	 <u>\$ 22,777,389</u>

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

Village of Rye Brook, New York

Statement of Activities
Year Ended May 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,447,938	\$ 1,210	\$ -	\$ -
Public safety	9,288,427	509,556	7,962	-
Health	198,842	-	-	-
Transportation	2,734,084	40,000	552,013	-
Economic opportunity and development	407,157	-	-	-
Culture and recreation	2,565,659	519,147	24,858	-
Home and community services	1,355,968	114,311	12,310	-
Interest	153,761	-	-	2,239
Total Governmental Activities	\$ 20,151,836	\$ 1,184,224	\$ 597,143	\$ 2,239

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

<u>Net (Expense) Revenue and Changes in Net Position</u>	
\$	(3,446,728)
	(8,770,909)
	(198,842)
	(2,142,071)
	(407,157)
	(2,021,654)
	(1,229,347)
	(151,522)
	<u>(18,368,230)</u>
	13,198,242
	922,154
	8,489
	1,273,024
	228,016
	792,276
	187,268
	15,663
	917
	112,826
	273,246
	18,491
	<u>17,030,612</u>
	(1,337,618)
	<u>24,115,007</u>
\$	<u><u>22,777,389</u></u>

Village of Rye Brook, New York

Balance Sheet
 Governmental Funds
 May 31, 2013

	General	Capital Projects	Other Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 6,451,256	\$ 1,478,446	\$ 241,641	\$ 8,171,343
Investments	121,162	-	-	121,162
Taxes receivable	70,174	-	-	70,174
Other receivables				
Accounts	326,137	-	-	326,137
State and Federal aid	433,378	-	-	433,378
Due from other governments	432,272	-	-	432,272
Due from other funds	914,239	674,089	16,157	1,604,485
Prepaid expenditures	334,309	-	-	334,309
Total Assets	<u>\$ 9,082,927</u>	<u>\$ 2,152,535</u>	<u>\$ 257,798</u>	<u>\$ 11,493,260</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 197,587	\$ 105,938	\$ -	\$ 303,525
Accrued liabilities	256,204	-	-	256,204
Retainage payable	-	4,486	-	4,486
Deposits and other liabilities	5,265	-	-	5,265
Due to retirement systems	262,528	-	-	262,528
Due to other funds	1,566,457	-	38,028	1,604,485
Unearned revenues	110,302	-	-	110,302
Bond anticipation notes payable	-	705,775	-	705,775
Total Liabilities	<u>2,398,343</u>	<u>816,199</u>	<u>38,028</u>	<u>3,252,570</u>
Fund balances				
Nonspendable	334,309	-	-	334,309
Restricted	800,288	1,336,336	219,770	2,356,394
Assigned	1,213,751	-	-	1,213,751
Unassigned	4,336,236	-	-	4,336,236
Total Fund Balances	<u>6,684,584</u>	<u>1,336,336</u>	<u>219,770</u>	<u>8,240,690</u>
Total Liabilities and Fund Balances	<u>\$ 9,082,927</u>	<u>\$ 2,152,535</u>	<u>\$ 257,798</u>	<u>\$ 11,493,260</u>

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

Village of Rye Brook, New York

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

Fund Balances - Total Governmental Funds	<u>\$ 8,240,690</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>29,183,666</u>
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Deferred charges	<u>25,585</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds. Accrued interest payable	(17,596)
Bonds payable	(4,024,497)
Compensated absences	(1,183,996)
Other post employment benefit obligations payable	<u>(9,446,463)</u>
	<u>(14,672,552)</u>
Net Position of Governmental Activities	<u>\$ 22,777,389</u>

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

Village of Rye Brook, New York

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

	General	Capital Projects	Other Governmental	Total Governmental Funds
REVENUES				
Real property taxes	\$ 13,198,242	\$ -	\$ -	\$ 13,198,242
Other tax items	930,643	-	-	930,643
Non-property taxes	2,480,584	-	-	2,480,584
Departmental income	1,012,230	-	-	1,012,230
Intergovernmental charges	154,311	-	-	154,311
Use of money and property	17,902	-	100	18,002
Fines and forfeitures	29,993	-	-	29,993
Sale of property and compensation for loss	917	-	-	917
State aid	379,770	-	-	379,770
Federal aid	453,451	-	-	453,451
Miscellaneous	18,491	-	24,758	43,249
Total Revenues	18,676,534	-	24,858	18,701,392
EXPENDITURES				
Current				
General government support	2,418,043	-	-	2,418,043
Public safety	5,518,878	-	1,225	5,520,103
Health	198,842	-	-	198,842
Transportation	1,198,303	-	-	1,198,303
Economic opportunity and development	256,917	-	-	256,917
Culture and recreation	1,613,538	-	13,212	1,626,750
Home and community services	1,248,087	-	-	1,248,087
Employee benefits	3,965,253	-	-	3,965,253
Debt service				
Principal	720,000	-	-	720,000
Interest	167,542	-	-	167,542
Capital outlay	-	1,279,501	-	1,279,501
Total Expenditures	17,305,403	1,279,501	14,437	18,599,341
Excess (Deficiency) of Revenues Over Expenditures	1,371,131	(1,279,501)	10,421	102,051
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	112,826	-	-	112,826
Transfers in	906,211	995,250	-	1,901,461
Transfers out	(995,250)	(906,211)	-	(1,901,461)
Total Other Financing Sources	23,787	89,039	-	112,826
Net Change in Fund Balances	1,394,918	(1,190,462)	10,421	214,877
Fund Balances - Beginning of Year	5,289,666	2,526,798	209,349	8,025,813
Fund Balances - End of Year	\$ 6,684,584	\$ 1,336,336	\$ 219,770	\$ 8,240,690

