

Village of Larchmont, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2015

Village of Larchmont, New York

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Independent Auditors' Report

**The Honorable Mayor and Village Board
of the Village of Larchmont, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Larchmont, New York ("Village") as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2015, 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 accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 1, 2015

Village of Larchmont, New York

Management's Discussion and Analysis (MD&A)
May 31, 2015

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, 2015. 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.

Financial Highlights

- ❖ On the government-wide financial statements, the assets of the Village exceeded its liabilities at the close of the fiscal year 2014-15 by \$5,113,600. At May 31, 2014, assets exceeded liabilities by \$4,995,963. This is an increase in net position of \$117,637. Providing the impetus of the overall increase in net position was the positive impact attributable to Capital Assets and Bonds Payable which contributed \$831,237 and \$710,168, respectively. Other Post-Employment Benefits (OPEB) obligations increased by \$1,350,000, thereby contributing negatively during the course of the current fiscal year, and substantially offsetting any improvement in the Village's overall net position. In addition, the level of combined fund balances as of the fiscal year-end contributed negatively as the general impact of this balance sheet item reversed itself by \$67,456 when compared to the year earlier period. Following in a similar and offsetting fashion in net position, Accrued Interest Payable and New York State Loans Payable improved by \$30,668 and \$18,211, respectively, while compensated absences made a negative contribution of \$37,312.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,458,368. Exclusive of the Capital Projects Fund, the combined ending fund balance was \$4,149,361. Of this amount, the unassigned portion of the combined fund balance was \$2,757,711, 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 \$2,944,778 (100%), inclusive of any further adjustments or provisions for deficits that may have occurred in other funds, specifically the Water Fund, which had an unassigned fiscal year ending fund balance of negative \$187,067. Overall, the Village's combined ending fund balance decreased by a paltry \$67,456 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. As stated previously the overall increase in fund balance within the current fiscal year 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 recognized as a source of funding only and immediately upon conversion to long-term, permanent financing. This difference in the treatment and recognition of long-term debt as a source of revenue as contrasted with the lack of recognition for short-term debt may directly influence the creation of a positive or deficit fund balance within the Capital Fund in a given year. During the course of the fiscal year 2014-15, the Village issued Bond Anticipation Notes (BANs) in support of capital project

expenditure activities occurring within the Capital Fund in the aggregate amount of \$1,325,000. As a result and consistent with the accounting practice as alluded to previously, growth of the fund balance within the Capital Fund was limited by a similar amount predicated on this technical factor.

- ❖ For the 2014-15 Fiscal Year the General Fund experienced an increase in fund balance of \$420,233. The Water Fund, continued to experience severe repetitive losses due to sustained leaks within the water distribution system's infrastructure during the winter season and as a result, was unable to gain any positive advancement, and retreated from its positive fund balance territory in the year earlier period to a negative fund balance of \$183,091, which represents a decrease of \$225,262. The cost associated with leaks during the winter months, aggregating a conservative approximation of \$286,362, was once again unmitigated in its extent for fiscal year 2014-15 and overall adversely impacted the finances of the Water Fund as compared to the previous fiscal year where similar costs equaled approximately \$107,600. These numbers are representative of comparable to similar type losses of approximately \$138,000 and \$168,550 occurring in fiscal years 2012-13 and 2010-2011, respectively. The Library's fund balance was virtually unchanged and increased by a paltry \$3,924 to \$679,361, while the Capital Fund decreased marginally by \$252,281 to a fund balance level of \$309,007 and was mainly influenced by a technical accounting practice related to revenue recognition concerning various forms of debt. The combined effect of the Special Purpose and Debt Service Funds contributed on a net basis both negatively and negligibly toward combined ending fund balance as a decrease of \$14,647 and an increase of \$577 were realized, respectively, or on a combined basis negative \$14,070.

The increase in fund balance within the General Fund is primarily attributable to the positive variances occurring within the following revenue accounts when actual results are compared to budgetary expectations: Departmental Income, \$125,925, Licenses and Permits, \$80,483, State Aid, \$77,234, and Federal Aid, \$52,228. In addition, the beneficial results as referenced above were supported by improved or positive variances produced within various other revenue items such as Fines & Forfeitures which continued to disappoint optimistic expectations in the aggregate, however only marginally, as it generated an insignificant negative but improved variance of \$19,001 as compared to previous years, Non-Property Taxes, which contributed a positive variance of \$13,798 and buttressed further by the Fund's overall ability to compensate for the amount of fund balance appropriated which was equivalent to \$150,000. In addition, from a cost perspective overall expenses were basically in-line with or better than budgeted expenditures as a positive variance of \$264,454 was realized. This positive variance was primarily attributable to the cost savings derived from the consultant expense line within the Engineer's Department which expended only \$11,836 of a budgeted amount of \$100,000, the Clerk's Department Salary Lines which expended only \$86,577 of a budgeted amount of \$144,535, Refund of Real Property Taxes which expended only \$131,901 of a budgeted amount of \$200,000 and a cost savings derived from overall benefit costs which contributed a positive variance of \$288,73, mainly influenced by budgeted and unfilled positions caused by natural attrition, and more specifically, retirement system reconciliation credits which were adjustments for prior periods. The fund balance within the Water Fund decreased to negative \$183,091 which was directly related to and adversely influenced by losses incurred as a result of severe repetitive leaks occurring within the infrastructure of the water distribution system, aggregating approximately \$286,362, and precluded any further traction towards ameliorating this weakened fund balance condition. As stated previously, the Library's fund balance increased marginally by approximately \$3,924 and was mainly static at \$679,361. Cost savings derived from employee salaries of \$31,670 and employee

benefits of \$89,639, when compared to budget was due mainly to unfilled, budgeted positions occurring at various times throughout the fiscal year, the direct result of natural attrition, and contributed positively in compensating for and offsetting the effects of an appropriated fund balance amount of \$90,000, thus, precluding any deterioration in the fund balance position within the Library Fund.

- ❖ At the end of the fiscal years 2015 and 2014, total fund balances for the General Fund were \$3,328,758 and \$2,908,525 as adjusted, respectively, or 19.5% and 17.2% 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 state loans. Outstanding principal on long-term debt in the form of serial bonds (\$6,145,000) and state loans (\$24,128) aggregated \$6,169,128. In the aggregate, retirement of the principal on long-term debt obligations, bonds (\$686,708) and notes (\$18,211) payable, in meeting debt service requirements decreased the outstanding principal on both serial bonds and state loans by \$704,919. In addition, over the course of the current fiscal year compensated absences increased marginally by a net amount of \$37,312 as compared to a net decrease of \$15,434 for the previous fiscal year. This increase in the associated costs of compensated absences can most likely be attributed to the benefit derived in the current fiscal year experienced in the form of natural attrition in the Public Safety Sector through a service retirement, and was directly offset and outsized by the accrual of sick days within this same sector, and as a result of the occurrence of these mutually exclusive events, caused to be realized an increase in outstanding obligations for this category of Long-Term Liabilities. Other Post Employment Benefit Obligations Payable (Retiree Health Care) is being reported for the seventh year and contributed \$1,350,000 towards long-term liabilities. In summary, long-term liabilities increased from \$14,727,697 to \$15,391,284 or by a net increase of \$663,587 (4.5%). This compares to a substantial increase in the preceding fiscal year of \$3,399,701 (30.0%).
- ❖ During the current fiscal year, the Village issued short-term debt obligations in the form of Bond Anticipation Notes (BANs) to finance the costs associated with various capital projects. This Bond Anticipation Note was issued in an amount of \$1,325,000 for a tenor and maturity within approximately one year, at an interest rate of 0.75%.

