

VILLAGE OF LARCHMONT, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MAY 31, 2012
WITH INDEPENDENT AUDITORS' REPORT

VILLAGE OF LARCHMONT, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21
Reconciliation of Governmental Funds Balance Sheet to the Government- Wide Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Water and Public Library Funds	27
Statement of Assets and Liabilities - Fiduciary Fund	29
Notes to Financial Statements	30
Required Supplementary Information - Other Post Employment Benefits - Schedule of Funding Progress - Last Three Fiscal Years	51
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Comparative Balance Sheet	52
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	53
Schedule of Revenues and Other Financing Sources Compared to Budget	55
Schedule of Expenditures and Other Financing Uses Compared to Budget	58
Water Fund:	
Comparative Balance Sheet	62
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
Public Library Fund:	
Comparative Balance Sheet	65
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	66
Schedule of Revenues and Other Financing Sources Compared to Budget	68
Schedule of Expenditures and Other Financing Uses Compared to Budget	70
Capital Projects Fund:	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	73
Project-Length Schedule	74
Non-Major Governmental Funds:	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78

VILLAGE OF LARCHMONT, NEW YORK

TABLE OF CONTENTS (Concluded)

	<u>Page</u>
Special Purpose Fund:	
Comparative Balance Sheet	80
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	81
Debt Service Fund:	
Comparative Balance Sheet	82
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	83

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

August 3, 2012

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

Introduction

The following discussion and analysis of the Village of Larchmont, New York's financial statements provides an overview of the financial activities of the Village of Larchmont, New York for the fiscal year ended May 31, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section to enhance understanding of the Village's financial performance.

Before getting into this discussion, it is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the fiscal period ending June 30, 2011; therefore they are reflected in this analysis for the first time. Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

Unassigned – represents the residual classification for the government's General Fund and could report a surplus or deficit. In funds other than the General Fund,

the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

According to GASB, these changes were made to bring greater clarity and consistency to fund balance reporting.

Financial Highlights

- ❖ On the government-wide financial statements, the assets of the Village exceeded its liabilities at the close of the fiscal year 2012 by \$8,170,365. At May 31, 2011, assets exceeded liabilities by \$9,451,343. This is a decrease in net assets of \$1,280,978. Providing the impetus of the overall decrease in net assets sustained was the impact attributable to Other Post Employment Benefits (OPEB) obligations which decreased by \$1,300,000 during the course of the current fiscal year. In addition, the level of combined fund balances as of the fiscal year-end also contributed to this decline and was mainly influenced by the negative fund balance within the Capital Fund which regressed by approximately \$927,465 due to the treatment of short-term debt instruments (BANs) which are not recognized as a source of funding or revenue until their subsequent conversion to permanent, long-term debt or financing.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,360,209. Exclusive of the Capital Projects Fund, the combined, ending fund balance was \$3,509,763. Of this amount, the unassigned portion of the combined fund balance was \$2,357,231, which is available for spending at the Village's discretion. This unassigned fund balance amount is the equivalent of the General Fund's positive contribution towards unassigned fund balance of \$2,357,231. Overall, the Village's combined fund balance decreased by \$521,032 when compared to the previous fiscal year. This decrease in the overall combined fund balance is due to the actual results of operations achieved within each fund relative to its respective positive or negative impact on fund balance within each given fund. However, this decrease was primarily influenced by the accounting practice that is applied to the Capital Fund in determining its fund balance, whereby, short-term financing sources in the form of Bond Anticipation Notes (BANs) are not recognized as a source of funding until such time that each is converted to long-term, permanent financing. This treatment of short-term debt which involves the exclusion or lack of recognition of short-term financing as a funding source may directly influence the creation of a deficit fund balance within the Capital Fund. The Village's outstanding debt in the form of Bond Anticipation Notes supporting activities within the Capital Fund as of the conclusion of Fiscal Year 2011-12 was \$1,820,000.
- ❖ For the 2011-12 Fiscal Year the General Fund experienced an increase in fund balance of \$320,404. The Water Fund marginally reversed its direction in fund balance as an increase of \$12,394 was the result of its fiscal year's operation. The Library Fund saw its fund balance increase by \$89,618, while the Capital Fund

declined by \$927,465. The combined effect of the Special Purpose and Debt Service Funds contributed negatively and negligibly toward combined fund balance as a decrease of \$17,488 and an increase of \$1505 were realized, respectively.

The increase in fund balance within the General Fund is primarily attributable to an increase in fee income due to rate increases in parking, field and building permits. In addition, cost savings were realized due to a reduction in payroll and benefits related expenses as a result of temporarily deferring action in the replacement of personnel who had left the Village's employ through natural attrition, specifically retirements and terminations. While the fund balance within the Water Fund increased only marginally, its inability to gain any traction in this area was primarily due to fixed capital related expenses which were absorbed by the fund and aggregated approximately \$28,400 for such infrastructure improvements as main, valve and hydrant replacements, in addition to a condition assessment (study) of the water system's two (2) storage tanks and one (1) hydro-pneumatic tank, approximate cost \$13,500. Finally, growth of the fund balance within the Water Fund was also curtailed by both fundamental and technical issues surrounding actual and budgeted or forecasted revenue. The Library's fund balance increased by approximately \$89,600 and was chiefly a by-product of hiring replacement personnel at less costly salary and employment levels, and implementation of a deferral in hiring practices that derived a further cost savings in terms of salary and benefits. The Library Fund realized a cost savings of approximately \$153,675 in salaries and approximately \$66,300 in benefits related expenses. The offset to this combined cost savings was the appropriation of \$137,000 from the Library's fund balance as part of the original fiscal year's revenue budget.

- ❖ At the end of the fiscal years 2012 and 2011, total fund balances for the General Fund were \$2,380,369 and \$2,059,965 as adjusted, respectively, or 15.2% and 13.0% of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village did not issue any new long term debt in the form of serial bonds or notes payable from New York State. Outstanding principal on long-term debt in the form of serial bonds (\$5,385,000) and state loans (\$77,439) aggregated \$5,462,439. The average rate on this outstanding long-term debt was 2.60% for the period ending May 31, 2012. In the aggregate, retirement of the principal on long-term debt obligations, bonds (\$555,000) and notes (\$16,910) payable, in meeting debt service requirements decreased the outstanding principal on both serial bonds and state loans by \$571,910. In addition, over the course of the current fiscal year compensated absences decreased by a net amount of \$313,092 as compared to a net decrease of \$156,646 for the previous fiscal year. Other Post Employment Benefit Obligations Payable (Retiree Health Care) is being reported for the fourth year and contributed \$1,300,000 towards long-term liabilities. In summary, long-term liabilities increased from \$9,782,360 to \$10,197,358, or by a net increase of \$414,998. This compares to a modest increase in the preceding fiscal year of only \$163,581.

- ❖ During the current fiscal year, the Village issued or re-issued short-term debt obligations in the form of Bond Anticipation Notes (BANs) to finance the cost of various capital projects. On September 14, 2011, the Village issued a Bond Anticipation Note (BAN) in the amount of \$785,000 at a rate of 1.17%, maturing in one year, and reserved its prepayment option after three months. This BAN was issued for the purchase of equipment (\$175,000) within the Department of Public Works and Water Department, Construction of a Sanitation Facility (\$300,000), Firehouse Reconstruction (\$85,000), improvement to the DPW's building (\$25,000), and purchase of a sanitation vehicle (\$200,000). On September 26, 2011, the Village exercised its prepayment option and retired a \$500,000 short-term note obligation with the proceeds it had received from FEMA on July 15, 2011. This Bond Anticipation Note had been issued in support of the Construction/ Reconstruction of the pedestrian and vehicular bridges located at the Village of Larchmont's Reservoir site. On October 18, 2011, the Village re-issued a Bond Anticipation Note (BAN) in the amount of \$300,000 at a rate of 1.23%, with a one year maturity and reserved its prepayment option after three months. This note was originally issued in support of the Children's Room Renovation (CRR) capital project, at the Village Library/ Center Annex Building. Finally, on February 22, 2012, the Village re-issued a Bond Anticipation Note (BAN) in the amount of \$735,000, original amount \$785,500, with a one year maturity, at a rate of 0.89%. This BAN was originally issued for the purchase of a firefighting vehicle (\$477,000), a sanitation vehicle (\$180,000), six (6) parking pay stations (\$100,000) and a pick-up truck (\$28,500). Since the maturity of this note on February 22, 2012 marked the second year anniversary since the note's original issuance, a mandatory principal payment was necessitated predicated on the average weighted expired useful life of the asset(s) being financed. At the conclusion of the Fiscal Year 2011 – 2012 the Village of Larchmont had an aggregate of \$1,820,000 of short-term debt obligations in the form of Bond Anticipation Notes outstanding, which represented an increase of \$234,500 over the previous fiscal year.
- ❖ Finally, it is important to recognize a Fiscal Year 2011-12 post closing financing transaction note; the Village of Larchmont recently completed a Serial Bond Refunding that closed on June 15, 2012. This refunding included a refunding or refinancing of four (4) of the five (5) serial bond issuances currently outstanding and has effectively decreased the average weighted coupon rate on these bonds from approximately 4.07% to 2.35% over the remaining life of the bonds, representing a cost savings to the Village of Larchmont of approximately \$137,927 over the next seven years. Also, as a result of this refunding the Village has learned that it has retained its Aaa credit rating through Moody's Investors Service.

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 financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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, 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 may be 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 three major governmental funds: the General Fund, Water 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 Public Library Fund, Debt Service Fund and Special Purpose Fund are grouped together as non-major governmental funds.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village 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 Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$8,170,365 at the close of the fiscal year 2011-2012 as compared to \$9,451,343 for the fiscal year 2010-2011. This represents a decrease in net assets of \$1,280,978 as compared to the year earlier period. It should be recognized that the largest portion of the Village's net assets is its investment in capital assets (land, 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 its citizens. Consequently, these assets are not available for future spending. Although the

Village's investments in its capital assets are 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 Assets:

	May 31,	
	2012	2011
Current Assets	\$ 5,221,466	\$ 5,867,416
Capital Assets, net	16,067,520	16,402,202
Total Assets	21,288,986	22,269,618
Current Liabilities	2,921,262	3,035,915
Long-Term Liabilities	10,197,359	9,782,360
Total Liabilities	13,118,621	12,818,275
Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,159,053	9,136,901
Restricted	1,289,063	2,247,936
Unrestricted	(2,277,751)	(1,933,494)
Total Net Assets	\$ 8,170,365	\$ 9,451,343

The investment in capital assets, net of related debt, constitutes 112.1% of net assets. Those net assets which are restricted to use represent 15.8%. The remaining balance of net assets is unrestricted assets representing negative 27.9% and may be used to meet the Village's ongoing obligations to citizens and creditors.

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

	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 5,200,775	\$ 4,910,138
Operating grants and contributions	525,335	304,453
Capital grants and contributions	56,049	1,372,074
Total Program Revenues	<u>5,782,159</u>	<u>6,586,665</u>
General Revenues:		
Real property taxes	12,029,747	11,852,869
Other tax items	24,350	21,277
Non-property taxes	880,018	937,561
Unrestricted use of money and property	19,907	28,856
Sale of property and compensation for loss	7,687	9,806
Unrestricted State aid	270,777	239,967
Insurance recoveries	83,722	89,820
Miscellaneous	56,819	69,539
Total General Revenues	<u>13,373,027</u>	<u>13,249,695</u>
Total Revenues	<u>19,155,186</u>	<u>19,836,360</u>
Program Expenses:		
General government support	2,745,883	2,740,768
Public safety	8,850,037	8,656,825
Health	40,000	40,000
Transportation	1,786,828	1,682,125
Culture and recreation	3,062,951	2,592,211
Home and community services	3,724,101	3,562,152
Interest	226,364	243,352
Total Expenses	<u>20,436,164</u>	<u>19,517,433</u>
Change in Net Assets	(1,280,978)	318,927
Net Assets - Beginning	<u>9,451,343</u>	<u>9,132,416</u>
Net Assets - Ending	<u>\$ 8,170,365</u>	<u>\$ 9,451,343</u>

Governmental Activities

Governmental activities decreased the Village's net assets by \$1,280,978 in 2012 and increased the Village's net assets by \$318,927 in 2011.