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

Village of Rye Brook, 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>\$ 214,877</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	
Capital outlay expenditures	777,150
Depreciation expense	<u>(994,155)</u>
	<u>(217,005)</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on serial bonds	720,000
Amortization of issuance costs, loss on refunding and premium	<u>2,317</u>
	<u>722,317</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	1,229
Compensated absences	(122,158)
Other post employment benefit obligations	<u>(1,936,878)</u>
	<u>(2,057,807)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,337,618)</u>

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

Village of Rye Brook, New York

Statement Of Revenues, Expenditures And Changes
 In Fund Balance - Budget And Actual
 General Fund
 Year Ended May 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 13,198,242	\$ 13,198,242	\$ 13,198,242	\$ -
Other tax items	726,000	726,000	930,643	204,643
Non-property taxes	2,207,500	2,207,500	2,480,584	273,084
Departmental income	961,700	961,700	1,012,230	50,530
Intergovernmental charges	149,600	149,600	154,311	4,711
Use of money and property	20,000	20,000	17,902	(2,098)
Fines and forfeitures	40,000	40,000	29,993	(10,007)
Sale of property and compensation for loss	5,000	5,000	917	(4,083)
State aid	299,357	299,357	379,770	80,413
Federal aid	-	-	453,451	453,451
Miscellaneous	5,600	5,600	18,491	12,891
Total Revenues	17,612,999	17,612,999	18,676,534	1,063,535
EXPENDITURES				
Current				
General government support	2,670,612	2,465,703	2,418,043	47,660
Public safety	5,457,160	5,541,459	5,518,878	22,581
Health	200,500	200,500	198,842	1,658
Transportation	1,213,922	1,267,775	1,198,303	69,472
Economic opportunity and development	287,350	293,784	256,917	36,867
Culture and recreation	1,653,156	1,653,155	1,613,538	39,617
Home and community services	1,274,560	1,272,532	1,248,087	24,445
Employee benefits	3,897,604	3,952,756	3,965,253	(12,497)
Debt service				
Principal	720,000	720,000	720,000	-
Interest	167,742	167,742	167,542	200
Total Expenditures	17,542,606	17,535,406	17,305,403	230,003
Excess of Revenues Over Expenditures	70,393	77,593	1,371,131	1,293,538
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	23,000	23,000	112,826	89,826
Transfers in	-	-	906,211	906,211
Transfers out	(1,025,250)	(1,032,450)	(995,250)	37,200
Total Other Financing Sources (Uses)	(1,002,250)	(1,009,450)	23,787	1,033,237
Net Change in Fund Balance	(931,857)	(931,857)	1,394,918	2,326,775
Fund Balance - Beginning of Year	931,857	931,857	5,289,666	4,357,809
Fund Balance - End of Year	\$ -	\$ -	\$ 6,684,584	\$ 6,684,584

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

Village of Rye Brook, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 57,662</u>
LIABILITIES	
Accounts payable	\$ 4,058
Employee payroll deductions	319
Deposits	<u>53,285</u>
Total Liabilities	<u>\$ 57,662</u>

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

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Village of Rye Brook, New York

Notes to Financial Statements
May 31, 2013

Note 1 - Summary of Significant Accounting Policies

The Village of Rye Brook, New York ("Village") was incorporated in 1982 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 Administrator serves as the chief administrative 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 explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Village in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

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.

The Village also reports the following non-major governmental fund -

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

- b. Fiduciary Funds - (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others.

D. Measurement Focus, Basis of Accounting and Financial 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 cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The Village's investment policies are governed by State statutes. The Village has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Village's policy provides for no credit risk on investments.

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

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

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

Investments - All investments are stated at fair value and/or amortized cost, which approximates fair value.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of May 1st and are levied and payable in two installments due in June and February. The Town of Rye is responsible for the billing and collection of the Village's real property taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-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

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land improvements	20
Buildings and improvements	15 - 45
Machinery and equipment	5 - 20
Infrastructure	15 - 50

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 district-wide financial statements, unearned revenues consist of revenue 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 of \$110,302 within the General Fund for hotel tax. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they

Note 1 - Summary of Significant Accounting Policies (Continued)

are legally or contractually required to be maintained intact (the corpus of a permanent fund).

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by 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 entity 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 Board of Trustees.

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

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

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

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

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 19, 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 proposed expenditures and the means of financing for all funds.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- f) The budget for the General Fund is 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 of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Village Administrator. However, any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) Appropriations in the General Fund 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 2012-2013 was \$55,251,932 which exceeded the actual levy by \$42,053,690.