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

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

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village include general government support, public safety, health, transportation, 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 four major governmental funds: the General Fund, Water Fund, Public Library 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 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 position may serve as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$5,113,600 at the close of the fiscal year 2014-2015 as compared to \$4,995,963 for the fiscal year 2013-2014. This represents an increase in net assets of \$117,637 as compared to the year earlier period. It should be recognized that the largest portion of the Village's net position 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 Position:

Net Position

	May 31,	
	2015	2014
Current Assets	\$ 7,443,426	\$ 5,506,963
Capital Assets, net	16,051,258	15,220,021
Total Assets	23,494,684	20,726,984
Current Liabilities	3,044,028	1,071,109
Long-Term Liabilities	15,391,284	14,727,697
Total Liabilities	18,435,312	15,798,806
Net Position		
Net Investment in Capital Assets	8,536,134	8,319,729
Restricted	1,862,509	1,702,155
Unrestricted	(5,285,043)	(5,025,921)
Total Net Position	\$ 5,113,600	\$ 4,995,963

The investment in capital assets, net of related debt, constitutes 166.9% of net position. Those net positions which are restricted to use represent 36.4%. The remaining balance of net position is unrestricted assets representing negative 103.3% and may be used to meet the Village's ongoing obligations to citizens and creditors.

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

	2015	2014
REVENUES		
Program Revenues		
Charges for services	\$ 6,249,768	\$ 5,987,127
Operating grants and contributions	488,038	391,791
Capital grants and contributions	1,152,028	206,092
Total Program Revenues	<u>7,889,834</u>	<u>6,585,010</u>
General Revenues:		
Real property taxes	12,952,409	12,437,370
Other tax items	19,670	21,405
Non-property taxes	933,798	959,170
Unrestricted use of money and property	6,445	10,170
Sale of property and compensation for loss	11,791	21,615
Unrestricted State aid	366,517	357,118
Insurance recoveries	309,380	81,782
Miscellaneous	31,906	75,343
Total General Revenues	<u>14,631,916</u>	<u>13,963,973</u>
Total Revenues	<u>22,521,750</u>	<u>20,548,983</u>
PROGRAM EXPENSES		
General government support	2,684,373	2,709,410
Public safety	9,548,460	9,598,148
Health	47,500	45,000
Transportation	1,930,055	2,143,369
Culture and recreation	3,641,138	3,633,058
Home and community services	4,359,021	3,740,304
Interest	193,566	204,054
Total Expenses	<u>22,404,113</u>	<u>22,073,343</u>
Change in Net Position	117,637	(1,524,360)
Net Position - Beginning	<u>4,995,963</u>	<u>6,520,323</u>
Net Position - Ending	<u>\$ 5,113,600</u>	<u>\$ 4,995,963</u>

Governmental Activities

Governmental activities increased the Village's net position by \$117,637 in 2015 and decreased the Village's net position by \$1,524,360 in 2014.

For the fiscal years ended May 31, 2015 and 2014, revenues from governmental activities totaled \$22,521,750 and \$20,548,983, respectively. Tax revenues of \$13,905,877 (61.7%) in 2015 and \$13,417,945 (65.3%) in 2014, 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 \$22,404,113 and \$22,073,343 in fiscal years 2015 and 2014, respectively, are public safety, \$9,548,460 (42.6%) in 2015 and \$9,598,148 (43.5%) in 2014, home and community services, \$4,359,021 (19.5%) in 2015 and \$3,740,304 (16.9%) in 2014, culture and recreation, \$3,641,138 (16.3%) in 2015 and \$3,633,058 (16.5%) in 2014, general government support \$2,684,373 (12.0%) in 2015 and \$2,709,410 (12.3%) in 2014, and transportation, \$1,930,055 (8.6%) in 2015, and \$2,143,369 (9.7%) in 2014.

The major changes are as follows:

Revenues:

- Real property taxes increased to \$12,952,409 in 2015 from \$12,437,370 in 2014, or by \$515,039 (4.1%) which was directly due to an increase in the Village's tax levy.
- Non-property taxes decreased marginally to \$933,798 in 2015 from \$959,170 in 2014 or by negative \$25,372 (2.6%) which was mainly due to flattening of the County sales tax distributions across the 2015 over 2014 fiscal years as the economic tremors experienced in 2008 continue to have less of an adverse carry-over and depressed economic effect on this revenue item. Comparatively speaking, sales tax revenue was realized at \$844,219 in 2015 and \$844,452 in 2014, reflecting a negligible difference year over year. The majority of the decrease in Non-property Tax Revenue was due to an adjustment in the current year by Con Edison relative to an overpayment of gross utilities receipts tax occurring in a prior year. Stabilized State Aid Revenue, comprised mainly of per capita and mortgage tax revenue items, in the aggregate, \$366,517 in 2015 and \$357,118 in 2014, are directly related to the improved state of mortgage tax distributions, demonstrated only marginal improvement, a net increase of \$7,839 (2.8%), and continue to be reflective of the impact of the prior softening and flattening of activity in the housing industry for both the new construction and resale markets. In illustration of this point of uncertainty, in the first half of the year the Village experienced a significant mortgage tax revenue regression of \$25,491 (14.8%), but realized a significant and unexpected increase of \$33,330 (31.1%) in the second half of the year, when each is compared to the respective year earlier period.

Expenses:

- Expenses for the Public Safety Sector decreased from \$9,598,148 to \$9,548,460 or by \$49,688 (0.5%). Within Culture and Recreation expenses increased from \$3,633,058 to \$3,641,138, or by \$8,080 (0.2%). Transportation decreased from \$2,143,369 to \$1,930,055 or by a \$213,314 (9.9%), and Home and Community Services increased from \$3,740,304 to \$4,359,021 or by \$618,717 (16.5%). Each of these increases disclosed no discernible, significant reason for the respective increases or decreases 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) and compensated absences obligations, which were allocated to each program in accordance with GASB Statement No. 45.

Financial Analysis of the Village's Funds

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

Fund Balance Reporting

GASB issued 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 Village's fiscal period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced 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.

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 \$4,458,368, this represents a decrease in overall combined fund balance of \$67,456. As stated previously, fund balance exclusive of the Capital Projects Fund aggregates \$4,149,361. Of this amount, \$2,757,711 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 (\$155,868), 2) a reserve for debt service (\$25,406), and a reserve for trust agreements (\$298,927), 3) assignment of fund balances for use exclusively for purposes related to the Library Fund (\$661,449) and assignment of appropriated fund balance (\$250,000) in the General Fund for use in the subsequent year's budget.