For the fiscal years ended May 31, 2012 and 2011, revenues from governmental activities totaled \$19,155,186 and \$19,836,360, respectively. Tax revenues of \$12,934,115 (67.5%) in 2012 and \$12,811,707 (64.6%) in 2011, comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources.

The largest components of governmental activities' expenses which totaled \$20,436,164 and \$19,517,433 in fiscal years 2012 and 2011, respectively, are public safety, \$8,850,037 (43.3%) in 2012 and \$8,656,825 (44.4%) in 2011, home and community services, \$3,724,101 (18.2%) in 2012 and \$3,562,152 (18.3%) in 2011, culture and recreation, \$3,062,951 (15.0%) in 2012 and \$2,592,211 (13.3%) in 2011, general government support \$2,745,883 (13.4%) in 2012 and \$2,740,768 (14.0%) in 2011, and transportation, \$1,786,828 (8.7%) in 2012, and \$1,682,125 (8.6%) in 2011.

The major changes are as follows:

Revenues:

- Real property taxes increased to \$12,029,747 in 2012 from \$11,852,869 in 2011, or by \$176,878 (1.5%) which was directly due to an increase in the Village's tax levy.
- Non-property taxes decreased to \$880,018 in 2012 from \$937,561 in 2011, or by \$57,543 (6.1%) which was mainly due to the tepid County sales tax distributions across the 2012 and 2011 fiscal years as the economic tremors experienced in 2008 continue to have an adverse and depressed economic effect on this revenue item. Comparatively speaking, sales tax revenue decreased slightly by \$44,935 or by 5.5%. State Aid increases of \$30,810 (12.8%) are directly related to the mostly depressed state of mortgage tax distributions which increased marginally by \$32,299 (19.5%) and continue to be reflective of the impact of continued softening and flattening of activity in the housing industry for both the new construction and resale markets. In addition, approximately \$15,711 (48.6%) of the increase in the mortgage tax revenue for the current fiscal year is attributable to a prior period adjustment for a calculation error on the part of the County in making its distribution to the Village.
- Home and Community Services contributed \$298,728 (15.2%) towards the Village's total revenue picture. This increase was primarily influenced by two revenue items, metered water sales that marginally increased by \$66,527 (4.1%) mainly due to a water rate increase of 3.50% that was assessed in order to maintain pace with annual water rate increases imposed by New York City which have averaged approximately 11.0% over the course of the last five years, and Permit Fees that grew by \$175,431 (115%) due to rate adjustments that had long been overdue and trailed local government sector market levels.

Expenses:

- Expenses for the Public Safety Sector increased from \$8,656,825 to \$8,850,037 or by \$193,212 (2.2%). Within Culture and Recreation expenses increased from \$2,592,211 to \$3,062,951, or by \$470,740 (18.2%). Transportation increased from \$1,682,125 to \$1,786,828 or by a \$104,703 (6.2%), and Home and Community Services increased from \$3,562,152 to \$3,724,101 or by \$161,949 (4.5%). Each of these increases disclosed no discernible, significant reason for the respective increases in expense at the fund level, however, it is important to note that overall, expenses within each program unit were strongly and adversely influenced by increases in employee benefits, inclusive of Other Post Employment Benefits (OPEB) obligations, which were allocated to each program in accordance with GASB Statement No. 45. In illustration of this point, and more specifically, healthcare costs increased approximately \$106,069 (7.1%) net of employee contributions and retirement related costs increased by approximately \$277,229 (22.4%) when each is compared to the prior fiscal year.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be seen as 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 \$2,360,209, this represents a decrease in overall combined fund balance of \$521,032. As stated previously, fund balance exclusive of the Capital Projects Fund aggregates \$3,509,763. Of this amount, \$2,357,231 constitutes unassigned fund balance and is available for spending at the Village's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) a reserve for prepaid expenditures (\$28,245), 2) a reserve for debt service (\$20,244) and a reserve for trust agreements (\$331,414), 3) assignment of fund balances for use exclusively for purposes related to the Water Fund (\$25,227) and the Library Fund (\$747,402).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,357,231, representing 99.0% of the total General Fund balance of \$2,380,369. The difference between these two fund balance amounts, or \$23,138, represents that portion of the General Fund's Fiscal Year 2011-2012 fund balance that is reserved for prepaid expenses. It should be noted

that the Village did not appropriate or designate any portion of its year-end fund balance within the General Fund for use in the Fiscal Year 2012-2013 budget.

When the fiscal year 2011-2012 General Fund budget was adopted, it anticipated the use of \$300,000 of fund balance. Actual results of operations disclosed a marked increase in the fund balance of \$320,404. Contributing to this increase in fund balance within the General Fund was a noticeable constraint in overall spending which yielded a positive variance of \$320,987. In the Fiscal Year 2011-2012, actual expenditures of \$15,694,949, inclusive of inter-fund transfers, were well within budgeted parameters of \$16,015,936. This positive variance was primarily achieved as the result of a deferral in hiring practices which occurred during protracted periods of contract negotiations with various bargaining units within the Village leading to varying degrees of cost savings mainly in such areas as salary and benefits related expenses. In general, from an overall expenditures perspective, the Village managed the expense items within its budget in a very professional, meticulous and fastidious manner as it exercised prudent cost containment and control.

Notwithstanding the recessionary climate and uncertain economic conditions throughout the majority of this fiscal year, the revenue picture yielded positive results as actual results of operations virtually met budgetary expectations and realized a negative but negligible budget variance of \$2,238. While the Village's Fiscal Year 2011-2012 Budget was adopted with the original intent of utilizing \$300,000 of appropriated fund balance in order to balance the budget, such robust revenue items as building permits, parking permits, and field permits exceeded their budgeted levels by \$122,845, \$69,540 and \$28,960, respectively, and compensated for this deficiency in revenue. In addition, unbudgeted revenue in the form of federal and state aid aggregating \$123,193 further supported the revenue program of the Village. As fallout from the recessionary climate that the Village has encountered over the past four years continues, the year-end results of once strong and reliable revenue items such as sales tax, mortgage tax and interest income continued to disappoint predicated on their negative variances as compared to budget, necessitating further downward adjustments and subsequent revision in their estimates.

The fund balance of the Library Fund increased from \$661,168 to \$750,786, or by \$89,618 (13.6%). Sources of revenue for the Library Fund were received as planned as actual revenue of \$2,050,689, inclusive of inter-fund transfers, produced a shortfall of \$132,448 when compared to its amended budget amount of \$2,183,137. It should be noted that the revenue shortfall was a planned action and natural corollary of the Library Fund's decision to appropriate \$137,000 of its fund balance in order to balance 2011-12 Fiscal Year budget as originally adopted.

During Fiscal Year 2011-2012 actual operating expenses of \$1,961,071, inclusive of inter-fund transfers, outperformed the expectations of the amended budget as a positive variance of \$222,066 was realized. This cost savings realized in the form of unexpended compensation (salaries) of approximately \$153,675 and unexpended employee benefits of \$66,320 were directly attributable to hiring replacement personnel at less costly salary and employment levels, and implementation of a deferral in hiring practices that derived a further cost savings also related to salary and benefits.

The fund balance within the Water Fund increased marginally by \$12,394, or from \$14,556 to \$26,950 in Fiscal Year 2011-2012. Total revenue of \$1,893,548, inclusive of transfers, was only marginally sufficient to offset total expenses of \$1,881,152, inclusive of transfers, thereby creating a slight increase in fund balance within the operation of the Water Fund, for the current fiscal year, as previously stated. Also negatively impacting fund balance growth during the fiscal year was the absorption of capital improvement types of expenses by the operating fund inclusive of approximately a \$28,000 investment in main, valve and hydrant replacements, and approximately \$15,000 for a condition assessment (study) on such essential components within the water distribution system's infrastructure as the two (2) water storage tanks and the one (1) hydro-pneumatic tank. These types of expenses should be incorporated into the cost structure of a capital improvement project whereby the long-term benefits to be derived overtime are appropriately and commensurately matched against both the useful life of the asset and its attendant amortization period. Further curtailing the growth of fund balance within the Water Fund was the implicit impact of technical and fundamental revenue issues which are explained below and would have potentially contributed approximately \$96,350 towards fund balance.

Additionally, it should be recognized that in order to combat the issue of an eroding fund balance and reverse this negative trend, and engender a robust fund balance on a going forward basis, the Village has implemented a cost recovery program that is designed to recoup the incremental costs associated with water purchase and treatment rate increases introduced by New York City and Westchester Joint Water Works, respectively, on an annual basis. This would involve more subtle and marginal rate increases each year as opposed to significant and economically impactful increases over extended periods of time. In the fiscal year just completed the Village introduced a more manageable and palatable rate increase of only 3.50%.

The overall revenue impact to the Water Fund produced results that were unfavorable as actual revenue of \$1,893,548 when compared to budgeted expectations of \$1,981,550 reflected a negative variance of \$88,002. Significantly and adversely affecting the revenue picture was the negative budget variance of \$138,636 existing within metered water sales. Part of this disparity, or approximately \$65,850, can be explained by fundamental issues whereby meter reading accuracy was less than desirable, once again placing even more emphasis on and further underscoring the need for the Village to make a capital investment in state of the art automated meter reading technology and equipment in an effort enhance efficiencies in this area of the operation, and as a result, supplant the current manually based system and its inherent propensity for human error(s). The balance of the shortfall in this revenue item, or approximately \$55,500, can be placed on technical issues whereby demand, in essence translating into purchases, which collectively converts into additional sales, was less than budgeted by approximately 12.09 million gallons of water.

For the most part, total expenses of \$1,881,152, for the current fiscal year were more under control as compared to the previous year's expenses of \$1,987,430. This ameliorated condition may be attributable to leak detection as leaks were more easily and accurately identified and located, and responded to more timely and effectively than in the past due in large part to the capital investment of approximately \$14,500 in leak detection equipment. Total purchases of \$790,612 produced a positive variance of \$51,163 when

compared to budgetary expectations of \$841,775, and were lower than the previous fiscal year's purchases of \$928,360, or by \$137,748 (14.8%). However, approximately \$25,000 of this positive budget variance can be attributed to less than expected levels of demand for water which translated into lower costs for purchases throughout the course of the fiscal year.

Finally, this negative fund balance trend for the past three years, sans this past year's marginal reversal, can be attributed to the age of the water system's infrastructure that exists at the end-user location where less than accurately operating and properly calibrated meters has resulted in under-reported consumption, which translated into the production of understated invoices, and ultimately, decreased water revenue for the Village. After conferring with professionals within the water industry, the Village is estimating that approximately a ten (10.0%) percent annual increase in revenue may be realized by tightening of the infrastructure at the end-user's location through implementation of a meter replacement program. This type of program would also serve to accurately pass excess per capita purchase costs on to the consumer through more accurate and effective invoicing of consumption to the appropriate end-user. It should be noted that this increased revenue to be derived from such an investment would be utilized to significantly offset debt service related costs for the many capital improvements needed by an aging infrastructure inclusive of a meter replacement program, introduction of enhanced or state of the art automated meter reading technology, replacement or rehabilitation of the distribution system's water tanks, mains, valves and hydrants.

The Capital Projects Fund has an unassigned fund balance of negative \$1,149,554 which has decreased from a fund balance of negative \$222,089, or by \$927,465, as compared to the previous fiscal year. The existence of an unassigned and deficit fund balance within the Capital Fund is primarily the result of the application of generally accepted accounting principles to the financial reporting on this fund. In accordance with accounting principles, the proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". In essence, bond anticipation notes are recognized as revenue only to the extent that they are redeemed through means of an inter-fund transfer from other governmental funds, or upon receipt of proceeds from grants or donations, or upon conversion to permanent financing through the issuance of serial bonds. The existence of other deficits on capital projects within this fund are the result of a lack of permanent financing to support the on-going expenditures of a given capital project. Any currently existing deficits within this fund will be eliminated with the subsequent receipt or issuance of authorized financing.