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

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Application of Accounting Standards

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

D. Capital Projects Fund Deficits

The deficit in certain individual capital projects arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the deficit, arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Expenditures in Excess of Budget

The following categories of expenditures and capital projects exceeded their budgetary provisions by the amounts indicated:

General Fund		
General Government Support		
Central Garage	\$	3,455
Employee Benefits		
State Retirement		12,500
State Retirement - Police		27,537
Capital Projects Fund		
Land - Garibaldi Place		288,454
Pine Ridge Park Tennis Court Resurfacing		7,200

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Current Year	\$	<u>70,174</u>
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Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

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

Fund	Due From	Due To
General	\$ 914,239	\$ 1,566,457
Capital Projects	674,089	-
Non-Major Governmental	16,157	38,028
	\$ 1,604,485	\$ 1,604,485

C. Capital Assets

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

Class	Balance June 1, 2012	Additions	Balance May 31, 2013
Capital Assets, not being depreciated			
Land	\$ 12,112,871	\$ 288,454	\$ 12,401,325
Construction-in-Progress	9,015	225,380	234,395
	\$ 12,121,886	\$ 513,834	\$ 12,635,720
Capital Assets, being depreciated			
Land Improvements	\$ 5,864,324	\$ 27,200	\$ 5,891,524
Buildings and Improvements	7,688,148	-	7,688,148
Machinery and Equipment	3,923,871	236,116	4,159,987
Infrastructure	19,495,927	-	19,495,927
	36,972,270	263,316	37,235,586
Less Accumulated Depreciation for			
Land Improvements	1,495,179	298,941	1,794,120
Buildings and Improvements	1,924,671	171,526	2,096,197
Machinery and Equipment	3,172,197	180,437	3,352,634
Infrastructure	13,101,438	343,251	13,444,689
	19,693,485	994,155	20,687,640
Total Capital Assets, being depreciated, net	\$ 17,278,785	\$ (730,839)	\$ 16,547,946
Capital Assets, net	\$ 29,400,671	\$ (217,005)	\$ 29,183,666

Note 3 - Detailed Notes on All Funds (Continued)

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

General Government Support	\$ 75,512
Public Safety	178,350
Transportation	310,262
Culture and Recreation	334,103
Home and Community Services	<u>95,928</u>
 Total Depreciation Expense	 <u>\$ 994,155</u>

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$256,204 in the General Fund.

E. Pension Plans

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That 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 joined ERS 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 years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to year 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/Option</u>	<u>Rate</u>
ERS	3/A14/41J	18.6%
	4/A15/41J	18.6
	5/A15/41J	15.1
	6/A15/41J2	10.1
PFRS	2/375i	18.1
	2/384D	25.1

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 541,144	\$ 920,849
2012	439,442	676,489
2011	308,608	611,112

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

The current year ERS and PFRS contributions were charged to the General Fund.

F. Short-Term Capital Borrowings - Bond Anticipation Notes

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

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Balance June 1, 2012</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance May 31, 2013</u>
Purchase of Dump Truck	2007	-	-	\$ 30,250	\$ -	\$ 30,250	\$ -
Parks and Recreation Maintenance Vehicle	2012	1/14	1.21	50,000	-	-	50,000
Jacqueline Lane Drainage	2012	1/14	1.21	75,000	-	-	75,000
Village Hall Standby Generator	2012	1/14	1.21	45,000	-	-	45,000
Accounting and Records Retention Software	2012	1/14	1.21	40,000	-	-	40,000
Village Administration Passenger Vehicle	2012	1/14	1.21	28,000	-	-	28,000
Police Equipment	2013	1/14	1.21	-	25,275	-	25,275
Parks Equipment	2013	1/14	1.21	-	40,000	-	40,000
Highway Vehicles	2013	1/14	1.21	-	62,500	-	62,500
King Street Sidewalks	2013	1/14	1.21	-	80,000	-	80,000
Laser Fichs Project	2013	1/14	1.21	-	260,000	-	260,000
				<u>\$ 268,250</u>	<u>\$ 467,775</u>	<u>\$ 30,250</u>	<u>\$ 705,775</u>

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

Interest expenditures of \$4,641 were recorded in the fund financial statements in the General Fund. Interest expense of \$5,662 was recorded in the government-wide financial statements for governmental activities.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities

The following table summarizes changes in the Village's long-term liabilities 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	\$ 4,670,000	\$ -	\$ 720,000	\$ 3,950,000	\$ 680,000
Add - Unamortized premium on bonds	106,430	-	18,090	88,340	-
Add - Deferred amounts on refunding	(19,381)	-	(5,538)	(13,843)	-
	<u>4,757,049</u>	<u>-</u>	<u>732,552</u>	<u>4,024,497</u>	<u>680,000</u>
Other Non-current Liabilities:					
Compensated Absences	1,061,838	228,158	106,000	1,183,996	118,000
Other Post Employment Benefit Obligations Payable	<u>7,509,585</u>	<u>2,693,772</u>	<u>756,894</u>	<u>9,446,463</u>	<u>-</u>
Total Non-current Liabilities	<u>8,571,423</u>	<u>2,921,930</u>	<u>862,894</u>	<u>10,630,459</u>	<u>118,000</u>
Total Long-Term Liabilities	<u>\$ 13,328,472</u>	<u>\$ 2,921,930</u>	<u>\$ 1,595,446</u>	<u>\$ 14,654,956</u>	<u>\$ 798,000</u>

Each governmental fund's liability for bonds, compensated absences and other post employment benefit obligations are liquidated by the General Fund.