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 \$2,944,778, representing 88.5% of the total General Fund balance of \$3,328,758. The difference between these two fund balance amounts, or \$383,980 (11.5%), represents that portion of the General Fund's Fiscal Year 2014-2015 fund balance that is reserved for prepaid expenses, \$133,980 (4.0%), and that is assigned or designated, \$250,000 (7.5%), for use in the subsequent fiscal year's budget.

When the fiscal year 2014-2015 General Fund Budget was adopted, it anticipated the use of \$150,000 of appropriated fund balance. Actual results of operations disclosed a moderate increase in the fund balance of \$420,233. Contributing to this increase in fund balance within the General Fund was a marginal cost savings in overall spending which yielded a positive variance of \$264,454. In the Fiscal Year 2014-2015, actual expenditures of \$17,096,539, inclusive of inter-fund transfers, were well within budgeted parameters of \$17,360,993. This positive variance was primarily achieved as the result of expenditures for consultant services within the Engineer's Department being less than budgeted by approximately \$88,164, the salary lines within the Village Clerk's Department being less than budgeted by \$57,958, and tax certioraris contributing a positive variance when actual is compared to budget by an amount of \$68,099. Additionally, employee benefits expense lines were a combined \$297,129 better than budget due to prior period reconciliation credits received on the current year's retirement invoices for both Employee and Police & Fire Retirement Systems and as the result of natural attrition due to retirements during the course of the 2014-15 Fiscal Year. 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 continuance of a recessionary climate, tepid economic growth and uncertain economic conditions throughout the majority of this fiscal year, the revenue picture yielded positive results as actual operations virtually met budgetary expectations, exclusive of that portion of the fund balance (\$150,000) appropriated for the current year's budget. While the Village's Fiscal Year 2014-2015 Budget was adopted with the original intent of utilizing appropriated fund balance in order to balance the budget, such robust revenue items as day camp registration, field permits, non-property taxes, licenses and permits, mortgage taxes and the Fire Department's SAFER Grant performed as expected from a budgetary perspective, and exceeded their budgeted levels by \$50,896, \$19,035, \$13,798, \$80,483, \$62,334, and \$38,778 respectively, in support of the revenue program.

As fallout from the recessionary climate, sluggish economic growth and tepid economic activity that the Village has encountered over the past seven years continues, the year-end results of once strong and reliable revenue items such as sales tax, mortgage tax, interest income, and fines and

forfeitures continued to disappoint predicated on a comparison to their respective actual and budgeted levels of prior periods, thus, previous downward adjustments and subsequent revisions in these estimates persist within the budget.

The fund balance of the Library Fund increased marginally from \$675,437 to \$679,361, or by \$3,924 (0.6%). Sources of revenue for the Library Fund were received as planned as actual revenue of \$2,147,652, inclusive of inter-fund transfers, produced a negligible, negative variance of \$445 when compared to its budgeted amount of \$2,148,097, exclusive of the revenue item which designated an appropriation of fund balance in the amount of \$90,000. It should be noted that the revenue shortfall was a planned action and natural corollary of the Library Fund's decision to appropriate \$90,000 of its fund balance in order to balance the 2014-15 Fiscal Year budget as originally adopted. The expense side of the budget in terms of positive variances contributed \$94,639 towards reducing the potential overall deficit from \$90,000 for the Fiscal Year Ending May 31, 2015. The positive variance contribution on the expense side of the budget emanated mainly from employee related expenses such as salary (\$31,670), healthcare (\$46,669) and retirement (\$41,468) expenses which can be attributed mainly to natural attrition in the form of retirements or resignations. The combined action alluded to above on both the revenue and expense sides of the budget within the Library Fund were able to successfully compensate and offset for this imbalance or deficit position created by the appropriation of fund balance within the Fiscal Year 2014-15 Budget.

The fund balance within the Water Fund decreased significantly by \$225,262, or from positive \$42,171 to negative \$183,091 in Fiscal Year 2014-2015. Total revenue of \$2,428,451, inclusive of transfers, proved to be inadequate in order to offset total expenses of \$2,653,713, inclusive of transfers, thereby creating a decrease in fund balance within the operation of the Water Fund, for the current fiscal year, as previously stated.

The negative impact to the Water Fund's fund balance was primarily and adversely influenced by excessive costs incurred as a result of severe repetitive leaks occurring within the infrastructure of the water distribution system, aggregating conservatively and approximately \$286,362 in the current fiscal year. This compares to similar expenses incurred in the prior year of approximately \$107,600, and \$138,000 and \$168,550 in Fiscal Years 2012-13 and 2010-11, respectively. This condition can be substantiated by the fact that actual expenses for purchases of water exceeded budgeted expectations by approximately \$524,687 in Fiscal Year 2014-15. Since the losses due to leaks as alluded to previously in the amount of \$286,362 focused only on expenses incurred for this item during the winter season, it becomes clear that the losses due to leaks extended into other periods as well. Overall, actual expenses in the aggregate of \$2,653,713, inclusive of inter-fund transfers were mainly in line with budgeted expenses of \$2,125,727, exclusive of the excessive budget variance existing for the expense item, purchases of water, which reflected a negative variance of \$524,687, when actual is compared to budgeted expenses.

The Village Board has approved financing to a maximum of \$2.7 million for improvements to the water distribution system's infrastructure inclusive of tank, pump, hydrant, main and valve replacements, and to implement a meter replacement program that incorporates an installation of enhanced technology component, for efficiency purposes. To reiterate a point as stated in the previous MD&As, the replacement of aged and/ or improperly calibrated meters will serve to ensure improved accuracy in invoicing and as a result may realize additional revenue to a maximum of ten (10.0%) percent according to engineers with proficiency within the water industry.

Finally, this weakened fund balance trend or condition for most of the past seven years may be attributed to and endemic of 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 engineering professionals within the water industry, the Village is estimating that a maximum 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, and replacement or rehabilitation of the distribution system's water tanks, mains, valves and hydrants.

The Capital Projects Fund has a restricted fund balance of \$309,007 which is a decrease from a positive fund balance of \$561,288, or by \$252,281 (44.9%), when compared to the previous fiscal year. The reason for this decrease in 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 purchase or construction costs associated with 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. In illustration of this point, the Village in the current fiscal year in support of various capital fund projects issued short-term debt in the form of Bond Anticipation Notes (BANs) in the amount of \$1,325,000, the proceeds of which will not be recognized as revenue until it is converted to long-term debt or serial bonds. During the course of the current fiscal year, other sources of unexpended revenue were simultaneously collected on various other capital projects to preclude further deterioration of the fund balance within the Capital Fund.