The majority of the capital projects are financed by long-term debt as of May 31, 2012, however, during the past few fiscal years there has been a shift in funding sources to grants and fundraising activities for specific capital projects. In summary, during the current fiscal year short-term notes in the form of Bond Anticipation Notes (BANs) aggregating \$1,820,000, were either issued (\$785,000) with a one year maturity and a prepayment option reserved after three months at a rate of 1.17%, re-issued (\$735,000) net of required principal payment with a non-callable one year maturity at a rate of 0.89%, re-issued (\$300,000) with a one year maturity and a prepayment option reserved after three months at a rate of 1.23%, and/ or repaid (\$500,000) in support of various capital

projects within this fund. These short-term notes outstanding increased from \$1,585,500 in the prior fiscal year to \$1,820,000 in the current fiscal year or by \$234,500.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2012, net of accumulated depreciation, was \$16,067,520. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

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

Capital Assets

Asset	May 31,	
	2012	2011
Land	\$ 57,213	\$ 57,213
Buildings and improvements	11,773,165	8,123,949
Infrastructure	13,766,794	13,766,794
Machinery and equipment	5,935,911	5,696,949
Construction-in-progress	398,682	3,489,057
Less - accumulated depreciation	(15,864,245)	(14,731,760)
Total (net of depreciation)	\$ 16,067,520	\$ 16,402,202

Additional information on the Village's capital assets can be found in Note 3C 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 \$5,385,000. 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. In addition, the Village had two New York State installment loans outstanding in the aggregate amount of \$77,439. These long-term debt instruments totaled \$5,462,439 at the end of fiscal year 2012 and had an average weighted rate of 2.60%. In the aggregate, long-term debt outstanding decreased by \$571,910 during the course of the fiscal year 2011-2012.

At the conclusion of the fiscal year 2011 – 2012, short-term debt outstanding in the form of Bond Anticipation Notes (BANs) had increased by \$234,500 from \$1,585,500 to \$1,820,000. The average weighted rate on all short-term debt was 1.07%. The subject

short-term debt obligations were issued in conjunction with various capital projects which the Village had undertaken during the course of the current or prior fiscal year(s).

The Village's portfolio of total long-term and short-term debt outstanding aggregated \$7,282,439. The average weighted rate on all outstanding debt within the Village's portfolio was 2.22% as of May 31, 2012.

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

At May 31, 2012, the Village Board designated that \$0.00 of the fund balance of the General Fund, negative \$117,247 of the fund balance of the Water Fund, and \$110,000 of the fund balance of the Library Fund be appropriated for the ensuing year's budget. The tax rate for the 2012-2013 Fiscal Year in the Village of Larchmont's General Fund is \$309.47 per \$1,000 of taxable assessed valuation. This represents a tax rate increase of 1.82% over the prior fiscal year's tax rate of \$303.93. With respect to the legislation passed by New York State which imposed a two (2.0%) percent property tax cap at the local government level, the Village of Larchmont adhered to the parameters as prescribed. Predicated on the metrics involved in the calculation, the Village could have grown its Tax Levy from \$11,973,935 to 12,388,672 or by 414,737. In actuality, the Village exhausted only \$103,595 (24.98%) of the property tax cap maximum limit, which translated into a carry-over amount of approximately \$181,163 (43.7%), net of adjustments for exclusions, for the ensuing fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Village of Larchmont, New York. Questions and comments concerning any of the information provided in this report should be addressed to Denis J. Brucciani, Treasurer, Village of Larchmont, 120 Larchmont Avenue, Larchmont, New York 10538.

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VILLAGE OF LARCHMONT, NEW YORK

STATEMENT OF NET ASSETS

MAY 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 4,044,377
Receivables:	
Taxes	10,043
Accounts	170,345
Water rents	577,545
Due from State and Federal governments	192,872
Due from other governments	198,039
Prepaid expenses	28,245
Capital assets:	
Not being depreciated	455,895
Being depreciated, net	<u>15,611,625</u>
Total Assets	<u>21,288,986</u>
LIABILITIES	
Accounts payable	767,370
Due to retirement systems	250,861
Bond interest and matured bonds payable	4,533
Unearned revenues	8,450
Bond anticipation notes payable	1,820,000
Accrued interest payable	70,048
Non-current liabilities:	
Due within one year	681,733
Due in more than one year	<u>9,515,626</u>
Total Liabilities	<u>13,118,621</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,159,053
Restricted for:	
Capital projects	760,231
Public Library	177,174
Debt service	20,244
Special purpose	331,414
Unrestricted	<u>(2,277,751)</u>
Total Net Assets	<u>\$ 8,170,365</u>

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

VILLAGE OF LARCHMONT, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 2,745,883	\$ 126,529	\$ -	\$ -
Public safety	8,850,037	472,076	123,851	-
Health	40,000	-	-	-
Transportation	1,786,828	877,539	91,077	384
Culture and recreation	3,062,951	1,460,429	309,680	54,160
Home and community services	3,724,101	2,264,202	727	-
Interest	226,364	-	-	1,505
Total Governmental Activities	\$ 20,436,164	\$ 5,200,775	\$ 525,335	\$ 56,049

General Revenues:

- Real property and special assessment taxes
- Other tax items - Interest and penalties on real property taxes
- Non-property taxes:
 - Utilities gross receipts tax
 - Non-property tax distribution from County
 - Unrestricted use of money and property
 - Sale of property and compensation for loss
 - Unrestricted State aid
 - Miscellaneous
 - Insurance recoveries

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net (Expense)
Revenue and
Changes in
Net Assets

\$ (2,619,354)
(8,254,110)
(40,000)
(817,828)
(1,238,682)

(1,459,172)
(224,859)

(14,654,005)

12,029,747
24,350

101,046
778,972
19,907
7,687
270,777
56,819
83,722

13,373,027

(1,280,978)

9,451,343

\$ 8,170,365

VILLAGE OF LARCHMONT, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2012

	General Fund	Water Fund	Public Library Fund
ASSETS			
Cash and Equivalents	\$ 1,282,295	\$ 353,598	\$ 779,953
Taxes Receivable	10,043	-	-
Other Receivables:			
Accounts	170,195	150	-
Water rents	-	577,545	-
Due from State and Federal governments	192,872	-	-
Due from other governments	198,039	-	-
Due from other funds	1,251,291	49,181	54,349
Prepaid Expenditures	23,138	1,723	3,384
Total Assets	<u>\$ 3,127,873</u>	<u>\$ 982,197</u>	<u>\$ 837,686</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 484,401	\$ 141,896	\$ 6,625
Due to other funds	21,619	807,163	58,593
Due to retirement systems	222,991	6,188	21,682
Bond interest and matured bonds payable	-	-	-
Deferred revenues	8,450	-	-
Deferred tax revenues	10,043	-	-
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>747,504</u>	<u>955,247</u>	<u>86,900</u>
Fund Balances (Deficits):			
Nonspendable	23,138	1,723	3,384
Restricted	-	-	-
Assigned	-	25,227	747,402
Unassigned	2,357,231	-	-
Total Fund Balances (Deficits)	<u>2,380,369</u>	<u>26,950</u>	<u>750,786</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,127,873</u>	<u>\$ 982,197</u>	<u>\$ 837,686</u>

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 916,934	\$ 711,597	\$ 4,044,377
-	-	10,043
-	-	170,345
-	-	577,545
-	-	192,872
-	-	198,039
84,619	196,659	1,636,099
-	-	28,245
<u>\$ 1,001,553</u>	<u>\$ 908,256</u>	<u>\$ 6,857,565</u>
\$ 134,448	\$ -	\$ 767,370
196,659	552,065	1,636,099
-	-	250,861
-	4,533	4,533
-	-	8,450
-	-	10,043
1,820,000	-	1,820,000
<u>2,151,107</u>	<u>556,598</u>	<u>4,497,356</u>
-	-	28,245
-	351,658	351,658
-	-	772,629
(1,149,554)	-	1,207,677
<u>(1,149,554)</u>	<u>351,658</u>	<u>2,360,209</u>
<u>\$ 1,001,553</u>	<u>\$ 908,256</u>	<u>\$ 6,857,565</u>

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VILLAGE OF LARCHMONT, NEW YORK

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

Fund Balances - Total Governmental Funds	<u>\$ 2,360,209</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>16,067,520</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Real property taxes	<u>10,043</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(70,048)
Bonds payable	(5,385,000)
New York State loan payable	(77,439)
Compensated absences	(1,094,920)
Other post employment benefit obligations payable	<u>(3,640,000)</u>
	<u>(10,267,407)</u>
Net Assets of Governmental Activities	<u>\$ 8,170,365</u>

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

VILLAGE OF LARCHMONT, NEW YORK

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

	General Fund	Water Fund	Public Library Fund
REVENUES			
Real property taxes	\$ 12,040,681	\$ -	\$ -
Other tax items	24,350	-	-
Non-property taxes	880,018	-	-
Departmental income	1,271,820	1,836,555	1,170,559
Intergovernmental charges	80,795	-	-
Use of money and property	146,564	727	756
Licenses and permits	345,365	-	-
Fines and forfeitures	450,520	-	-
Sale of property and compensation for loss	7,687	-	9,975
State aid	388,520	-	4,275
Federal aid	98,644	-	-
Miscellaneous	56,819	7,190	19,226
Total Revenues	15,791,783	1,844,472	1,204,791
EXPENDITURES			
Current:			
General government support	2,195,558	88,498	31,158
Public safety	5,319,104	-	-
Health	40,000	-	-
Transportation	978,062	-	-
Culture and recreation	453,862	-	1,386,566
Home and community services	1,723,720	1,371,883	-
Employee benefits	3,369,003	217,387	491,953
Debt service:			
Principal	528,251	43,659	-
Interest	202,305	24,728	-
Capital outlay	-	-	-
Total Expenditures	14,809,865	1,746,155	1,909,677
Excess (Deficiency) of Revenues Over Expenditures	981,918	98,317	(704,886)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	83,722	-	-
Transfers in	139,847	49,077	845,898
Transfers out	(885,083)	(135,000)	(51,394)
Total Other Financing Sources (Uses)	(661,514)	(85,923)	794,504
Net Change in Fund Balances	320,404	12,394	89,618
Fund Balances (Deficits) - Beginning of Year	2,059,965	14,556	661,168
Fund Balances (Deficits) - End of Year	\$ 2,380,369	\$ 26,950	\$ 750,786

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,040,681
-	-	24,350
-	-	880,018
-	-	4,278,934
-	-	80,795
384	2,566	150,997
-	-	345,365
-	-	450,520
-	-	17,662
6,374	-	399,169
47,786	-	146,430
-	265,038	348,273
<u>54,544</u>	<u>267,604</u>	<u>19,163,194</u>
-	-	2,315,214
-	-	5,319,104
-	-	40,000
-	-	978,062
-	223,272	2,063,700
-	10,728	3,106,331
-	-	4,078,343
-	-	571,910
-	-	227,033
1,068,251	-	1,068,251
<u>1,068,251</u>	<u>234,000</u>	<u>19,767,948</u>
<u>(1,013,707)</u>	<u>33,604</u>	<u>(604,754)</u>
-	-	83,722
133,319	47,077	1,215,218
(47,077)	(96,664)	(1,215,218)
<u>86,242</u>	<u>(49,587)</u>	<u>83,722</u>
(927,465)	(15,983)	(521,032)
<u>(222,089)</u>	<u>367,641</u>	<u>2,881,241</u>
<u>\$ (1,149,554)</u>	<u>\$ 351,658</u>	<u>\$ 2,360,209</u>

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VILLAGE OF LARCHMONT, NEW YORK

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (521,032)</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 is the amount by which depreciation expense exceeded capital outlay in the current period.</p>	
Capital outlay expenditures	797,803
Depreciation expense	<u>(1,132,485)</u>
	<u>(334,682)</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	<u>(10,934)</u>
<p>Bond and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal paid on bonds	555,000
Principal paid on New York State loan	<u>16,910</u>
	<u>571,910</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	670
Compensated absences	313,090
Other post employment benefit obligations	<u>(1,300,000)</u>
	<u>(986,240)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (1,280,978)</u></u>