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2013
Various Village Purposes	1998	\$ 896,000	April, 2023	4.90 %	\$ 80,000
Various Village Purposes	2003	3,100,000	September, 2018	3.25-4.50	1,740,000
Various Village Purposes-Refunding	2009	1,560,000	November, 2016	2.00-6.00	710,000
Various Village Purposes	2010	2,200,000	November, 2020	2.00-5.00	<u>1,420,000</u>
					<u>\$ 3,950,000</u>

Interest expenditures of \$162,901 were recorded in the fund financial statements. Interest expense of \$148,099 was recorded in the government-wide financial statements.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2013 including interest payments of \$634,673 are as follows:

Year Ending May 31,	Principal	Interest	Total
2014	\$ 680,000	\$ 141,588	\$ 821,588
2015	610,000	121,950	731,950
2016	625,000	100,576	725,576
2017	370,000	79,388	449,388
2018	375,000	63,388	438,388
2019-2023	1,290,000	127,783	1,417,783
	<u>\$ 3,950,000</u>	<u>\$ 634,673</u>	<u>\$ 4,584,673</u>

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

Compensated Absences

Pursuant to the terms of existing collective bargaining agreements, certain employees are permitted to accumulate 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 Payable

In addition to providing pension benefits, 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 expenditure as claims are paid in the fund financial statements. The Village has recognized revenues and expenditures of \$14,802 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The Village's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. GASB Statement 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

Note 3 - Detailed Notes on All Funds (Continued)

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. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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

The assumed rate increase in postretirement benefits is as follows

<u>Year</u>	<u>Medical Rates</u>
2014	7.0 %
2015	6.5
2016	6.0
2017	5.5
2018	5.0

The amortization basis is the level percentage of payroll method with a closed group amortization approach with 25 years remaining in the amortization period. The actuarial assumptions include a 4% rate of return. The entry age method was used to determine the actuarial value of the assets of the OPEB plan, however, the Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the entry age method.

The number of participants as of May 31, 2013 was as follows:

Active Employees	99
Retired Employees	<u>12</u>
Total	<u><u>111</u></u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2012	\$ 30,844,976
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 30,844,976</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 5,711,789</u>
UAAL as a Percentage of Covered Payroll	<u>540.02%</u>
Annual Required Contribution	\$ 2,742,943
Adjustment on annual required contribution	(349,554)
Interest on Net OPEB Obligation	<u>300,383</u>
Annual OPEB Cost	2,693,772
Contributions Made	<u>(756,894)</u>
Increase in Net OPEB Obligation	1,936,878
Net OPEB Obligation - beginning of year	<u>7,509,585</u>
Net OPEB Obligation - end of year	<u>\$ 9,446,463</u>

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

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 2,693,772	28.10 %	\$ 9,446,463
2012	2,567,621	27.21	7,509,585
2011	2,556,512	23.10	5,640,657

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 actual accrued liability for the benefits over time.

H. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

Transfers Out	Transfer In		Total
	General Fund	Capital Projects Fund	
General Fund	\$ -	\$ 995,250	\$ 995,250
Capital Projects Fund	906,211	-	906,211
	<u>\$ 906,211</u>	<u>\$ 995,250</u>	<u>\$ 1,901,461</u>

Transfers are used to 1) move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures.

I. Net Position

The components of net position are detailed below:

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

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 Purposes - the component of net position that reports the difference between assets and liabilities of certain programs that consist of assets with constraints placed on their use by either external parties and/or statute.

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

Notes to Financial Statements (Continued)
 May 31, 2013

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2013				2012			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Prepaid expenditures	\$ 334,309	\$ -	\$ -	\$ 334,309	\$ 303,737	\$ -	\$ -	\$ 303,737
Restricted								
Capital projects	-	1,336,336	-	1,336,336	-	2,526,798	-	2,526,798
Debt service	800,288	-	-	800,288	314,401	-	-	314,401
Parklands	-	-	183,482	183,482	-	-	183,383	183,383
Trusts	-	-	36,288	36,288	-	-	25,966	25,966
Total Restricted	800,288	1,336,336	219,770	2,356,394	314,401	2,526,798	209,349	3,050,548
Assigned								
Purchases on order								
General government support	14,206	-	-	14,206	7,967	-	-	7,967
Public safety	10,732	-	-	10,732	23,057	-	-	23,057
Transportation	7,653	-	-	7,653	20,804	-	-	20,804
Economic opportunity and development	3,624	-	-	3,624	5,951	-	-	5,951
Culture and recreation	31,736	-	-	31,736	13,091	-	-	13,091
Home and community services	5,300	-	-	5,300	10,985	-	-	10,985
Subsequent years' expenditures	73,251	-	-	73,251	81,855	-	-	81,855
Tax certiorari	790,500	-	-	790,500	700,000	-	-	700,000
	350,000	-	-	350,000	350,000	-	-	350,000
Total Assigned	1,213,751	-	-	1,213,751	1,131,855	-	-	1,131,855
Unassigned	4,336,236	-	-	4,336,236	3,539,673	-	-	3,539,673
Total Fund Balances	\$ 6,684,584	\$ 1,336,336	\$ 219,770	\$ 8,240,690	\$ 5,289,666	\$ 2,526,798	\$ 209,349	\$ 8,025,813

Village of Rye Brook, 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 above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below.

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

The Restriction for Parklands has been established to account for funds received by the Village in lieu of parklands as a condition precedent to the approval of a parcel of land by the Planning Board. These funds may be used only for recreation purposes.