The existence of any 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. As of the close of the current fiscal year, the Village of Larchmont had only one outstanding Bond Anticipation Note (BAN) in the amount of \$1,325,000.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2015, net of accumulated depreciation, was \$16,051,258. 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,	
	2015	2014
Land	\$ 57,213	\$ 57,213
Buildings and improvements	12,128,471	11,825,162
Infrastructure	14,495,499	14,257,433
Machinery and equipment	6,470,603	6,191,027
Construction-in-progress	1,966,566	847,437
Less - accumulated depreciation	(19,067,094)	(17,958,251)
Total (net of depreciation)	\$ 16,051,258	\$ 15,220,021

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 \$6,145,000. 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 one New York State installment loan outstanding in the aggregate amount of \$24,128. These long-term debt instruments totaled \$6,169,128 at the end of fiscal year 2015 and had an average weighted rate of 3.02%. In the aggregate, long-term debt outstanding decreased by \$704,919 during the course of the 2014-15 Fiscal Year. As stated previously, at the conclusion of the current fiscal year, there was one short-term debt instrument outstanding in the form of Bond Anticipation Notes (BANs), in the amount of \$1,325,000, at an interest rate of 0.75%. In the aggregate, at the conclusion of the 2014-15 Fiscal Year, the Village had total debt outstanding of \$7,494,128 with an average weighted rate of 2.61%.

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, 2015, the Village Board designated that \$150,000 of the fund balance of the General Fund, negative \$329,927 of the fund balance of the Water Fund, and \$60,000 of the fund balance of the Library Fund to be appropriated for the ensuing year's budget. The tax rate for the 2015-2016 Fiscal Year in the Village of Larchmont's General Fund is \$338.91 per \$1,000 of taxable assessed valuation. This represents a tax rate increase of 1.99% over the prior fiscal year's tax rate of \$332.30. 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 was able to adhere to the parameters as prescribed for the 2015-16 Fiscal Year. For the record, the Village of Larchmont has complied with the legislation as prescribed for three of the four years of its existence and monitoring, or since inception. Predicated on the metrics involved in the calculation, for Fiscal Year 2015-16 the Village could have grown its prior year Tax Levy from \$12,918,256 to 13,189,137 or by 270,881 (2.097%) which is inclusive and consisting of only natural growth as prescribed. At the time of this calculation, there existed no prior year carry-over to be considered as an enhancement or benefit to the Village. In actuality, the Village exhausted virtually all of its growth within the economic parameters of the property tax cap maximum limit or \$266,896

(98.53%), with the exception of the remaining and unutilized cushion of \$3,985 (1.47%). Ultimately, the successful result of this calculation translated into and confirmed that the Village produced a tax-freeze compliant budget for Fiscal Year 2015-16.

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.

Village of Larchmont, New YorkStatement of Net Position
May 31, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,775,842
Receivables	
Taxes	11,005
Accounts	256,352
Water rents	881,498
Due from State and Federal governments	140,648
Due from other governments	222,213
Prepaid expenses	155,868
Capital assets	
Not being depreciated	2,023,779
Being depreciated, net	<u>14,027,479</u>
Total Assets	<u>23,494,684</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding bonds	<u>54,228</u>
LIABILITIES	
Accounts payable	1,265,359
Due to retirement systems	288,370
Unearned revenues	94,000
Bond anticipation notes payable	1,325,000
Bond interest and matured bonds payable	1,326
Accrued interest payable	69,973
Non-current liabilities	
Due within one year	887,812
Due in more than one year	<u>14,503,472</u>
Total Liabilities	<u>18,435,312</u>
NET POSITION	
Net investment in capital assets	8,536,134
Restricted	
Capital projects	1,538,176
Debt service	25,406
Special purpose	298,927
Unrestricted	<u>(5,285,043)</u>
Total Net Position	<u>\$ 5,113,600</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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 2,684,373	\$ 132,782	\$ -	\$ -
Public safety	9,548,460	500,254	314,955	-
Health	47,500	-	-	-
Transportation	1,930,055	959,737	128,913	58
Culture and recreation	3,641,138	1,694,358	44,078	1,151,393
Home and community services	4,359,021	2,962,637	92	-
Interest	193,566	-	-	577
Total Governmental Activities	<u>\$ 22,404,113</u>	<u>\$ 6,249,768</u>	<u>\$ 488,038</u>	<u>\$ 1,152,028</u>

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 Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense)
Revenue and
Changes in
Net Position

\$ (2,551,591)
(8,733,251)
(47,500)
(841,347)
(751,309)

(1,396,292)
(192,989)

(14,514,279)

12,952,409

19,670

89,579

844,219

6,445

11,791

366,517

31,906

309,380

14,631,916

117,637

4,995,963

\$ 5,113,600

Village of Larchmont, New York

Balance Sheet
 Governmental Funds
 May 31, 2015

	General Fund	Water Fund	Public Library Fund
ASSETS			
Cash and equivalents	\$ 2,917,068	\$ 37,005	\$ 886,004
Taxes receivable	11,005	-	-
Other receivables			
Accounts	256,017	335	-
Water rents	-	881,498	-
Due from State and Federal governments	140,648	-	-
Due from other governments	222,213	-	-
Due from other funds	1,036,185	5,061	193,497
Prepaid expenditures	133,980	3,976	17,912
 Total Assets	 <u>\$ 4,717,116</u>	 <u>\$ 927,875</u>	 <u>\$ 1,097,413</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 521,410	\$ 427,192	\$ 27,373
Due to other funds	514,567	670,782	362,679
Due to retirement systems	247,378	12,992	28,000
Unearned revenues	94,000	-	-
Bond anticipation notes payable	-	-	-
Bond interest and matured bonds payable	-	-	-
 Total Liabilities	 1,377,355	 1,110,966	 418,052
Deferred inflows of resources			
Deferred tax revenues	11,003	-	-
 Total Liabilities and Deferred Inflows of Resources	 <u>1,388,358</u>	 <u>1,110,966</u>	 <u>418,052</u>
Fund balances (deficits)			
Nonspendable	133,980	3,976	17,912
Restricted	-	-	-
Assigned	250,000	-	661,449
Unassigned	2,944,778	(187,067)	-
 Total Fund Balances (Deficits)	 <u>3,328,758</u>	 <u>(183,091)</u>	 <u>679,361</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	 <u>\$ 4,717,116</u>	 <u>\$ 927,875</u>	 <u>\$ 1,097,413</u>

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,598,790	\$ 336,975	\$ 5,775,842
-	-	11,005
-	-	256,352
-	-	881,498
-	-	140,648
-	-	222,213
333,707	9,106	1,577,556
-	-	155,868
<u>\$ 1,932,497</u>	<u>\$ 346,081</u>	<u>\$ 9,020,982</u>
\$ 289,384	\$ -	\$ 1,265,359
9,106	20,422	1,577,556
-	-	288,370
-	-	94,000
1,325,000	-	1,325,000
-	1,326	1,326
1,623,490	21,748	4,551,611
-	-	11,003
<u>1,623,490</u>	<u>21,748</u>	<u>4,562,614</u>
-	-	155,868
309,007	324,333	633,340
-	-	911,449
-	-	2,757,711
<u>309,007</u>	<u>324,333</u>	<u>4,458,368</u>
<u>\$ 1,932,497</u>	<u>\$ 346,081</u>	<u>\$ 9,020,982</u>

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Village of Larchmont, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
May 31, 2015