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

VILLAGE OF LARCHMONT, NEW YORK

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

	General			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 12,013,155	\$ 12,013,155	\$ 12,040,681	\$ 27,526
Other tax items	20,000	20,000	24,350	4,350
Non-property taxes	950,000	950,000	880,018	(69,982)
Departmental income	1,152,200	1,152,200	1,271,820	119,620
Intergovernmental charges	94,500	94,500	80,795	(13,705)
Use of money and property	148,000	148,000	146,564	(1,436)
Licenses and permits	223,000	223,000	345,365	122,365
Fines and forfeitures	576,500	576,500	450,520	(125,980)
Sale of property and compensation for loss	5,000	5,000	7,687	2,687
State aid	340,762	340,762	388,520	47,758
Federal aid	-	-	98,644	98,644
Miscellaneous	50,000	50,000	56,819	6,819
Total Revenues	15,573,117	15,573,117	15,791,783	218,666
EXPENDITURES				
Current:				
General government support	2,238,783	2,238,783	2,195,558	43,225
Public safety	5,178,244	5,178,244	5,319,104	(140,860)
Health	40,000	40,000	40,000	-
Transportation	1,085,111	1,085,111	978,062	107,049
Culture and recreation	554,895	554,895	453,862	101,033
Home and community services	1,667,170	1,667,170	1,723,720	(56,550)
Employee benefits	3,623,478	3,623,478	3,369,003	254,475
Debt service:				
Principal	528,251	528,251	528,251	-
Interest	211,532	211,532	202,305	9,227
Total Expenditures	15,127,464	15,127,464	14,809,865	317,599
Excess (Deficiency) of Revenues Over Expenditures	445,653	445,653	981,918	536,265
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	15,000	83,722	68,722
Transfers in	125,000	125,000	139,847	14,847
Transfers out	(885,653)	(888,472)	(885,083)	3,389
Total Other Financing Sources (Uses)	(745,653)	(748,472)	(661,514)	86,958
Net Change in Fund Balances	(300,000)	(302,819)	320,404	623,223
Fund Balances (Deficits) - Beginning of Year	300,000	302,819	2,059,965	1,757,146
Fund Balances - End of Year	\$ -	\$ -	\$ 2,380,369	\$ 2,380,369

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

Water				Public Library			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,973,838	1,973,838	1,836,555	(137,283)	1,180,150	1,180,150	1,170,559	(9,591)
750	750	727	(23)	1,000	1,000	756	(244)
-	-	-	-	-	-	-	-
-	-	-	-	8,350	8,350	9,975	1,625
-	-	-	-	4,239	4,239	4,275	36
-	-	-	-	-	-	-	-
-	-	7,190	7,190	6,500	6,500	19,226	12,726
<u>1,974,588</u>	<u>1,974,588</u>	<u>1,844,472</u>	<u>(130,116)</u>	<u>1,200,239</u>	<u>1,200,239</u>	<u>1,204,791</u>	<u>4,552</u>
104,861	104,861	88,498	16,363	39,784	39,784	31,158	8,626
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,499,432	1,530,566	1,386,566	144,000
1,434,315	1,434,315	1,371,883	62,432	-	-	-	-
220,674	220,674	217,387	3,287	557,787	557,787	491,953	65,834
59,659	59,659	43,659	16,000	-	-	-	-
27,041	27,041	24,728	2,313	-	-	-	-
<u>1,846,550</u>	<u>1,846,550</u>	<u>1,746,155</u>	<u>100,395</u>	<u>2,097,003</u>	<u>2,128,137</u>	<u>1,909,677</u>	<u>218,460</u>
128,038	128,038	98,317	(29,721)	(896,764)	(927,898)	(704,886)	223,012
-	-	-	-	-	-	-	-
61,000	61,000	49,077	(11,923)	814,764	845,898	845,898	-
(135,000)	(135,000)	(135,000)	-	(55,000)	(55,000)	(51,394)	3,606
<u>(74,000)</u>	<u>(74,000)</u>	<u>(85,923)</u>	<u>(11,923)</u>	<u>759,764</u>	<u>790,898</u>	<u>794,504</u>	<u>3,606</u>
54,038	54,038	12,394	(41,644)	(137,000)	(137,000)	89,618	226,618
<u>(54,038)</u>	<u>(54,038)</u>	<u>14,556</u>	<u>68,594</u>	<u>137,000</u>	<u>137,000</u>	<u>661,168</u>	<u>524,168</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,950</u>	<u>\$ 26,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,786</u>	<u>\$ 750,786</u>

VILLAGE OF LARCHMONT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
MAY 31, 2012

ASSETS	<u>Agency Fund</u>
Cash and Equivalents	<u>\$ 14,049</u>
 LIABILITIES	
Employee Payroll Deductions	\$ 9,399
Deposits	<u>4,650</u>
Total Liabilities	<u>\$ 14,049</u>

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

Note 1 - Summary of Significant Accounting Policies

The Village of Larchmont, New York ("Village") was established in 1891 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Mayor serves as the chief executive officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

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

The Statement of Net Assets presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The major special revenue funds of the Village are as follows:

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

Public Library Fund - The Public Library Fund is used to account for the activities of the Village's public library.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Special Revenue Fund -

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.

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

- 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. The Agency Fund is used to account for employee payroll tax withholding and various other deposits that are payable to other jurisdictions.

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

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

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

Governmental fund financial statements are reported using the flow of 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits and Risk Disclosure

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

The Village's investment policies are governed by State statutes. The Village has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

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

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

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in June. The Village is responsible for the billing and collection of its own taxes. The Village also has the responsibility for conducting in-rem foreclosure proceedings.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Village. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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>
Buildings and Improvements	20-50
Machinery and Equipment	8-15
Infrastructure	10-65

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 sheets.

Unearned/Deferred Revenues - Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial

Note 1 - Summary of Significant Accounting Policies (Continued)

statements, unearned revenues consist of amounts received in advance and/or revenues from grants received before the eligibility requirements have been met.

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported deferred revenues of \$10,043 for real property taxes and \$8,450 for fees received in advance in the General Fund. These amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 time upon separation from service. The liability for such accumulated time is reflected in the government-wide Statement of Net Assets as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

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

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

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the

Note 1 - Summary of Significant Accounting Policies (Continued)

legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law.

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

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

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

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

F. Encumbrances

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

G. Use of Estimates

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 August 3, 2012.

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.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for General, Water, Public Library and Debt Service funds.
- f) Budgets for General, Water, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- g) The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- h) Appropriations in General, Water, Public Library and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2011-12 fiscal year was \$47,035,628, which exceeded the actual levy by \$35,061,693.

C. Capital Projects Fund Deficits

The undesignated deficit in the Capital Projects Fund of \$1,149,554 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. These deficits will be reduced or 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 are outstanding arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

D. 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:	
Justice	\$ 7,175
Law	10,305
Taxes and Assessments on Village Property	30,592
Refunds of Real Property Taxes	273,236
Public Safety:	
Fire Department	221,013
Control of Dogs	1,410
Transportation -	
Sidewalk maintenance	3,147
Home and Community Services:	
Planning	41,958
Refuse and Garbage	15,460
Community Beautification	29,637
Employee Benefits -	
State Retirement	1,029
Public Library Fund:	
General Government Support -	
Taxes and Assessments on Village Property	2,974

Note 2 - Stewardship, Compliance and Accountability (Continued)

Capital Projects Fund:	
Reservoir/Caretaker	\$ 33,989
DPW Building Improvements	521
Purchase of Parking Meters	236
Streetscape Improvements	32,706
Purchase of Payloader	461
Ten Wheeler Dump Truck	1,540
Tennis Courts at Flint Park	76,361
Tunnel at Train Station	154
Sherwood Pump Station Pipe	851

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Tax Liens	\$ <u>10,043</u>
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B. Due From/To Other Funds

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

Fund	Due From	Due To
General	\$ 1,251,291	\$ 21,619
Water	49,181	807,163
Public Library	54,349	58,593
Capital Projects	84,619	196,659
Other Governmental	196,659	552,065
	<u>\$ 1,636,099</u>	<u>\$ 1,636,099</u>

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

C. Capital Assets

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

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Capital Assets, not being depreciated:				
Land	\$ 57,213	\$ -	\$ -	\$ 57,213
Construction-in-progress	<u>3,489,057</u>	<u>-</u>	<u>3,090,375</u>	<u>398,682</u>
Total Capital Assets, not being depreciated	<u>\$ 3,546,270</u>	<u>\$ -</u>	<u>\$ 3,090,375</u>	<u>\$ 455,895</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2011	Additions	Deletions	Balance May 31, 2012
Capital Assets, being depreciated:				
Buildings and improvements	\$ 8,123,949	\$ 3,649,216	\$ -	\$ 11,773,165
Machinery and equipment	5,696,949	238,962	-	5,935,911
Infrastructure	13,766,794	-	-	13,766,794
Total Capital Assets, being depreciated	<u>27,587,692</u>	<u>3,888,178</u>	<u>-</u>	<u>31,475,870</u>
Less Accumulated Depreciation for:				
Buildings and improvements	1,743,784	353,330	-	2,097,114
Machinery and equipment	3,346,009	394,570	-	3,740,579
Infrastructure	9,641,967	384,585	-	10,026,552
Total Accumulated Depreciation	<u>14,731,760</u>	<u>1,132,485</u>	<u>-</u>	<u>15,864,245</u>
Total Capital Assets, being depreciated, net	<u>\$ 12,855,932</u>	<u>\$ 2,755,693</u>	<u>\$ -</u>	<u>\$ 15,611,625</u>
Capital Assets, net	<u>\$ 16,402,202</u>	<u>\$ 2,755,693</u>	<u>\$ 3,090,375</u>	<u>\$ 16,067,520</u>

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

General Government Support	\$ 7,628
Public Safety	294,851
Transportation	449,882
Culture and Recreation	352,582
Home and Community Services	<u>27,542</u>
	<u>\$ 1,132,485</u>

D. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. 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

Note 3 - Detailed Notes on All Funds (Continued)

of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2012 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.4%
	2 75I	23.2
	3 A14	18.6
	4 A15	18.6
	5 A15	15.1
	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	25.1%
	2 384D	25.1

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 566,711	\$ 949,256
2011	389,984	848,755
2010	236,496	641,619

The ERS and PFRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

Of the current year ERS contribution, \$360,046 was charged to the General Fund, \$68,781 was charged to the Water Fund and \$137,884 was charged to the Public Library Fund. The PFRS contribution was charged to the General Fund.

E. 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, 2011</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance May 31, 2012</u>
Various capital projects	2010	02/23/13	1.24 %	\$ 785,500	\$ -	\$ 50,500	\$ 735,000
Various capital projects	2010	02/28/12	1.17	500,000	-	500,000	-
Burchell project	2011	10/17/12	1.01	300,000	-	-	300,000
Various capital projects	2012	09/13/12	1.17	-	785,000	-	785,000
				<u>\$ 1,585,500</u>	<u>\$ 785,000</u>	<u>\$ 550,500</u>	<u>\$ 1,820,000</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

Note 3 - Detailed Notes on All Funds (Continued)

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 \$12,100 and \$3,657 were recorded in the General and Water funds, respectively and \$20,297 was recorded in the government-wide financial statements for governmental activities.

F. Long-Term Liabilities

The changes in the Village's long-term indebtedness during the year ended May 31, 2012 are summarized as follows:

	Balance June 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2012	Due Within One-Year
Bonds Payable	\$ 5,940,000	\$ -	\$ 555,000	\$ 5,385,000	\$ 555,000
New York State Loan Payable	94,349	-	16,910	77,439	17,333
Compensated Absences	1,408,011	-	313,091	1,094,920	109,400
Other Post Employment Benefit Obligations Payable	2,340,000	1,820,000	520,000	3,640,000	-
Total Long-Term Liabilities	\$ 9,782,360	\$ 1,820,000	\$ 1,405,001	\$ 10,197,359	\$ 681,733

Each governmental fund's liability for compensated absences and other post employment benefit obligations is liquidated by the General, Water or Public Library funds. The Village's indebtedness for bonds and loans are liquidated by the General and Water funds.

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2012
Various Village Purposes	1996	\$ 1,258,200	November, 2015	5.000 - 5.25 %	\$ 115,000
Various Village Purposes	1999	1,627,505	September, 2018	4.200 - 4.50	690,000
Various Village Purposes	2002	1,355,000	June, 2017	4.125 - 4.60	650,000
Various Village Purposes	2005	2,200,000	September, 2018	3.250 - 3.75	1,255,000
Various Village Purposes	2010	2,968,275	September, 2024	2.500 - 4.00	2,675,000
					\$ 5,385,000

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$187,846 and \$21,071 were recorded in the fund financial statements in the General and Water funds, respectively. Interest expense of \$203,772 was recorded in the government-wide financial statements for governmental activities.