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

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

Subsequent year's expenditures represent that at May 31, 2013, the Board of Trustees has assigned the above amounts to be appropriated for the ensuing year's budget.

Tax Certiorari - The Village has assigned funds to be used to pay future court ordered tax certiorari refunds.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

There are currently pending 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

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

C. Risk Management

The Village purchases various conventional insurance coverages to reduce its exposure to loss. The Village maintains a general liability policy, public official's liability and law enforcement liability with coverage up to \$1 million per occurrence and \$2 million in the aggregate. In addition, the Village also maintains an umbrella policy with coverage up to \$20 million. The Village purchases conventional workers' compensation insurance with coverage at statutory limits. The Village also purchases conventional health insurance from one provider. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Village of Rye Brook, 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	\$ -	\$ 24,668,269	\$ 24,668,269	- %	\$ 5,806,650	424.83 %
June 1, 2011	-	30,844,976	30,844,976	-	5,572,477	553.52
June 1, 2012	-	30,844,976	30,844,976	-	5,711,789	540.02

Village of Rye Brook, New York

General Fund
Comparative Balance Sheet
May 31,

	2013	2012
ASSETS		
Cash and equivalents	\$ 6,451,256	\$ 5,224,203
Investments	121,162	1,142,917
Taxes receivable	70,174	96,621
Other receivables		
Accounts	326,137	278,587
State and Federal aid	433,378	1,863
Due from other governments	432,272	422,257
Due from other funds	914,239	8,028
	<u>2,106,026</u>	<u>710,735</u>
Prepaid expenditures	334,309	303,737
Total Assets	<u>\$ 9,082,927</u>	<u>\$ 7,478,213</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 197,587	\$ 201,653
Accrued liabilities	256,204	178,261
Deposits and other liabilities	5,265	5,265
Due to retirement systems	262,528	222,491
Due to other funds	1,566,457	1,490,677
Unearned revenues	110,302	90,200
Total Liabilities	<u>2,398,343</u>	<u>2,188,547</u>
Fund balance		
Nonspendable	334,309	303,737
Restricted	800,288	314,401
Assigned	1,213,751	1,131,857
Unassigned	4,336,236	3,539,671
Total Fund Balance	<u>6,684,584</u>	<u>5,289,666</u>
Total Liabilities and Fund Balance	<u>\$ 9,082,927</u>	<u>\$ 7,478,213</u>

Village of Rye Brook, 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	\$ 13,198,242	\$ 13,198,242	\$ 13,198,242	\$ -
Other tax items	726,000	726,000	930,643	204,643
Non-property taxes	2,207,500	2,207,500	2,480,584	273,084
Departmental income	961,700	961,700	1,012,230	50,530
Intergovernmental charges	149,600	149,600	154,311	4,711
Use of money and property	20,000	20,000	17,902	(2,098)
Fines and forfeitures	40,000	40,000	29,993	(10,007)
Sale of property and compensation for loss	5,000	5,000	917	(4,083)
State aid	299,357	299,357	379,770	80,413
Federal aid	-	-	453,451	453,451
Miscellaneous	5,600	5,600	18,491	12,891
Total Revenues	17,612,999	17,612,999	18,676,534	1,063,535
EXPENDITURES				
Current				
General government support	2,670,612	2,465,703	2,418,043	47,660
Public safety	5,457,160	5,541,459	5,518,878	22,581
Health	200,500	200,500	198,842	1,658
Transportation	1,213,922	1,267,775	1,198,303	69,472
Economic opportunity and development	287,350	293,784	256,917	36,867
Culture and recreation	1,653,156	1,653,155	1,613,538	39,617
Home and community services	1,274,560	1,272,532	1,248,087	24,445
Employee benefits	3,897,604	3,952,756	3,965,253	(12,497)
Debt service				
Principal	720,000	720,000	720,000	-
Interest	167,742	167,742	167,542	200
Total Expenditures	17,542,606	17,535,406	17,305,403	230,003
Excess of Revenues Over Expenditures	70,393	77,593	1,371,131	1,293,538
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	23,000	23,000	112,826	89,826
Transfers in	-	-	906,211	906,211
Transfers out	(1,025,250)	(1,032,450)	(995,250)	37,200
Total Other Financing Sources (Uses)	(1,002,250)	(1,009,450)	23,787	1,033,237
Net Change in Fund Balance	(931,857)	(931,857)	1,394,918	2,326,775
Fund Balance - Beginning of Year	931,857	931,857	5,289,666	4,357,809
Fund Balance - End of Year	\$ -	\$ -	\$ 6,684,584	\$ 6,684,584