Fund Balances - Total Governmental Funds	<u>\$ 4,458,368</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>16,051,258</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred in the funds. Real property taxes	<u>11,003</u>
Governmental funds do not report the effect of a loss on a refunded bond whereas this amount is deferred and amortized in the statement of activities Deferred amounts on refunding bonds	<u>54,228</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds. Accrued interest payable	(69,973)
Bonds payable	(6,220,224)
New York State loan payable	(24,128)
Compensated absences	(1,376,932)
Other post employment benefit obligations payable	<u>(7,770,000)</u>
	<u>(15,461,257)</u>
Net Position of Governmental Activities	<u><u>\$ 5,113,600</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
Governmental Funds
Year Ended May 31, 2015

	General Fund	Water Fund	Public Library Fund
REVENUES			
Real property taxes	\$ 12,952,077	\$ -	\$ -
Other tax items	19,670	-	-
Non-property taxes	933,798	-	-
Departmental income	1,416,025	2,426,359	1,243,874
Intergovernmental charges	100,252	-	-
Use of money and property	139,021	92	133
Licenses and permits	473,483	-	-
Fines and forfeitures	457,499	-	-
Sale of property and compensation for loss	11,791	-	4,760
State aid	495,857	-	4,643
Federal aid	314,228	-	-
Miscellaneous	31,906	-	24,679
Total Revenues	17,345,607	2,426,451	1,278,089
EXPENDITURES			
Current			
General government support	2,116,345	110,233	32,077
Public safety	5,382,435	-	-
Health	47,500	-	-
Transportation	1,267,247	-	-
Culture and recreation	608,011	-	1,529,287
Home and community services	1,854,844	2,108,949	-
Employee benefits	4,006,948	239,834	531,121
Debt service			
Principal	663,466	41,453	-
Interest	211,239	18,244	-
Capital outlay	-	-	-
Total Expenditures	16,158,035	2,518,713	2,092,485
Excess (Deficiency) of Revenues Over Expenditures	1,187,572	(92,262)	(814,396)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	49,922	-	-
Transfers in	121,243	2,000	869,563
Transfers out	(938,504)	(135,000)	(51,243)
Total Other Financing Sources (Uses)	(767,339)	(133,000)	818,320
Net Change in Fund Balances	420,233	(225,262)	3,924
FUND BALANCES (DEFICITS)			
Beginning of Year	2,908,525	42,171	675,437
End of Year	<u>\$ 3,328,758</u>	<u>\$ (183,091)</u>	<u>\$ 679,361</u>

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,952,077
-	-	19,670
-	-	933,798
-	-	5,086,258
-	-	100,252
58	718	140,022
-	-	473,483
-	-	457,499
-	-	16,551
123,469	-	623,969
390,837	-	705,065
637,087	9,722	703,394
<u>1,151,451</u>	<u>10,440</u>	<u>22,212,038</u>
-	-	2,258,655
-	-	5,382,435
-	-	47,500
-	-	1,267,247
-	1,839	2,139,137
-	-	3,963,793
-	-	4,777,903
-	-	704,919
-	-	229,483
<u>1,817,802</u>	<u>-</u>	<u>1,817,802</u>
<u>1,817,802</u>	<u>1,839</u>	<u>22,588,874</u>
<u>(666,351)</u>	<u>8,601</u>	<u>(376,836)</u>
259,458	-	309,380
154,612	-	1,147,418
-	(22,671)	(1,147,418)
<u>414,070</u>	<u>(22,671)</u>	<u>309,380</u>
(252,281)	(14,070)	(67,456)
<u>561,288</u>	<u>338,403</u>	<u>4,525,824</u>
<u>\$ 309,007</u>	<u>\$ 324,333</u>	<u>\$ 4,458,368</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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	\$ <u>(67,456)</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 capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	2,077,490
Depreciation expense	(1,240,791)
Loss on disposal of capital asset	<u>(5,462)</u>
	<u>831,237</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>332</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	686,708
Principal paid on New York State loan	18,211
Amortization of loss on refunding and issuance premium	<u>5,249</u>
	<u>710,168</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	30,668
Compensated absences	(37,312)
Other post employment benefit obligations	<u>(1,350,000)</u>
	<u>(1,356,644)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 117,637</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, 2015

	General			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 12,954,228	\$ 12,954,228	\$ 12,952,077	\$ (2,151)
Other tax items	25,000	25,000	19,670	(5,330)
Non-property taxes	920,000	920,000	933,798	13,798
Departmental income	1,290,100	1,290,100	1,416,025	125,925
Intergovernmental charges	92,500	92,500	100,252	7,752
Use of money and property	148,000	148,000	139,021	(8,979)
Licenses and permits	393,000	393,000	473,483	80,483
Fines and forfeitures	476,500	476,500	457,499	(19,001)
Sale of property and compensation for loss	5,000	5,000	11,791	6,791
State aid	418,623	418,623	495,857	77,234
Federal aid	262,000	262,000	314,228	52,228
Miscellaneous	30,000	30,000	31,906	1,906
Total Revenues	17,014,951	17,014,951	17,345,607	330,656
EXPENDITURES				
Current				
General government support	2,296,637	2,296,637	2,116,345	180,292
Public safety	5,284,919	5,284,919	5,382,435	(97,516)
Health	47,500	47,500	47,500	-
Transportation	1,188,545	1,188,545	1,267,247	(78,702)
Culture and recreation	617,955	617,955	608,011	9,944
Home and community services	1,816,546	1,816,546	1,854,844	(38,298)
Employee benefits	4,295,682	4,295,682	4,006,948	288,734
Debt service				
Principal	663,466	663,466	663,466	-
Interest	211,239	211,239	211,239	-
Total Expenditures	16,422,489	16,422,489	16,158,035	264,454
Excess (Deficiency) of Revenues Over Expenditures	592,462	592,462	1,187,572	595,110
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	15,000	49,922	34,922
Transfers in	129,000	129,000	121,243	(7,757)
Transfers out	(886,462)	(938,504)	(938,504)	-
Total Other Financing Sources (Uses)	(742,462)	(794,504)	(767,339)	27,165
Net Change in Fund Balances	(150,000)	(202,042)	420,233	622,275
FUND BALANCES (DEFICITS)				
Beginning of Year	150,000	202,042	2,908,525	2,706,483
End of Year	\$ -	\$ -	\$ 3,328,758	\$ 3,328,758