New York State Loan

The Village, during the 1998-1999 fiscal year, received a loan from New York State in the amount of \$100,000 for the reconstruction of Village Hall. The loan is due in annual installments of \$6,415 through February 2019; including interest at 2.50%. The balance due at May 31, 2012 is \$40,727.

The Village, during the 2004-2005 fiscal year, received a loan from New York State in the amount of \$112,500 for firehouse renovations. The loan is due in annual installments of \$12,854 through May 2015, including interest at 2.50%. The balance due at May 31, 2012 is \$36,712.

Interest expenditures of \$2,359 were recorded in the fund financial statements in the General Fund and interest expense of \$2,295 was recorded in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded debt and State loans outstanding as of May 31, 2012, including interest payments of \$1,061,845 are as follows:

Year Ending May 31,	Bonds		New York State Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 555,000	\$ 189,389	\$ 17,333	\$ 1,936	\$ 572,333	\$ 191,325
2014	570,000	169,410	17,767	1,502	587,767	170,912
2015	580,000	148,833	18,211	1,058	598,211	149,891
2016	600,000	127,669	5,812	603	605,812	128,272
2017	590,000	106,091	5,957	458	595,957	106,549
2018-2022	1,765,000	270,331	12,359	465	1,777,359	270,796
2023-2026	725,000	44,100	-	-	725,000	44,100
	<u>\$ 5,385,000</u>	<u>\$ 1,055,823</u>	<u>\$ 77,439</u>	<u>\$ 6,022</u>	<u>\$ 5,462,439</u>	<u>\$ 1,061,845</u>

The above general obligation bonds and loans 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 located within the Village.

Compensated Absences

In accordance with existing collective bargaining agreements, all employees may accumulate an unlimited amount of sick days. Upon retirement, the Fire Department employees are compensated for 80% of regular sick days, which is used against the cost of his/her health insurance and the remaining 20% of sick days, which is paid upon retirement, respectively, of such unused sick time. The balance of the accumulated sick leave is applied to the cost of health insurance. Upon retirement, the Police Department employees are compensated for 80% of regular sick days, 20% of the remaining sick days and 39.5% of pre-2005 sick days, respectively, of such unused sick time. Vacation time may be accumulated to a maximum of ten days for Public

Note 3 - Detailed Notes on All Funds (Continued)

Library employees and up to 2 years accumulation from the end of the year in which it was earned for Police. 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. Substantially all of the Village's employee's may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements. The City has recognized revenues and expenditures of \$28,890 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. 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 expected rate of return on the Village's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

Year Ended May 31,	Medical
2013	9.50 %
2014	9.00
2015	8.50
2016	8.00
2017+	7.50

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percentage of payroll basis over 30 years with an open amortization approach. There are 27 years remaining in the amortization period. The Village currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

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

Active Employees	81
Retired Employees	<u>69</u>
	<u><u>150</u></u>

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2011	\$ 19,010,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u><u>\$ 19,010,000</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (active plan members)	<u><u>\$ 8,140,000</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>233.54%</u></u>
Annual Required Contribution	\$ 1,850,000
Interest on Net OPEB Obligation	110,000
Adjustment to Annual Required Contribution	<u>(140,000)</u>
Annual OPEB Cost	1,820,000
Contributions Made	<u>(520,000)</u>
Increase in Net OPEB Obligation	1,300,000
Net OPEB Obligation - Beginning of year	<u>2,340,000</u>
Net OPEB Obligation - End of year	<u><u>\$ 3,640,000</u></u>

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 1,820,000	28.6 %	\$ 3,640,000
2011	1,280,000	34.4	2,340,000
2010	1,190,000	28.6	1,500,000

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers in					Total
	General Fund	Water Fund	Public Library Fund	Capital Projects Fund	Other Governmental Funds	
General Fund	\$ -	\$ 2,000	\$ 814,764	\$ 68,319	\$ -	\$ 885,083
Water Fund	120,000	-	-	15,000	-	135,000
Public Library Fund	1,394	-	-	50,000	-	51,394
Capital Projects Fund		47,077				47,077
Other Governmental Funds	18,453	-	31,134	-	47,077	96,664
	<u>\$ 139,847</u>	<u>\$ 49,077</u>	<u>\$ 845,898</u>	<u>\$ 133,319</u>	<u>\$ 47,077</u>	<u>\$ 1,215,218</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and 2) move amounts earmarked in the operating funds to fulfill commitments of the General, Public Library, other governmental and Water funds.

H. Net Assets

The components of net assets are detailed below:

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

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

Restricted for Public Library - the component of net assets that reports the amount restricted for Public Library use.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2012

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2012						2011					
	General Fund	Water Fund	Library Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Water Fund	Library Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable -												
Prepaid expenditures	\$ 23,138	\$ 1,723	\$ 3,384	\$ -	\$ -	\$ 28,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:												
Trusts	-	-	-	-	331,414	331,414	-	-	-	-	348,902	348,902
Debt service	-	-	-	-	20,244	20,244	-	-	-	-	18,739	18,739
Total Restricted	-	-	-	-	351,658	351,658	-	-	-	-	367,641	367,641
Assigned:												
Subsequent year's expenditures	-	-	110,000	-	-	110,000	300,000	-	137,000	-	-	437,000
Major funds	-	25,227	637,402	-	-	662,629	-	14,556	524,168	-	-	538,724
Total Assigned	-	25,227	747,402	-	-	772,629	300,000	14,556	661,168	-	-	975,724
Unassigned	2,357,231	-	-	(1,149,554)	-	1,207,677	1,759,965	-	-	(222,089)	-	1,537,876
Total Fund Balances	\$ 2,380,369	\$ 26,950	\$ 750,786	\$ (1,149,554)	\$ 351,658	\$ 2,360,209	\$ 2,059,965	\$ 14,556	\$ 661,168	\$ (222,089)	\$ 367,641	\$ 2,881,241

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. The unreserved components of fund balance as also detailed 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.

Restricted

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

Assigned - Subsequent Year's Expenditures

At May 31, 2012, the Village Board has assigned the above amounts to be appropriated from the ensuing year's budget.

Unassigned

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

J. Joint Ventures

The Town of Mamaroneck and the Village of Larchmont participate in the Larchmont-Mamaroneck Joint Garbage Disposal Commission. The purpose of the joint venture is to provide incineration of garbage and refuse from the Village and the Town Garbage District.

The following is an audited summary of cash basis financial information included in the financial statements of the joint venture.

Balance Sheet Date - December 31, 2011:

Total Assets	\$	1,538,938
Net Assets		1,538,938
Total Revenues		3,924,198
Total Expenditures		3,773,358
Net Increase in Net Assets		150,840

The Village, together with the Town of Mamaroneck and the Village of Mamaroneck, formed the Tri-Municipal Larchmont-Mamaroneck Cable TV Board of Control. The Board was organized to administer the franchise agreement with UA-Columbia Cablevision of Westchester. The franchise fees received are used to operate three public cable-TV channels serving the community interests of Larchmont and Mamaroneck.

Note 3 - Detailed Notes on All Funds (Continued)

The following is an audited summary of financial information included in the financial statements of the joint venture.

Balance Sheet Date - December 31, 2011:

Total Assets	\$	133,078
Total Liabilities		4,495
Net Assets		128,853
Total Revenues		556,877
Total Expenses		530,172
Net Increase in Net Assets		26,705

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 the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year in which the payments are made.

B. Contingencies

In connection with a grant from Westchester County for park improvements, the Village is obligated to implement a workforce housing plan by May 31, 2012 to construct at a minimum 35 units of affordable housing, and to take ownership from the County of a portion of a County road within the Village boundaries by May 31, 2011.

The Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. 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 insurance coverages to reduce its exposure to loss. The Village maintains general liability insurance coverage with policy limits of \$2 million and law enforcement liability insurance coverage with policy limits of \$1 million. The public officials legal liability policy provides coverage up to \$1 million. In addition, the Village maintains an umbrella liability policy, which provides coverage up to \$20 million. The Village also purchases conventional workers' compensation and medical insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - Other Matters

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

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

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

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

VILLAGE OF LARCHMONT, NEW YORK

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2009	-	\$ 14,660,000	\$ 14,660,000	- %	8,500,000	172.47 %
June 1, 2010	-	15,330,000	15,330,000	-	8,390,000	182.72
June 1, 2011	-	19,010,000	19,010,000	-	8,140,000	233.54

VILLAGE OF LARCHMONT, NEW YORK

GENERAL FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash:		
Demand deposits	\$ 1,281,145	\$ 1,213,872
Petty cash	1,150	1,150
	<u>1,282,295</u>	<u>1,215,022</u>
Taxes Receivable	<u>10,043</u>	<u>20,977</u>
Other Receivables:		
Accounts	170,195	153,699
Due from State and Federal governments	192,872	66,658
Due from other governments	198,039	199,184
Due from other funds	<u>1,251,291</u>	<u>1,311,076</u>
	<u>1,812,397</u>	<u>1,730,617</u>
Prepaid Expenditures	<u>23,138</u>	<u>-</u>
Total Assets	<u>\$ 3,127,873</u>	<u>\$ 2,966,616</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 484,401	\$ 737,436
Due to other funds	21,619	1,800
Due to retirement systems	222,991	146,438
Deferred revenues	8,450	-
Deferred tax revenues	<u>10,043</u>	<u>20,977</u>
Total Liabilities	<u>747,504</u>	<u>906,651</u>
Fund Balance:		
Nonspendable	23,138	-
Assigned	-	300,000
Unassigned	<u>2,357,231</u>	<u>1,759,965</u>
Total Fund Balance	<u>2,380,369</u>	<u>2,059,965</u>
Total Liabilities and Fund Balance	<u>\$ 3,127,873</u>	<u>\$ 2,966,616</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	2012			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	\$ 12,013,155	\$ 12,013,155	\$ 12,040,681	\$ 27,526
Other tax items	20,000	20,000	24,350	4,350
Non-property taxes	950,000	950,000	880,018	(69,982)
Departmental income	1,152,200	1,152,200	1,271,820	119,620
Intergovernmental charges	94,500	94,500	80,795	(13,705)
Use of money and property	148,000	148,000	146,564	(1,436)
Licenses and permits	223,000	223,000	345,365	122,365
Fines and forfeitures	576,500	576,500	450,520	(125,980)
Sale of property and compensation for loss	5,000	5,000	7,687	2,687
State aid	340,762	340,762	388,520	47,758
Federal aid	-	-	98,644	98,644
Miscellaneous	50,000	50,000	56,819	6,819
Total Revenues	15,573,117	15,573,117	15,791,783	218,666
Expenditures:				
Current:				
General government support	2,238,783	2,238,783	2,195,558	43,225
Public safety	5,178,244	5,178,244	5,319,104	(140,860)
Health	40,000	40,000	40,000	-
Transportation	1,085,111	1,085,111	978,062	107,049
Culture and recreation	554,895	554,895	453,862	101,033
Home and community services	1,667,170	1,667,170	1,723,720	(56,550)
Employee benefits	3,623,478	3,623,478	3,369,003	254,475
Debt service:				
Principal	528,251	528,251	528,251	-
Interest	211,532	211,532	202,305	9,227
Total Expenditures	15,127,464	15,127,464	14,809,865	317,599
Excess of Revenues Over Expenditures	445,653	445,653	981,918	536,265
Other Financing Sources (Uses):				
Insurance recoveries	15,000	15,000	83,722	68,722
Transfers in	125,000	125,000	139,847	14,847
Transfers out	(885,653)	(888,472)	(885,083)	3,389
Total Other Financing Uses	(745,653)	(748,472)	(661,514)	86,958
Net Change in Fund Balance	(300,000)	(302,819)	320,404	623,223
Fund Balance - Beginning of Year	300,000	302,819	2,059,965	1,757,146
Fund Balance - End of Year	\$ -	\$ -	\$ 2,380,369	\$ 2,380,369