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 13,103,226	\$ 13,103,226	\$ 13,103,226	\$ -
607,000	607,000	800,705	193,705
1,952,500	1,952,500	2,383,443	430,943
936,500	936,500	1,012,617	76,117
148,720	148,720	154,853	6,133
25,000	25,000	23,042	(1,958)
50,000	50,000	60,345	10,345
5,000	5,000	-	(5,000)
294,052	294,052	311,609	17,557
-	-	37,127	37,127
11,600	11,600	3,424	(8,176)
<u>17,133,598</u>	<u>17,133,598</u>	<u>17,890,391</u>	<u>756,793</u>
2,549,285	2,753,969	2,711,722	42,247
5,243,694	5,271,060	5,234,386	36,674
203,016	203,016	198,842	4,174
1,122,344	1,041,218	1,020,079	21,139
270,190	261,802	255,124	6,678
1,631,523	1,629,723	1,566,068	63,655
1,342,723	1,252,048	1,216,737	35,311
3,643,800	3,593,739	3,500,269	93,470
705,000	705,000	705,000	-
191,137	191,137	187,523	3,614
<u>16,902,712</u>	<u>16,902,712</u>	<u>16,595,750</u>	<u>306,962</u>
<u>230,886</u>	<u>230,886</u>	<u>1,294,641</u>	<u>1,063,755</u>
25,000	25,000	79,497	54,497
-	-	-	-
<u>(845,000)</u>	<u>(845,000)</u>	<u>(845,000)</u>	<u>-</u>
<u>(820,000)</u>	<u>(820,000)</u>	<u>(765,503)</u>	<u>54,497</u>
<u>(589,114)</u>	<u>(589,114)</u>	<u>529,138</u>	<u>1,118,252</u>
<u>589,114</u>	<u>589,114</u>	<u>4,760,528</u>	<u>4,171,414</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,289,666</u>	<u>\$ 5,289,666</u>

Village of Rye Brook, 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	\$ 13,198,242	\$ 13,198,242	\$ 13,198,242	\$ -	\$ 13,103,226
OTHER TAX ITEMS					
Payments in lieu of taxes	720,000	720,000	922,154	202,154	790,759
Interest and penalties on real property taxes	6,000	6,000	8,489	2,489	9,946
	726,000	726,000	930,643	204,643	800,705
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,182,500	1,182,500	1,273,024	90,524	1,234,550
Utilities gross receipts taxes	250,000	250,000	228,016	(21,984)	226,754
Hotel occupancy tax	575,000	575,000	792,276	217,276	717,377
Franchise fees	200,000	200,000	187,268	(12,732)	204,762
	2,207,500	2,207,500	2,480,584	273,084	2,383,443
DEPARTMENTAL INCOME					
Clerk fees	2,100	2,100	1,210	(890)	6,755
Police fees	15,000	15,000	9,038	(5,962)	7,980
Safety inspection fees	334,600	334,600	394,255	59,655	330,351
Alarm permits	90,000	90,000	76,270	(13,730)	95,430
Parks and recreation charges	505,000	505,000	519,147	14,147	561,496
Senior center rental	15,000	15,000	12,310	(2,690)	10,605
	961,700	961,700	1,012,230	50,530	1,012,617

INTERGOVERNMENTAL CHARGES					
Airport revenue	40,000	40,000	40,000	-	40,000
Other governmental services	109,600	109,600	114,311	4,711	114,853
Home and community services	149,600	149,600	154,311	4,711	154,853
	20,000	20,000	17,902	(2,098)	23,042
USE OF MONEY AND PROPERTY					
Interest earnings	40,000	40,000	29,993	(10,007)	60,345
FINES AND FORFEITURES					
Fines and forfeited bail	5,000	5,000	917	(4,083)	-
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	45,334	45,334	45,334	-	45,334
	185,000	185,000	227,912	42,912	217,491
Consolidated highway improvement aid	59,000	59,000	62,040	3,040	-
Youth funding	1,100	1,100	-	(1,100)	-
Emergency Management Assistance	-	-	19,644	19,644	-
Snow removal	-	-	16,878	16,878	33,818
Speed and alcohol enforcement	8,923	8,923	7,962	(961)	14,966
	299,357	299,357	379,770	80,413	311,609
FEDERAL AID					
Emergency Management Assistance	-	-	453,451	453,451	37,127

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Village of Rye Brook, 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					
Medicare Part D reimbursement	\$ -	\$ -	\$ 14,802	\$ 14,802	\$ 3,424
Unclassified	5,600	5,600	3,689	(1,911)	3,424
TOTAL REVENUES	17,612,999	17,612,999	18,676,534	1,063,535	17,890,391
OTHER FINANCING SOURCES					
Insurance recoveries	23,000	23,000	112,826	89,826	79,497
Transfers in	-	-	906,211	906,211	-
Capital projects fund	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	23,000	23,000	1,019,037	996,037	79,497
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 17,635,999	\$ 17,635,999	\$ 19,695,571	\$ 2,059,572	\$ 17,969,888

Village of Rye Brook, 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	\$ 10,980	\$ 19,576	\$ 19,572	\$ 4	\$ 11,897
Administrator	248,680	263,569	263,567	2	254,205
Treasurer	464,196	463,314	460,274	3,040	461,617
Village office	106,500	107,418	102,545	4,873	63,975
Clerk	89,708	77,604	73,917	3,687	81,809
Village attorney	172,000	196,331	196,331	-	143,062
Engineering	95,650	96,600	95,216	1,384	89,825
Management information systems	166,477	165,899	161,648	4,251	162,109
Central communications	56,000	53,293	53,293	-	55,364
Central garage	578,921	605,249	608,704	(3,455)	557,885
Central supplies	34,000	31,697	27,091	4,606	36,514
Central printing and mailing	15,000	15,000	12,900	2,100	11,774
Unallocated insurance	265,000	232,266	229,955	2,311	265,094
Consulting fees	115,000	109,957	88,165	21,792	121,012
Bonding expenses	2,500	2,500	-	2,500	2,790
Judgments and claims	20,000	345	344	1	369,678
Contingency account	195,000	-	-	-	-
Metropolitan commuter transportation mobility tax	35,000	25,085	24,521	564	23,112
	<u>2,670,612</u>	<u>2,465,703</u>	<u>2,418,043</u>	<u>47,660</u>	<u>2,711,722</u>
PUBLIC SAFETY					
Police Department	3,262,181	3,326,365	3,320,652	5,713	3,151,476
Control of animals	18,322	18,341	18,341	-	24,321
Fire protection	1,872,443	1,885,464	1,868,603	16,861	1,760,949
Safety inspection	304,214	311,289	311,282	7	297,640
	<u>5,457,160</u>	<u>5,541,459</u>	<u>5,518,878</u>	<u>22,581</u>	<u>5,234,386</u>