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,396,933	2,396,933	2,426,359	29,426	1,251,684	1,251,684	1,243,874	(7,810)
-	-	-	-	-	-	-	-
150	150	92	(58)	600	600	133	(467)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,150	5,150	4,760	(390)
-	-	-	-	4,200	4,200	4,643	443
-	-	-	-	-	-	-	-
-	-	-	-	17,000	17,000	24,679	7,679
<u>2,397,083</u>	<u>2,397,083</u>	<u>2,426,451</u>	<u>29,368</u>	<u>1,278,634</u>	<u>1,278,634</u>	<u>1,278,089</u>	<u>(545)</u>
100,601	100,601	110,233	(9,632)	36,782	36,782	32,077	4,705
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,527,555	1,527,555	1,529,287	(1,732)
1,578,049	1,578,049	2,108,949	(530,900)	-	-	-	-
252,380	252,380	239,834	12,546	620,760	620,760	531,121	89,639
41,453	41,453	41,453	-	-	-	-	-
18,244	18,244	18,244	-	-	-	-	-
<u>1,990,727</u>	<u>1,990,727</u>	<u>2,518,713</u>	<u>(527,986)</u>	<u>2,185,097</u>	<u>2,185,097</u>	<u>2,092,485</u>	<u>92,612</u>
406,356	406,356	(92,262)	(498,618)	(906,463)	(906,463)	(814,396)	92,067
-	-	-	-	-	-	-	-
2,000	2,000	2,000	-	869,463	869,463	869,563	100
(135,000)	(135,000)	(135,000)	-	(53,000)	(53,000)	(51,243)	1,757
<u>(133,000)</u>	<u>(133,000)</u>	<u>(133,000)</u>	<u>-</u>	<u>816,463</u>	<u>816,463</u>	<u>818,320</u>	<u>1,857</u>
273,356	273,356	(225,262)	(498,618)	(90,000)	(90,000)	3,924	93,924
<u>(273,356)</u>	<u>(273,356)</u>	<u>42,171</u>	<u>315,527</u>	<u>90,000</u>	<u>90,000</u>	<u>675,437</u>	<u>585,437</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,091)</u>	<u>\$ (183,091)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679,361</u>	<u>\$ 679,361</u>

Village of Larchmont, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	\$ 116,560
Accounts receivable	<u>207,488</u>
 Total Assets	 <u><u>\$ 324,048</u></u>
 LIABILITIES	
Employee payroll deductions	\$ 16,178
Deposits	<u>307,870</u>
 Total Liabilities	 <u><u>\$ 324,048</u></u>

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

Note 1 - Summary of Significant Accounting Policies

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

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

General Fund - The General Fund constitutes the primary operating fund of the Village 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 used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue 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. The major revenue of this fund is departmental income.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The 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 statements.

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

Governmental fund financial statements are reported using the 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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits and Risk Disclosure

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

The Village's 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, 2015.

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, 2015, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues in the General Fund of \$94,000 for fees received in advance. This amount had been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The Village reported deferred outflows of resources of \$54,228 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Village reported deferred inflows of resources of \$11,003 for real property taxes in the General Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts 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 expensed as incurred.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Village Board is the highest level of decision making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Village's board.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Village's Board for amounts assigned for balancing the subsequent year's budget or the Village's Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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 generally 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 1, 2015.

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.

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 and Public Library funds.
- f) Budgets for General, Water and Public Library 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 Debt Service Fund and 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 and Public Library funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2015 fiscal year was \$47,047,233 which exceeded the actual levy by \$34,128,977.

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

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

C. 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		
Board of Trustees	\$	2,437
Justice		14,626
Treasurer		13,325
Law		9,046
Personnel		85,633
Buildings		6,349
Central Garage		3,943
Central Communications System		2,378
Central Data Processing		11,781
Taxes and Assessments on Village Property		9,035
Public Safety		
Fire Department		160,215
Transportation		
Snow Removal		52,452
Street Lighting		24,128
Off-Street Parking		12,081
Culture and Recreation		
Youth Programs		5,661

Village of Larchmont, New York

Notes to Financial Statements (Continued)
May 31, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)

General Fund (Continued)	
Home and Community Services	
Board of Architectural Review	\$ 438
Planning	39,390
Refuse and Garbage	18,858
Community Beautification	14,717
Coastal Zone	14
Emergency Tenant Protection Fees	90
Water Fund	
General Government Support	9,632
Home and Community Services	530,900
Library Fund	
General Government Support	
Taxes and Assessments on Village Property	3,952
Culture and Recreation	
Library Operations	1,732
Employee Benefits	
Workers' Compensation Benefits	3,834
Capital Projects Fund	
Reservoir/Caretaker	33,989
DPW Building Improvements	891
US DOJ Technology Grant	607
Streetscape Improvement	33,031
Purchase of Payloader	461
American LaFrance Fire Pumper	5,137
Ten Wheeler Dump Truck	1,540
Palmer Avenue Streetscape	443,613
Tunnel at Train Station	154
Sherwood Pump Station Pipe	851
Library Roof	292

E. Fund Deficits

The unassigned deficit of \$187,067 in the Water Fund arises because of operating expenditures exceeding available revenues during the past several fiscal years. The deficits in various individual capital projects arise 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 are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as 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.

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2015 consisted of the following:

Tax Liens	\$ <u>11,005</u>
-----------	------------------

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2015 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,036,185	\$ 514,567
Water	5,061	670,782
Public Library	193,497	362,679
Capital Projects	333,707	9,106
Other Governmental	9,106	20,422
	<u>\$ 1,577,556</u>	<u>\$ 1,577,556</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:

	<u>Balance June 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2015</u>
Capital Assets, not being depreciated				
Land	\$ 57,213	\$ -	\$ -	\$ 57,213
Construction-in-progress	847,437	1,456,539	337,410	1,966,566
Total Capital Assets, not being depreciated	<u>\$ 904,650</u>	<u>\$ 1,456,539</u>	<u>\$ 337,410</u>	<u>\$ 2,023,779</u>
Capital Assets, being depreciated				
Buildings and improvements	\$ 11,825,162	\$ 303,309	\$ -	\$ 12,128,471
Machinery and equipment	6,191,027	416,986	137,410	6,470,603
Infrastructure	14,257,433	238,066	-	14,495,499
Total Capital Assets, being depreciated	<u>32,273,622</u>	<u>958,361</u>	<u>137,410</u>	<u>33,094,573</u>
Less Accumulated Depreciation for				
Buildings and improvements	3,087,047	503,831	-	3,590,878
Machinery and equipment	4,051,373	391,337	131,948	4,310,762
Infrastructure	10,819,831	345,623	-	11,165,454
Total Accumulated Depreciation	<u>17,958,251</u>	<u>1,240,791</u>	<u>131,948</u>	<u>19,067,094</u>
Total Capital Assets, being depreciated, net	<u>\$ 14,315,371</u>	<u>\$ (282,430)</u>	<u>\$ 5,462</u>	<u>\$ 14,027,479</u>
Capital Assets, net	<u>\$ 15,220,021</u>	<u>\$ 1,174,109</u>	<u>\$ 342,872</u>	<u>\$ 16,051,258</u>

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

General Government Support	\$ 10,172
Public Safety	139,504
Transportation	543,056
Culture and Recreation	499,961
Home and Community Services	<u>48,098</u>
	<u>\$ 1,240,791</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 are a cost-sharing multiple-employer defined pension plans that provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2015 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75I	25.3%
	3 A14	20.3
	4 A15	20.3
	5 A15	16.6
	6 A15	11.0
PFRS	2 384D	27.3
	5 384D	22.0
	6 384D	15.4

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

	<u>ERS</u>	<u>PFRS</u>
2015	\$ 646,964	\$ 1,105,572
2014	749,337	1,181,122
2013	633,557	1,079,676

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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, \$392,932 was charged to the General Fund, \$80,533 was charged to the Water Fund and \$173,499 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.