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 11,849,328	\$ 11,849,328	\$ 11,841,333	\$ (7,995)
20,000	20,000	21,277	1,277
875,000	875,000	937,561	62,561
815,860	815,860	1,182,080	366,220
89,500	89,500	101,464	11,964
148,500	148,500	152,184	3,684
203,350	203,350	169,109	(34,241)
576,500	576,500	486,269	(90,231)
5,000	5,000	9,806	4,806
343,558	343,558	377,916	34,358
-	-	97,128	97,128
50,000	50,000	69,539	19,539
<u>14,976,596</u>	<u>14,976,596</u>	<u>15,445,666</u>	<u>469,070</u>
2,272,728	2,272,728	2,261,706	11,022
5,295,485	5,295,485	5,664,199	(368,714)
40,000	40,000	40,000	-
1,058,904	1,058,904	1,019,880	39,024
485,969	485,969	465,608	20,361
1,751,185	1,751,185	1,709,309	41,876
3,030,115	3,030,115	3,086,635	(56,520)
484,740	484,740	484,740	-
255,360	255,360	255,073	287
<u>14,674,486</u>	<u>14,674,486</u>	<u>14,987,150</u>	<u>(312,664)</u>
<u>302,110</u>	<u>302,110</u>	<u>458,516</u>	<u>156,406</u>
15,000	15,000	89,820	74,820
215,500	215,500	236,440	20,940
(832,610)	(832,610)	(832,610)	-
<u>(602,110)</u>	<u>(602,110)</u>	<u>(506,350)</u>	<u>95,760</u>
(300,000)	(300,000)	(47,834)	252,166
300,000	300,000	2,107,799	1,807,799
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,059,965</u>	<u>\$ 2,059,965</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
REAL PROPERTY TAXES					
Real property taxes	\$ 11,973,935	\$ 11,973,935	\$ 12,001,463	\$ 27,528	\$ 11,801,033
Special assessment taxes	39,220	39,220	39,218	(2)	40,300
	<u>12,013,155</u>	<u>12,013,155</u>	<u>12,040,681</u>	<u>27,526</u>	<u>11,841,333</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	20,000	20,000	24,350	4,350	21,277
NON-PROPERTY TAXES					
Utilities gross receipts tax	100,000	100,000	101,046	1,046	113,654
Non-property tax distribution from County	850,000	850,000	778,972	(71,028)	823,907
	<u>950,000</u>	<u>950,000</u>	<u>880,018</u>	<u>(69,982)</u>	<u>937,561</u>
DEPARTMENTAL INCOME					
Clerk fees	500	500	733	233	1,190
Tax advertising charges	-	-	33	33	39
Other fees	2,500	2,500	3,075	575	3,400
Police fees	5,100	5,100	1,875	(3,225)	27,895
Fire department fees	19,000	19,000	20,341	1,341	19,710
Public works service charges	8,000	8,000	13,562	5,562	4,494
Parking lots and garages	300,000	300,000	338,719	38,719	323,052
Decal parking	200,000	200,000	216,795	16,795	220,395
On-street parking	308,000	308,000	322,025	14,025	282,415
Parks and recreation charges	-	-	550	550	410
Tennis fees	35,750	35,750	34,265	(1,485)	24,510
Day camp	135,850	135,850	100,243	(35,607)	120,875
Zoning fees	4,000	4,000	6,220	2,220	6,125
Planning fees	5,000	5,000	57,095	52,095	9,500
Field payments	125,000	125,000	153,959	28,959	135,620
Other fees	500	500	-	(500)	-
Emergency tenant protection fees	3,000	3,000	2,330	(670)	2,450
	<u>1,152,200</u>	<u>1,152,200</u>	<u>1,271,820</u>	<u>119,620</u>	<u>1,182,080</u>

INTERGOVERNMENTAL CHARGES

Police services for other governments	17,000	17,000	15,705	(1,295)	20,041
Snow removal for other governments	15,000	15,000	2,376	(12,624)	18,189
Services for other governments	62,500	62,500	62,714	214	63,234
	94,500	94,500	80,795	(13,705)	101,464

USE OF MONEY AND PROPERTY

Earnings on investments	35,000	35,000	19,907	(15,093)	28,856
Rental of real property	111,000	111,000	125,804	14,804	122,518
Commissions	2,000	2,000	853	(1,147)	810
	148,000	148,000	146,564	(1,436)	152,184

LICENSES AND PERMITS

Business and occupational licenses	6,000	6,000	6,280	280	5,540
Dog licenses	-	-	-	-	365
Permit fees	205,000	205,000	327,845	122,845	152,414
Alarm permits	5,000	5,000	5,140	140	4,990
Architectural review fees	7,000	7,000	6,100	(900)	5,800
	223,000	223,000	345,365	122,365	169,109

FINES AND FORFEITURES

Fines and forfeited bail	575,000	575,000	449,860	(125,140)	485,519
Other	1,500	1,500	660	(840)	750
	576,500	576,500	450,520	(125,980)	486,269

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of scrap and excess materials	5,000	5,000	7,052	2,052	8,188
Minor sales	-	-	635	635	1,618
	5,000	5,000	7,687	2,687	9,806

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VILLAGE OF LARCHMONT, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)

YEAR ENDED MAY 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
STATE AID					
Per capita	\$ 72,500	\$ 72,500	\$ 72,949	\$ 449	\$ 74,438
Mortgage tax	175,000	175,000	197,828	22,828	165,529
Youth programs	2,762	2,762	2,159	(603)	2,762
Public safety	-	-	-	-	1,375
Consolidated highway improvement aid	90,500	90,500	91,077	577	91,142
Other	-	-	-	-	10,149
Emergency disaster assistance	-	-	24,507	24,507	32,521
	<u>340,762</u>	<u>340,762</u>	<u>388,520</u>	<u>47,758</u>	<u>377,916</u>
FEDERAL AID					
Law enforcement block grant	-	-	25,000	25,000	-
Emergency disaster assistance	-	-	73,644	73,644	97,128
	<u>-</u>	<u>-</u>	<u>98,644</u>	<u>98,644</u>	<u>97,128</u>
MISCELLANEOUS					
Gifts and donations	-	-	50	50	-
Refund of prior year's expenditures	30,000	30,000	27,879	(2,121)	39,302
Medicare Part D reimbursement	20,000	20,000	28,890	8,890	30,237
	<u>50,000</u>	<u>50,000</u>	<u>56,819</u>	<u>6,819</u>	<u>69,539</u>
TOTAL REVENUES	<u>15,573,117</u>	<u>15,573,117</u>	<u>15,791,783</u>	<u>218,666</u>	<u>15,445,666</u>
OTHER FINANCING SOURCES					
Insurance recoveries	15,000	15,000	83,722	68,722	89,820
Transfers in:					
Water Fund	120,000	120,000	120,000	-	120,000
Public Library Fund	5,000	5,000	1,394	(3,606)	96,440
Special Purpose Fund	-	-	18,453	18,453	20,000
	<u>140,000</u>	<u>140,000</u>	<u>223,569</u>	<u>83,569</u>	<u>326,260</u>
TOTAL OTHER FINANCING SOURCES					
			<u>16,015,352</u>	<u>302,235</u>	<u>15,771,926</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 15,713,117</u>	<u>\$ 15,713,117</u>	<u>\$ 16,015,352</u>	<u>\$ 302,235</u>	<u>\$ 15,771,926</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 5,700	\$ 5,700	\$ 5,524	\$ 176	\$ 13,501
Justice	199,649	199,649	206,824	(7,175)	204,192
Treasurer	167,880	167,880	164,880	3,000	159,901
Budget	21,248	21,248	18,305	2,943	18,142
Purchasing	2,050	2,050	453	1,597	1,172
Assessor	26,200	26,200	23,332	2,868	26,191
Clerk	150,210	150,210	144,039	6,171	143,284
Law	80,350	80,350	90,655	(10,305)	102,076
Personnel	84,205	84,205	75,620	8,585	99,217
Engineer	107,645	107,645	45,676	61,969	47,698
Elections	10,900	10,900	5,149	5,751	6,796
Buildings	143,521	143,521	124,086	19,435	196,096
Village Center	15,200	15,200	10,552	4,648	12,933
Central garage	342,226	342,226	339,834	2,392	329,609
Central communications system	67,150	67,150	59,416	7,734	59,422
Central printing and mailing	36,750	36,750	27,789	8,961	26,059
Central data processing	199,000	199,000	146,244	52,756	197,822
Unallocated insurance	241,500	241,500	219,820	21,680	231,354
Municipal association dues	3,300	3,300	2,840	460	2,840
Judgments and claims	10,000	10,000	5,177	4,823	13,614
Taxes and assessments on Village property	40,000	40,000	70,592	(30,592)	53,982
Refunds of real property taxes	150,000	150,000	387,236	(237,236)	291,190
Metropolitan commuter transportation mobility tax	23,883	23,883	21,515	2,368	24,615
Contingency	110,216	110,216	-	110,216	-
	<u>2,238,783</u>	<u>2,238,783</u>	<u>2,195,558</u>	<u>43,225</u>	<u>2,261,706</u>

PUBLIC SAFETY

Police	3,439,923	3,439,923	3,372,603	67,320	3,613,020
Traffic control	20,450	20,450	17,497	2,953	15,038
Fire department	1,606,729	1,606,729	1,818,742	(212,013)	1,934,518
Control of dogs	16,600	16,600	18,010	(1,410)	16,778
Safety inspection	94,542	94,542	92,252	2,290	84,845
	<u>5,178,244</u>	<u>5,178,244</u>	<u>5,319,104</u>	<u>(140,860)</u>	<u>5,664,199</u>

HEALTH

Community Counseling Center	40,000	40,000	40,000	-	40,000
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TRANSPORTATION

Street administration	103,151	103,151	101,590	1,561	104,718
Street maintenance	577,219	577,219	573,633	3,586	545,990
Snow removal	110,500	110,500	8,845	101,655	96,038
Street lighting	185,591	185,591	183,153	2,438	175,078
Sidewalk maintenance	30,500	30,500	33,647	(3,147)	28,071
Off-street parking	78,150	78,150	77,194	956	69,985
	<u>1,085,111</u>	<u>1,085,111</u>	<u>978,062</u>	<u>107,049</u>	<u>1,019,880</u>

CULTURE AND RECREATION

Parks	299,482	299,482	264,643	34,839	263,280
Playgrounds and recreation	95,500	95,500	72,109	23,391	86,261
Band concerts	5,350	5,350	1,999	3,351	2,504
Celebrations	7,000	7,000	5,854	1,146	3,978
Youth programs	147,563	147,563	109,257	38,306	109,585
	<u>554,895</u>	<u>554,895</u>	<u>453,862</u>	<u>101,033</u>	<u>465,608</u>

(Continued)

VILLAGE OF LARCHMONT, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
HOME AND COMMUNITY SERVICES					
Zoning	\$ 5,000	\$ 5,000	\$ 3,704	\$ 1,296	\$ 3,188
Board of Architectural Review	2,150	2,150	1,341	809	1,595
Planning	6,150	6,150	48,108	(41,958)	8,653
Sanitary sewers	13,000	13,000	9,057	3,943	11,805
Storm sewers	10,600	10,600	5,511	5,089	3,187
Refuse and garbage	1,427,192	1,427,192	1,442,652	(15,460)	1,456,616
Community beautification	81,500	81,500	111,137	(29,637)	132,045
Street cleaning	79,878	79,878	75,386	4,492	71,949
Shade trees	36,200	36,200	21,904	14,296	15,041
Emergency tenant protection fees	3,000	3,000	2,420	580	2,730
Exhibits and receptions	2,500	2,500	2,500	-	2,500
	<u>1,667,170</u>	<u>1,667,170</u>	<u>1,723,720</u>	<u>(56,550)</u>	<u>1,709,309</u>
EMPLOYEE BENEFITS					
State retirement	359,017	359,017	360,046	(1,029)	233,135
State retirement - Police and fire	965,018	965,018	949,256	15,762	848,755
Social security	537,373	537,373	470,266	67,107	502,466
Workers' compensation benefits	268,933	268,933	261,990	6,943	229,757
Life insurance	1,700	1,700	1,370	330	1,305
Unemployment benefits	13,000	13,000	2,819	10,181	13,476
Hospital, medical and dental insurance	1,478,437	1,478,437	1,323,256	155,181	1,257,741
	<u>3,623,478</u>	<u>3,623,478</u>	<u>3,369,003</u>	<u>254,475</u>	<u>3,086,635</u>