HEALTH						
Ambulance services	200,500	200,500	198,842	1,658	198,842	198,842
TRANSPORTATION						
Highway maintenance	941,422	998,997	944,331	54,666	851,474	851,474
Snow removal	147,000	119,200	104,395	14,805	43,936	43,936
Street lighting	125,500	149,578	149,577	1	124,669	124,669
	<u>1,213,922</u>	<u>1,267,775</u>	<u>1,198,303</u>	<u>69,472</u>	<u>1,020,079</u>	
ECONOMIC OPPORTUNITY AND DEVELOPMENT						
Community services - Programs for the aging	287,350	293,784	256,917	36,867	255,124	255,124
CULTURE AND RECREATION						
Recreation	1,129,229	1,127,394	1,094,890	32,504	1,063,102	1,063,102
Teen center	9,000	9,000	4,433	4,567	8,453	8,453
Public library	505,000	506,834	506,834	-	492,513	492,513
Handicapped	9,927	9,927	7,381	2,546	2,000	2,000
	<u>1,653,156</u>	<u>1,653,155</u>	<u>1,613,538</u>	<u>39,617</u>	<u>1,566,068</u>	
HOME AND COMMUNITY SERVICES						
Part-time videotaping	8,175	8,175	4,648	3,527	5,286	5,286
Planning board	1,000	1,000	135	865	1,095	1,095
Hydrant rental	145,000	162,018	162,018	-	149,536	149,536
Disposal fees	95,000	95,000	78,556	16,444	88,091	88,091
Recycling and refuse collection	782,400	782,400	782,400	-	864,630	864,630
Shade trees	65,400	111,660	108,052	3,608	41,025	41,025
Sewer district	177,585	112,279	112,278	1	67,074	67,074
	<u>1,274,560</u>	<u>1,272,532</u>	<u>1,248,087</u>	<u>24,445</u>	<u>1,216,737</u>	

(Continued)

Village of Rye Brook, 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	\$ 506,064	\$ 528,644	\$ 541,144	\$ (12,500)	\$ 439,442
State retirement - Police	860,740	893,312	920,849	(27,537)	676,489
Social security	540,000	534,862	523,526	11,336	498,142
Worker's compensation benefits	188,000	193,138	193,138	-	175,833
Life insurance	24,000	24,000	22,069	1,931	20,734
Unemployment insurance	25,000	25,000	12,963	12,037	26,965
Disability insurance	3,500	3,500	2,699	801	1,632
Health and dental insurance	1,745,300	1,745,300	1,744,365	935	1,658,911
Other benefits	5,000	5,000	4,500	500	2,121
	<u>3,897,604</u>	<u>3,952,756</u>	<u>3,965,253</u>	<u>(12,497)</u>	<u>3,500,269</u>
DEBT SERVICE					
Principal					
Serial bonds	720,000	720,000	720,000	-	705,000
Interest					
Serial bonds	162,902	162,902	162,901	1	185,019
Bond anticipation notes	4,840	4,840	4,641	199	2,504
	<u>167,742</u>	<u>167,742</u>	<u>167,542</u>	<u>200</u>	<u>187,523</u>
	<u>887,742</u>	<u>887,742</u>	<u>887,542</u>	<u>200</u>	<u>892,523</u>
TOTAL EXPENDITURES	<u>17,542,606</u>	<u>17,535,406</u>	<u>17,305,403</u>	<u>230,003</u>	<u>16,595,750</u>
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	1,025,250	1,032,450	995,250	37,200	845,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 18,567,856</u>	<u>\$ 18,567,856</u>	<u>\$ 18,300,653</u>	<u>\$ 267,203</u>	<u>\$ 17,440,750</u>

Village of Rye Brook, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 1,478,446	\$ 1,252,514
Due from other governments	-	76,447
Due from other funds	<u>674,089</u>	<u>1,504,520</u>
Total Assets	<u>\$ 2,152,535</u>	<u>\$ 2,833,481</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 105,938	\$ 38,433
Retainage payable	4,486	-
Bond anticipation notes payable	<u>705,775</u>	<u>268,250</u>
Total Liabilities	816,199	306,683
Fund balance		
Restricted	<u>1,336,336</u>	<u>2,526,798</u>
Total Liabilities and Fund Balance	<u>\$ 2,152,535</u>	<u>\$ 2,833,481</u>