Purpose	Year of Original Issue	Balance June 1, 2014	New Issues	Balance May 31, 2015
Various capital projects	2015	\$ -	\$ 1,325,000	\$ 1,325,000

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

Interest expense of \$6,942 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, 2015 are summarized as follows:

	Balance June 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2015	Due Within One-Year
Bonds Payable	\$ 6,831,708	\$ -	\$ 686,708	\$ 6,145,000	\$ 745,000
Plus Unamortized premium on bonds	94,030	-	18,806	75,224	-
	<u>6,925,738</u>	<u>-</u>	<u>705,514</u>	<u>6,220,224</u>	<u>745,000</u>

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2015	Due Within One-Year
New York State Loan Payable	\$ 42,339	\$ -	\$ 18,211	\$ 24,128	\$ 5,812
Compensated Absences	1,339,620	170,312	133,000	1,376,932	137,000
Other Post Employment Benefit Obligations Payable	6,420,000	1,840,000	490,000	7,770,000	-
Total Long-Term Liabilities	\$ 14,727,697	\$ 2,010,312	\$ 1,346,725	\$ 15,391,284	\$ 887,812

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, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2015
Various Village Purposes	2010	\$ 2,968,275	September, 2024	2.500 - 4.00 %	\$ 2,145,000
Various Village Purposes - Refunding	2012	2,020,000	June, 2018	2.000 - 3.00	1,520,000
Various Village Purposes	2013	2,581,708	September, 2029	2.000 - 3.75	2,480,000
					<u>\$ 6,145,000</u>

Interest expenditures of \$210,181 and \$18,244 were recorded in the fund financial statements in the General and Water funds, respectively. Interest expense of \$185,637 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, 2015 is \$24,128.

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 loan was fully repaid as of May 31, 2015.

Interest expenditures of \$1,058 were recorded in the fund financial statements in the General Fund and interest expense of \$987 in the government-wide financial statements for governmental activities.

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt and State loans outstanding as of May 31, 2015, including interest payments of \$2,976,000 are as follows:

Year Ending May 31,	Bonds		New York State Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 745,000	\$ 245,513	\$ 5,812	\$ 603	\$ 750,812	\$ 246,116
2017	725,000	228,362	5,957	458	730,957	228,820
2018	750,000	217,800	6,106	309	756,106	218,109
2019	640,000	204,574	6,253	156	646,253	204,730
2020	360,000	199,437			360,000	199,437
2021-2025	1,965,000	918,788	-	-	1,965,000	918,788
2026-2030	960,000	960,000	-	-	960,000	960,000
	<u>\$ 6,145,000</u>	<u>\$ 2,974,474</u>	<u>\$ 24,128</u>	<u>\$ 1,526</u>	<u>\$ 6,169,128</u>	<u>\$ 2,976,000</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 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 Village has recognized revenues and expenditures of \$3,185 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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:

<u>Year Ended May 31,</u>	<u>Medical</u>
2015	9.50 %
2016	9.00
2017	8.50
2018	8.00
2019	7.50
2020	7.00
2021	6.50
2022	6.00
2023	5.50
2024 +	5.00

The amortization basis is the level percentage of payroll basis over 30 years with an open amortization approach. There are 26 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.

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of May 31, 2015 was as follows:

Active Employees	77
Retired Employees	<u>64</u>
	<u>141</u>

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2014	\$ 20,340,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 20,340,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 8,590,000</u>
UAAL as a Percentage of Covered Payroll	<u>236.79%</u>
Annual Required Contribution	\$ 1,930,000
Interest on Net OPEB Obligation	290,000
Adjustment to Annual Required Contribution	<u>(380,000)</u>
Annual OPEB Cost	1,840,000
Contributions Made	<u>(490,000)</u>
Increase in Net OPEB Obligation	1,350,000
Net OPEB Obligation - Beginning of year	<u>6,420,000</u>
Net OPEB Obligation - End of year	<u>\$ 7,770,000</u>

<u>Fiscal Year Ended May 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,840,000	26.6 %	\$ 7,770,000
2014	1,910,000	24.1	6,420,000
2013	1,850,000	28.1	4,970,000

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

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	
General Fund	\$ -	\$ 2,000	\$ 869,463	\$ 67,041	\$ 938,504
Water Fund	120,000	-	-	15,000	135,000
Public Library Fund	1,243	-	-	50,000	51,243
Other Governmental Funds	-	-	100	22,571	22,671
	<u>\$ 121,243</u>	<u>\$ 2,000</u>	<u>\$ 869,563</u>	<u>\$ 154,612</u>	<u>\$ 1,147,418</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 and Water funds.

H. Net Position

The components of net position are detailed below:

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

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

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

Restricted for Special Purpose - the component of net position 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 amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Village of Larchmont, New York

Notes to Financial Statements (Continued)
 May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2015						2014					
	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	\$ 133,980	\$ 3,976	\$ 17,912	\$ -	\$ -	\$ 155,868	\$ 129,791	\$ 3,851	\$ 20,852	\$ -	\$ -	\$ 154,494
Restricted												
Capital projects	-	-	-	309,007	-	309,007	-	-	-	561,288	-	561,288
Trusts	-	-	-	-	298,927	298,927	-	-	-	-	313,574	313,574
Debt service	-	-	-	-	25,406	25,406	-	-	-	-	24,829	24,829
Total Restricted	-	-	-	309,007	324,333	633,340	-	-	-	561,288	338,403	899,691
Assigned												
Subsequent year's expenditures	150,000	-	60,000	-	-	210,000	150,000	-	90,000	-	-	240,000
Future capital projects	100,000	-	-	-	-	100,000	-	-	-	-	-	-
Major funds	-	-	601,449	-	-	601,449	-	38,320	564,585	-	-	602,905
Total Assigned	250,000	-	661,449	-	-	911,449	150,000	38,320	654,585	-	-	842,905
Unassigned	2,944,778	(187,067)	-	-	-	2,757,711	2,628,734	-	-	-	-	2,628,734
Total Fund Balances	\$ 3,328,758	\$ (183,091)	\$ 679,361	\$ 309,007	\$ 324,333	\$ 4,458,368	\$ 2,908,525	\$ 42,171	\$ 675,437	\$ 561,288	\$ 338,403	\$ 4,525,824

Village of Larchmont, New York

Notes to Financial Statements (Continued)

May 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Subsequent year's expenditures represent that at May 31, 2015, the Village Board has assigned the above amounts to be appropriated for the ensuing year's budget.

The Assigned for Future Capital Projects has been established to set aside funds for future capital projects.

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

J. Joint Ventures

The Village 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 Village 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, 2014:

Total Assets	\$	1,701,958
Total Liabilities		2,596,010
Net Position		(894,052)
Total Revenues		3,419,373
Total Expenditures		3,970,806
Change in Net Position		(551,433)

The Village, together with the Village 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.

Village of Larchmont, New York

Notes to Financial Statements (Concluded)

May 31, 2015

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, 2014:

Total Assets	\$	106,241
Total Liabilities		2,561
Net Position		103,680
Total Revenues		585,704
Total Expenses		639,755
Net Decrease in Net Position		54,051

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

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 \$3 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.