DEBT SERVICE

Principal:

Serial bonds	511,341	511,341	511,341	511,341	-	468,242
New York State loan	16,910	16,910	16,910	16,910	-	16,498
	<u>528,251</u>	<u>528,251</u>	<u>528,251</u>	<u>528,251</u>	<u>-</u>	<u>484,740</u>
Interest:						
Serial bonds	187,846	187,846	187,846	187,846	-	242,589
New York State loan	2,359	2,359	2,359	2,359	-	2,771
Bond anticipation notes	21,327	21,327	21,100	12,100	9,227	9,713
	<u>211,532</u>	<u>211,532</u>	<u>202,305</u>	<u>202,305</u>	<u>9,227</u>	<u>255,073</u>
TOTAL EXPENDITURES	<u>15,127,464</u>	<u>15,127,464</u>	<u>14,809,865</u>	<u>14,809,865</u>	<u>317,599</u>	<u>14,987,150</u>

OTHER FINANCING USES

Transfers out:						
Water Fund	2,000	2,000	2,000	2,000	-	2,000
Capital Projects Fund	68,889	71,708	68,319	68,319	3,389	15,000
Public Library Fund	814,764	814,764	814,764	814,764	-	815,610
	<u>885,653</u>	<u>888,472</u>	<u>885,083</u>	<u>885,083</u>	<u>3,389</u>	<u>832,610</u>
TOTAL OTHER FINANCING USES						
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 16,013,117</u>	<u>\$ 16,015,936</u>	<u>\$ 15,694,948</u>	<u>\$ 15,694,948</u>	<u>\$ 320,988</u>	<u>\$ 15,819,760</u>

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VILLAGE OF LARCHMONT, NEW YORK

WATER FUND
 COMPARATIVE BALANCE SHEET
 MAY 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 353,598	\$ 355,736
Receivables:		
Accounts	150	185
Water rents	577,545	584,488
Due from other funds	49,181	104
	<u>626,876</u>	<u>584,777</u>
Prepaid Expenditures	<u>1,723</u>	<u>-</u>
Total Assets	<u>\$ 982,197</u>	<u>\$ 940,513</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 141,896	\$ 147,203
Due to other funds	807,163	772,566
Due to retirement systems	6,188	6,188
Total Liabilities	<u>955,247</u>	<u>925,957</u>
Fund Balance:		
Nonspenable	1,723	-
Assigned	<u>25,227</u>	<u>14,556</u>
Total Fund Balance	<u>26,950</u>	<u>14,556</u>
Total Liabilities and Fund Balance	<u>\$ 982,197</u>	<u>\$ 940,513</u>

VILLAGE OF LARCHMONT, NEW YORK

WATER FUND

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 1,973,838	\$ 1,973,838	\$ 1,836,555	\$ (137,283)
Use of money and property	750	750	727	(23)
Miscellaneous	-	-	7,190	7,190
Total Revenues	<u>1,974,588</u>	<u>1,974,588</u>	<u>1,844,472</u>	<u>(130,116)</u>
Expenditures:				
Current:				
General government support	104,861	104,861	88,498	16,363
Home and community services	1,434,315	1,434,315	1,371,883	62,432
Employee benefits	220,674	220,674	217,387	3,287
Debt service:				
Principal	59,659	59,659	43,659	16,000
Interest	27,041	27,041	24,728	2,313
Total Expenditures	<u>1,846,550</u>	<u>1,846,550</u>	<u>1,746,155</u>	<u>100,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>128,038</u>	<u>128,038</u>	<u>98,317</u>	<u>(29,721)</u>
Other Financing Sources (Uses):				
Transfers in	61,000	61,000	49,077	(11,923)
Transfers out	(135,000)	(135,000)	(135,000)	-
Total Other Financing Uses	<u>(74,000)</u>	<u>(74,000)</u>	<u>(85,923)</u>	<u>(11,923)</u>
Net Change in Fund Balance	54,038	54,038	12,394	(41,644)
Fund Balance (Deficit) - Beginning of Year	<u>(54,038)</u>	<u>(54,038)</u>	<u>14,556</u>	<u>68,594</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,950</u>	<u>\$ 26,950</u>

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,519,679	\$ 1,519,679	\$ 1,770,396	\$ 250,717
750	750	664	(86)
-	-	2,024	2,024
<u>1,520,429</u>	<u>1,520,429</u>	<u>1,773,084</u>	<u>252,655</u>
154,070	154,070	130,177	23,893
1,280,769	1,280,769	1,461,735	(180,966)
178,536	178,536	186,507	(7,971)
35,033	35,033	35,033	-
39,144	39,144	38,978	166
<u>1,687,552</u>	<u>1,687,552</u>	<u>1,852,430</u>	<u>(164,878)</u>
<u>(167,123)</u>	<u>(167,123)</u>	<u>(79,346)</u>	<u>87,777</u>
2,000	2,000	2,000	-
(135,000)	(135,000)	(135,000)	-
<u>(133,000)</u>	<u>(133,000)</u>	<u>(133,000)</u>	<u>-</u>
(300,123)	(300,123)	(212,346)	87,777
<u>300,123</u>	<u>300,123</u>	<u>226,902</u>	<u>(73,221)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,556</u>	<u>\$ 14,556</u>

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VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 779,853	\$ 810,152
Petty cash	100	100
	<u>779,953</u>	<u>810,252</u>
Due from Other Funds	54,349	43,515
Prepaid Expenditures	<u>3,384</u>	<u>-</u>
Total Assets	<u>\$ 837,686</u>	<u>\$ 853,767</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 6,625	\$ 64,488
Due to other funds	58,593	106,429
Due to retirement systems	<u>21,682</u>	<u>21,682</u>
Total Liabilities	<u>86,900</u>	<u>192,599</u>
Fund Balance:		
Nonspendable	3,384	-
Assigned	<u>747,402</u>	<u>661,168</u>
Total Fund Balance	<u>750,786</u>	<u>661,168</u>
Total Liabilities and Fund Balance	<u>\$ 837,686</u>	<u>\$ 853,767</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 1,180,150	\$ 1,180,150	\$ 1,170,559	\$ (9,591)
Use of money and property	1,000	1,000	756	(244)
Sale of property and compensation for loss	8,350	8,350	9,975	1,625
State aid	4,239	4,239	4,275	36
Miscellaneous	6,500	6,500	19,226	12,726
Total Revenues	1,200,239	1,200,239	1,204,791	4,552
Expenditures -				
Current:				
General government support	39,784	39,784	31,158	8,626
Culture and recreation	1,499,432	1,530,566	1,386,566	144,000
Employee benefits	557,787	557,787	491,953	65,834
Total Expenditures	2,097,003	2,128,137	1,909,677	218,460
Deficiency of Revenues Over Expenditures	(896,764)	(927,898)	(704,886)	223,012
Other Financing Sources (Uses):				
Transfers in	814,764	845,898	845,898	-
Transfers out	(55,000)	(55,000)	(51,394)	3,606
Total Other Financing Sources	759,764	790,898	794,504	3,606
Net Change in Fund Balance	(137,000)	(137,000)	89,618	226,618
Fund Balance - Beginning of Year	137,000	137,000	661,168	524,168
Fund Balance - End of Year	\$ -	\$ -	\$ 750,786	\$ 750,786

2011

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,182,318	\$ 1,182,318	\$ 1,179,706	\$ (2,612)
800	800	822	22
11,650	11,650	7,210	(4,440)
4,626	4,626	4,519	(107)
5,500	5,500	17,441	11,941
<u>1,204,894</u>	<u>1,204,894</u>	<u>1,209,698</u>	<u>4,804</u>
38,456	38,456	28,268	10,188
1,405,967	1,425,967	1,299,587	126,380
433,691	433,691	427,702	5,989
<u>1,878,114</u>	<u>1,898,114</u>	<u>1,755,557</u>	<u>142,557</u>
<u>(673,220)</u>	<u>(693,220)</u>	<u>(545,859)</u>	<u>147,361</u>
815,610	815,610	815,610	-
(142,390)	(392,390)	(396,440)	(4,050)
<u>673,220</u>	<u>423,220</u>	<u>419,170</u>	<u>(4,050)</u>
-	(270,000)	(126,689)	143,311
-	270,000	787,857	517,857
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,168</u>	<u>\$ 661,168</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
DEPARTMENTAL INCOME					
Library charges	\$ 55,000	\$ 55,000	\$ 45,409	\$ (9,591)	\$ 53,388
Services - Other governments	1,125,150	1,125,150	1,125,150	-	1,126,318
	<u>1,180,150</u>	<u>1,180,150</u>	<u>1,170,559</u>	<u>(9,591)</u>	<u>1,179,706</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	1,000	1,000	756	(244)	822
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Minor sales	4,500	4,500	3,755	(745)	3,647
Sale of materials and supplies	3,850	3,850	6,220	2,370	3,563
	<u>8,350</u>	<u>8,350</u>	<u>9,975</u>	<u>1,625</u>	<u>7,210</u>
STATE AID					
Library aid	4,239	4,239	4,275	36	4,519
MISCELLANEOUS					
Gifts and donations	6,500	6,500	4,564	(1,936)	9,887
Medicare part D reimbursement	-	-	14,662	14,662	7,554
	<u>6,500</u>	<u>6,500</u>	<u>19,226</u>	<u>12,726</u>	<u>17,441</u>
TOTAL REVENUES	<u>1,200,239</u>	<u>1,200,239</u>	<u>1,204,791</u>	<u>4,552</u>	<u>1,209,698</u>

OTHER FINANCING SOURCES

Transfers in:						
General Fund	814,764	814,764	814,764	-	815,610	
Special Purpose Fund	-	31,134	31,134	-	-	
	<u>814,764</u>	<u>845,898</u>	<u>845,898</u>	<u>-</u>	<u>815,610</u>	
TOTAL OTHER FINANCING USES						
	<u>\$ 2,015,003</u>	<u>\$ 2,046,137</u>	<u>\$ 2,050,689</u>	<u>\$ 4,552</u>	<u>\$ 2,025,308</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES						

VILLAGE OF LARCHMONT, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2011 Actual
GENERAL GOVERNMENT SUPPORT					
Unallocated insurance	\$ 23,000	\$ 23,000	\$ 21,885	\$ 1,115	\$ 22,029
Taxes and assessments on Village property	2,850	2,850	5,824	(2,974)	2,986
Metropolitan commuter transportation mobility tax	3,934	3,934	3,449	485	3,253
Contingency	10,000	10,000	-	10,000	-
	39,784	39,784	31,158	8,626	28,268
CULTURE AND RECREATION					
Library operations	1,499,432	1,530,566	1,386,566	144,000	1,299,587
EMPLOYEE BENEFITS					
State retirement	164,955	164,955	137,884	27,071	109,030
Social security	88,505	88,505	77,727	10,778	73,237
Workers' compensation benefits	5,000	5,000	4,877	123	5,264
Disability insurance	1,821	1,821	-	1,821	-
Hospital, medical and dental insurance	297,506	297,506	271,465	26,041	240,171
	557,787	557,787	491,953	65,834	427,702
TOTAL EXPENDITURES	2,097,003	2,128,137	1,909,677	218,460	1,755,557

OTHER FINANCING USES

Transfers out:

General Fund	5,000	5,000	1,394	3,606	96,440
Capital Projects Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-	<u>300,000</u>
TOTAL OTHER FINANCING USES	<u>55,000</u>	<u>55,000</u>	<u>51,394</u>	<u>3,606</u>	<u>396,440</u>