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Village of Rye Brook, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ -	\$ 138,697
EXPENDITURES		
Capital outlay	<u>1,279,501</u>	<u>725,160</u>
Deficiency of Revenues Over Expenditures	<u>(1,279,501)</u>	<u>(586,463)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	995,250	875,000
Transfers out	<u>(906,211)</u>	<u>-</u>
Total Other Financing Sources	<u>89,039</u>	<u>875,000</u>
Net Change in Fund Balance	(1,190,462)	288,537
Fund Balance - Beginning of Year	<u>2,526,798</u>	<u>2,238,261</u>
Fund Balance - End of Year	<u>\$ 1,336,336</u>	<u>\$ 2,526,798</u>

Village of Rye Brook, New York

Capital Projects Fund
 Project Length Schedule
 Inception of Project Through May 31, 2013

Project	Authorization	Expenditures and Transfers	Unexpended Balance
Purchase of Dump Truck	121,000	-	121,000
Various Village Projects	341,000	-	341,000
Highway Improvements - 2009	500,000	471,140	28,860
Windows/FACIA Trim/Fire Department	15,000	-	15,000
Police Vehicles	42,964	35,429	7,535
Comprehensive Plan	130,000	9,000	121,000
Police Vehicle - 2012	75,000	-	75,000
Road Resurfacing - 2012	500,000	-	500,000
Capital Reserve - Ball field	60,000	-	60,000
Jacqueline Lane Drainage	90,000	55,745	34,255
Parks and Recreation Maintenance Vehicle	50,000	49,726	274
AJP Center Repairs - Bathroom	98,000	76,447	21,553
Village Hall Repairs	13,036	13,000	36
Pine Ridge Park - Basketball Hoops	15,000	12,780	2,220
Village Hall Standby Generator	45,000	-	45,000
Accounting and Records Retention Software	40,000	-	40,000
Village Administration Passenger Vehicle	28,000	23,618	4,382
Land - Garibaldi Place	375,000	288,454	86,546
Village Hall Improvements	100,000	89,711	10,289
Laser Fiche Project	260,000	135,669	124,331
Highway Vehicles	62,500	62,095	405
Police Equipment	25,275	25,100	175
Police Vehicles - 2013	90,000	85,325	4,675
AJP Community Center Renovations	55,000	19,619	35,381
Pine Ridge Park Tennis Court Resurfacing	20,000	27,200	(7,200)
Road Resurfacing - 2013	760,774	-	760,774
King Street Sidewalks	80,000	-	80,000
Parks Equipment	40,000	39,727	273
TOTALS	\$ 4,032,549	\$ 1,519,785	\$ 2,512,764

Total Revenue	Fund Balance (Deficit) at May 31, 2013	Bond Anticipation Notes Out- standing at May 31, 2013
90,750	90,750	-
341,000	341,000	-
471,150	10	-
15,000	15,000	-
42,964	7,535	-
130,000	121,000	-
75,000	75,000	-
500,000	500,000	-
60,000	60,000	-
-	(55,745)	75,000
-	(49,726)	50,000
76,447	-	-
13,036	36	-
15,000	2,220	-
-	-	45,000
-	-	40,000
-	(23,618)	28,000
-	(288,454)	-
100,000	10,289	-
-	(135,669)	260,000
-	(62,095)	62,500
-	(25,100)	25,275
90,000	4,675	-
55,000	35,381	-
20,000	(7,200)	-
760,774	760,774	-
-	-	80,000
-	(39,727)	40,000
<u>\$ 2,856,121</u>	<u>\$ 1,336,336</u>	<u>\$ 705,775</u>

Village of Rye Brook, New York

Combining Balance Sheet
 Non-Major Governmental Fund - Special Purpose Fund
 May 31,
 (With Comparative Totals for 2012)

	Recreation Trust	Friends of Ryebrook	Total Non-Major Governmental Funds	
			2013	2012
ASSETS				
Cash and equivalents	\$ 197,325	\$ 44,316	\$ 241,641	\$ 231,220
Due from other funds	16,157	-	16,157	16,157
Total Assets	<u>\$ 213,482</u>	<u>\$ 44,316</u>	<u>\$ 257,798</u>	<u>\$ 247,377</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	\$ 30,000	8,028	\$ 38,028	\$ 38,028
Fund balance				
Restricted	183,482	36,288	219,770	209,349
Total Liabilities and Fund Balance	<u>\$ 213,482</u>	<u>\$ 44,316</u>	<u>\$ 257,798</u>	<u>\$ 247,377</u>

Village of Rye Brook, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance
Non-Major Governmental Fund - Special Purpose Fund
Years Ended May 31,
(With Comparative Totals for 2012)

	Recreation Trust	Friends of Ryebrook	Total Non-Major Governmental Funds	
			2013	2012
REVENUES				
Miscellaneous	\$ -	\$ 24,758	\$ 24,758	\$ 28,962
Use of money and property	100	-	100	177
Total Revenues	100	24,758	24,858	29,139
EXPENDITURES				
Current				
Public safety	-	1,225	1,225	-
Culture and recreation	-	13,212	13,212	14,863
Total Expenditures	-	14,437	14,437	14,863
Excess of Revenues Over Expenditures	100	10,321	10,421	14,276
OTHER FINANCING USES				
Transfers out	-	-	-	(30,000)
Net Change in Fund Balance	100	10,321	10,421	(15,724)
Fund Balance - Beginning of Year	183,382	25,967	209,349	225,073
Fund Balance - End of Year	\$ 183,482	\$ 36,288	\$ 219,770	\$ 209,349