TOTAL EXPENDITURES AND
OTHER FINANCING USES

	<u>\$ 2,152,003</u>	<u>\$ 2,183,137</u>	<u>\$ 1,961,071</u>	<u>\$ 222,066</u>	<u>\$ 2,151,997</u>
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VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash -		
Demand deposits	\$ 916,934	\$ 1,253,948
Receivables:		
Due from State and Federal governments	-	507,492
Due from other funds	84,619	1,800
	<u>84,619</u>	<u>509,292</u>
 Total Assets	 <u>\$ 1,001,553</u>	 <u>\$ 1,763,240</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 134,448	\$ 251,730
Due to other funds	196,659	148,099
Bond anticipation notes payable	1,820,000	1,585,500
	<u>2,151,107</u>	<u>1,985,329</u>
 Fund Deficit - Unassigned	 <u>(1,149,554)</u>	 <u>(222,089)</u>
 Total Liabilities and Fund Deficit	 <u>\$ 1,001,553</u>	 <u>\$ 1,763,240</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
Revenues:		
Use of money and property	\$ 384	\$ 1,076
State aid	6,374	309,352
Federal aid	47,786	599,584
Miscellaneous	-	460,088
Total Revenues	<u>54,544</u>	<u>1,370,100</u>
Expenditures - Capital outlay	<u>1,068,251</u>	<u>1,761,400</u>
Deficiency of Revenues Over Expenditures	<u>(1,013,707)</u>	<u>(391,300)</u>
Other Financing Sources (Uses):		
Transfers in	133,319	330,000
Transfers out	<u>(47,077)</u>	<u>-</u>
Total Other Financing Sources	<u>86,242</u>	<u>330,000</u>
Net Change in Fund Balance	(927,465)	(61,300)
Fund Deficit - Beginning of Year	<u>(222,089)</u>	<u>(160,789)</u>
Fund Deficit - End of Year	<u>\$ (1,149,554)</u>	<u>\$ (222,089)</u>

VILLAGE OF LARCHMONT, NEW YORK
 CAPITAL PROJECTS FUND
 PROJECT-LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH MAY 31, 2012

<u>PROJECT</u>	<u>Authorization</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Technology Budget	\$ 844,856	\$ 528,257	\$ 316,599
Purchase of Garbage Truck	107,500	105,451	2,049
Purchase of Firefighting Equipment	44,643	44,158	485
Reservoir/Caretaker	22,568	56,557	(33,989)
Purchase of Garbage Truck	200,000	184,033	15,967
Purchase of Garbage Truck	300,000	278,459	21,541
DPW Machinery and Equipment	130,313	123,179	7,134
Pine Broom Pump Control Replacement	29,623	25,840	3,783
DPW Building Improvement	25,564	26,085	(521)
Leak Detection Equipment	14,500	11,516	2,984
Fire Department Apparatus Floor	85,000	63,512	21,488
Purchase of Elgin Sweeper	76,000	75,646	354
Village Yard Reconstruction	300,500	293,642	6,858
Purchase of Parking Meters	151,833	152,069	(236)
Library Maintenance Program	1,161,066	996,955	164,111
Reconstruction of Village Hall	1,819,669	1,819,659	10
Purchase of Library Computers	118,745	84,552	34,193
Flint Park Expansion and Improvement	5,368,302	5,312,711	55,591
Village Hall Heating System	100,000	77,936	22,064
Streetscape Improvement	1,020,000	1,052,706	(32,706)
Garbage Truck	145,000	141,502	3,498
Purchase of Payloader	116,000	116,461	(461)
Garbage Truck - 2005	155,000	154,428	572
Reconstruction of Storm Sewers	140,000	108,355	31,645
Storm Water Clean-up	551,000	550,746	254
Reconstruction of Streets and Roads	49,000	1,262	47,738
Public Safety - Fire House Renovations	112,500	110,658	1,842
Burchell Project	3,458,597	3,255,125	203,472
American LaFrance Fire Pumper	555,000	554,454	546
Ten Wheeler Dump Truck	145,000	146,540	(1,540)
Chatsworth Avenue Main Replacement	550,000	502,922	47,078
Purchase of Garbage Truck	180,000	177,826	2,174
Reservoir/Flood	543,204	529,541	13,663
ELSAG NA Law Enforcement	19,999	19,712	287
Palmer Avenue Streetscape	855,000	189,984	665,016
Purchase of Garbage Truck	180,000	175,569	4,431
Lorenzen Park Development	600,000	124,245	475,755
Tennis Courts at Flint Park	251,225	327,586	(76,361)
Westchester Joint Water Works Modifications	125,000	114,889	10,111
Tunnel at Train Station	50,000	50,154	(154)
DPW Machinery and Equipment	262,922	259,979	2,943
Village Hall Maintenance and Improvement	180,000	44,034	135,966
Sherwood Pump Station Pipe	-	851	(851)
Going Green	14,112	14,112	-
Parking Paystation	200,000	115,227	84,773
Totals	<u>\$ 21,359,241</u>	<u>\$ 19,099,085</u>	<u>\$ 2,260,156</u>

Methods of Financing					Fund Balance (Deficit) at May 31, 2012	Bond Anticipation Notes Outstanding at May 31, 2012
Proceeds of Obligations	Transfers	State and Federal Aid	Other	Totals		
\$ 75,000	\$ 610,500	\$ 27,355	\$ -	\$ 712,855	\$ 184,598	\$ -
107,500	-	-	-	107,500	2,049	-
-	-	43,995	648	44,643	485	-
-	-	-	22,568	22,568	(33,989)	-
-	-	-	-	-	(184,033)	200,000
-	-	-	-	-	(278,459)	300,000
-	-	-	-	-	(123,179)	130,313
-	-	-	-	-	(25,840)	29,623
-	-	-	-	-	(26,085)	25,564
-	-	-	-	-	(11,516)	14,500
-	-	-	-	-	(63,512)	85,000
76,000	-	-	-	76,000	354	-
200,000	100,500	-	-	300,500	6,858	-
150,000	1,833	-	-	151,833	(236)	-
250,000	737,292	77,016	96,758	1,161,066	164,111	-
1,627,505	18,964	173,200	-	1,819,669	10	-
-	118,745	-	-	118,745	34,193	-
1,600,000	3,100	300,375	3,464,827	5,368,302	55,591	-
100,000	-	-	-	100,000	22,064	-
770,000	-	250,000	-	1,020,000	(32,706)	-
145,000	-	-	-	145,000	3,498	-
116,000	-	-	-	116,000	(461)	-
155,000	-	-	-	155,000	572	-
140,000	-	-	-	140,000	31,645	-
260,000	-	291,000	-	551,000	254	-
49,000	-	-	-	49,000	47,738	-
-	-	112,500	-	112,500	1,842	-
470,942	-	429,446	2,258,209	3,158,597	(96,528)	300,000
78,000	16,000	-	-	94,000	(460,454)	461,000
111,000	34,000	-	-	145,000	(1,540)	-
550,000	-	-	-	550,000	47,078	-
171,000	9,000	-	-	180,000	2,174	-
-	-	512,007	31,197	543,204	13,663	-
-	-	19,999	-	19,999	287	-
-	-	-	291	291	(189,693)	-
-	9,000	-	-	9,000	(166,569)	171,000
-	-	-	-	-	(124,245)	-
-	-	-	251,225	251,225	(76,361)	-
125,000	-	-	-	125,000	10,111	-
-	50,000	-	-	50,000	(154)	-
226,275	2,500	-	8,147	236,922	(23,057)	26,000
180,000	-	-	-	180,000	135,966	-
-	-	-	-	-	(851)	-
-	2,819	-	8,293	11,112	(3,000)	-
-	123,000	-	-	123,000	7,773	77,000
<u>\$ 7,733,222</u>	<u>\$ 1,837,253</u>	<u>\$ 2,236,893</u>	<u>\$ 6,142,163</u>	<u>\$ 17,949,531</u>	<u>\$ (1,149,554)</u>	<u>\$ 1,820,000</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	<u>Special Purpose Fund</u>	<u>Debt Service Fund</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 694,099	\$ 17,498
Due from Other Funds	-	196,659
Total Assets	<u>\$ 694,099</u>	<u>\$ 214,157</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ 362,685	\$ 189,380
Bond interest and matured bonds payable	-	4,533
Total Liabilities	362,685	193,913
Fund Balances - Restricted	<u>331,414</u>	<u>20,244</u>
Total Liabilities and Fund Balances	<u>\$ 694,099</u>	<u>\$ 214,157</u>

Total Non-Major
Governmental Funds

<u>2012</u>	<u>2011</u>
\$ 711,597	\$ 699,775
<u>196,659</u>	<u>148,099</u>
<u>\$ 908,256</u>	<u>\$ 847,874</u>

\$ 552,065	\$ 475,700
<u>4,533</u>	<u>4,533</u>
556,598	480,233
<u>351,658</u>	<u>367,641</u>
<u>\$ 908,256</u>	<u>\$ 847,874</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	Special Purpose Fund	Debt Service Fund
Revenues:		
Use of money and property	\$ 1,061	\$ 1,505
Miscellaneous	265,038	-
Total Revenues	<u>266,099</u>	<u>1,505</u>
Expenditures -		
Current:		
Culture and recreation	223,272	-
Home and community services	10,728	-
Total Expenditures	<u>234,000</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>32,099</u>	<u>1,505</u>
Other Financing Sources (Uses):		
Transfers in	-	47,077
Transfers out	(49,587)	(47,077)
Total Other Financing Uses	<u>(49,587)</u>	<u>-</u>
Net Change in Fund Balances	(17,488)	1,505
Fund Balances - Beginning of Year	<u>348,902</u>	<u>18,739</u>
Fund Balances - End of Year	<u>\$ 331,414</u>	<u>\$ 20,244</u>

Total Non-Major
Governmental Funds

	2012		2011
\$	2,566	\$	3,323
	265,038		34,597
	267,604		37,920
	223,272		9,912
	10,728		2,723
	234,000		12,635
	33,604		25,285
	47,077		-
	(96,664)		(20,000)
	(49,587)		(20,000)
	(15,983)		5,285
	367,641		362,356
\$	351,658	\$	367,641

VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	<u>\$ 694,099</u>	<u>\$ 682,299</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities -		
Due to other funds	\$ 362,685	\$ 333,397
Fund Balance - Restricted	<u>331,414</u>	<u>348,902</u>
Total Liabilities and Fund Balance	<u>\$ 694,099</u>	<u>\$ 682,299</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
Revenues:		
Use of money and property	\$ 1,061	\$ 1,349
Miscellaneous	<u>265,038</u>	<u>34,597</u>
Total Revenues	<u>266,099</u>	<u>35,946</u>
Expenditures - Current:		
Culture and recreation	223,272	9,912
Home and community services	<u>10,728</u>	<u>2,723</u>
Total Expenditures	<u>234,000</u>	<u>12,635</u>
Excess of Revenues Over Expenditures	32,099	23,311
Other Financing Uses -		
Transfers out	<u>(49,587)</u>	<u>(20,000)</u>
Net Change in Fund Balance	(17,488)	3,311
Fund Balance - Beginning of Year	<u>348,902</u>	<u>345,591</u>
Fund Balance - End of Year	<u>\$ 331,414</u>	<u>\$ 348,902</u>

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VILLAGE OF LARCHMONT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 16,170	\$ 16,148
Cash with fiscal agent	1,328	1,328
	<u>17,498</u>	<u>17,476</u>
Due from Other Funds	196,659	148,099
	<u>196,659</u>	<u>148,099</u>
Total Assets	<u>\$ 214,157</u>	<u>\$ 165,575</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	\$ 189,380	\$ 142,303
Bond interest and matured bonds payable	4,533	4,533
	<u>193,913</u>	<u>146,836</u>
Total Liabilities	193,913	146,836
Fund Balance - Restricted	<u>20,244</u>	<u>18,739</u>
Total Liabilities and Fund Balance	<u>\$ 214,157</u>	<u>\$ 165,575</u>

VILLAGE OF LARCHMONT, NEW YORK

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

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,505	\$ 1,505
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	1,505	1,505
Other Financing Sources (Uses):				
Transfers in	59,000	59,000	47,077	(11,923)
Transfers out	(59,000)	(59,000)	(47,077)	11,923
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	-	-	1,505	1,505
Fund Balance - Beginning of Year	-	-	18,739	18,739
Fund Balance - End of Year	\$ -	\$ -	\$ 20,244	\$ 20,244

2011

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ 1,974	\$ 1,974
-	-	-	-
-	-	1,974	1,974
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,974	1,974
-	-	16,765	16,765
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,739</u>	<u>\$ 18,739</u>