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, 2012	-	\$ 19,700,000	\$ 19,700,000	- %	8,230,000	239.37 %
June 1, 2013	-	20,600,000	20,600,000	-	8,420,000	244.66
June 1, 2014	-	20,340,000	20,340,000	-	8,590,000	236.79

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Village of Larchmont, New York

General Fund
 Comparative Balance Sheet
 May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 2,917,068	\$ 2,179,965
Taxes receivable	<u>11,005</u>	<u>10,671</u>
Other receivables		
Accounts	256,017	286,783
Due from State and Federal governments	140,648	127,849
Due from other governments	222,213	213,039
Due from other funds	<u>1,036,185</u>	<u>724,943</u>
	<u>1,655,063</u>	<u>1,352,614</u>
Prepaid expenditures	<u>133,980</u>	<u>129,791</u>
Total Assets	<u>\$ 4,717,116</u>	<u>\$ 3,673,041</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 521,410	\$ 310,936
Due to other funds	514,567	168,744
Due to retirement systems	247,378	274,165
Unearned revenues	<u>94,000</u>	<u>-</u>
Total Liabilities	1,377,355	753,845
Deferred inflows of resources		
Deferred tax revenues	<u>11,003</u>	<u>10,671</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,388,358</u>	<u>764,516</u>
Fund balance		
Nonspendable	133,980	129,791
Assigned	250,000	150,000
Unassigned	<u>2,944,778</u>	<u>2,628,734</u>
Total Fund Balance	<u>3,328,758</u>	<u>2,908,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,717,116</u>	<u>\$ 3,673,041</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 12,954,228	\$ 12,954,228	\$ 12,952,077	\$ (2,151)
Other tax items	25,000	25,000	19,670	(5,330)
Non-property taxes	920,000	920,000	933,798	13,798
Departmental income	1,290,100	1,290,100	1,416,025	125,925
Intergovernmental charges	92,500	92,500	100,252	7,752
Use of money and property	148,000	148,000	139,021	(8,979)
Licenses and permits	393,000	393,000	473,483	80,483
Fines and forfeitures	476,500	476,500	457,499	(19,001)
Sale of property and compensation for loss	5,000	5,000	11,791	6,791
State aid	418,623	418,623	495,857	77,234
Federal aid	262,000	262,000	314,228	52,228
Miscellaneous	30,000	30,000	31,906	1,906
Total Revenues	17,014,951	17,014,951	17,345,607	330,656
EXPENDITURES				
Current				
General government support	2,296,637	2,296,637	2,116,345	180,292
Public safety	5,284,919	5,284,919	5,382,435	(97,516)
Health	47,500	47,500	47,500	-
Transportation	1,188,545	1,188,545	1,267,247	(78,702)
Culture and recreation	617,955	617,955	608,011	9,944
Home and community services	1,816,546	1,816,546	1,854,844	(38,298)
Employee benefits	4,295,682	4,295,682	4,006,948	288,734
Debt service				
Principal	663,466	663,466	663,466	-
Interest	211,239	211,239	211,239	-
Total Expenditures	16,422,489	16,422,489	16,158,035	264,454
Excess of Revenues Over Expenditures	592,462	592,462	1,187,572	595,110
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	15,000	49,922	34,922
Transfers in	129,000	129,000	121,243	(7,757)
Transfers out	(886,462)	(938,504)	(938,504)	-
Total Other Financing Uses	(742,462)	(794,504)	(767,339)	27,165
Net Change in Fund Balance	(150,000)	(202,042)	420,233	622,275
FUND BALANCE				
Beginning of Year	150,000	202,042	2,908,525	2,706,483
End of Year	\$ -	\$ -	\$ 3,328,758	\$ 3,328,758

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,437,370	\$ 12,437,370	\$ 12,437,053	\$ (317)
25,000	25,000	21,405	(3,595)
891,000	891,000	959,170	68,170
1,273,715	1,273,715	1,351,557	77,842
92,500	92,500	99,804	7,304
142,000	142,000	146,245	4,245
368,000	368,000	461,068	93,068
501,500	501,500	413,178	(88,322)
5,000	5,000	21,615	16,615
383,000	383,000	474,119	91,119
242,850	242,850	226,860	(15,990)
42,139	42,139	75,343	33,204
<u>16,404,074</u>	<u>16,404,074</u>	<u>16,687,417</u>	<u>283,343</u>
2,233,472	2,233,472	2,177,188	56,284
5,250,156	5,250,156	5,322,710	(72,554)
45,000	45,000	45,000	-
1,112,294	1,112,294	1,188,488	(76,194)
579,197	579,197	622,209	(43,012)
1,762,439	1,762,439	1,742,287	20,152
4,212,685	4,212,685	4,082,694	129,991
554,971	554,971	554,971	-
138,733	138,733	129,677	9,056
<u>15,888,947</u>	<u>15,888,947</u>	<u>15,865,224</u>	<u>23,723</u>
<u>515,127</u>	<u>515,127</u>	<u>822,193</u>	<u>307,066</u>
15,000	15,000	49,315	34,315
228,436	228,436	218,071	(10,365)
<u>(958,563)</u>	<u>(1,017,000)</u>	<u>(1,010,311)</u>	<u>6,689</u>
<u>(715,127)</u>	<u>(773,564)</u>	<u>(742,925)</u>	<u>30,639</u>
(200,000)	(258,437)	79,268	337,705
<u>200,000</u>	<u>258,437</u>	<u>2,829,257</u>	<u>2,570,820</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,908,525</u>	<u>\$ 2,908,525</u>

Village of Larchmont, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
REAL PROPERTY TAXES					
Real property taxes	\$ 12,918,256	\$ 12,918,256	\$ 12,917,923	\$ (333)	\$ 12,399,999
Special assessment taxes	35,972	35,972	34,154	(1,818)	37,054
	<u>12,954,228</u>	<u>12,954,228</u>	<u>12,952,077</u>	<u>(2,151)</u>	<u>12,437,053</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	25,000	25,000	19,670	(5,330)	21,405
NON-PROPERTY TAXES					
Utilities gross receipts tax	120,000	120,000	89,579	(30,421)	114,718
Non-property tax distribution from County	800,000	800,000	844,219	44,219	844,452
	<u>920,000</u>	<u>920,000</u>	<u>933,798</u>	<u>13,798</u>	<u>959,170</u>
DEPARTMENTAL INCOME					
Clerk fees	1,000	1,000	720	(280)	1,100
Tax advertising charges	-	-	15	15	12
Other fees	3,000	3,000	2,900	(100)	2,575
Police fees	5,100	5,100	576	(4,524)	102
Fire department fees	21,000	21,000	33,585	12,585	28,027
Public works service charges	5,000	5,000	(890)	(5,890)	-
Parking lots and garages	340,000	340,000	375,401	35,401	350,552
Decal parking	255,000	255,000	232,790	(22,210)	262,845
On-street parking	320,000	320,000	323,375	3,375	317,920
Parks and recreation charges	-	-	220	220	150
Tennis fees	25,000	25,000	18,420	(6,580)	23,755
Day camp	126,000	126,000	176,896	50,896	149,906
Five mile run	20,000	20,000	17,197	(2,803)	26,305
Zoning fees	6,000	6,000	9,125	3,125	6,675
Planning fees	5,000	5,000	49,360	44,360	16,225
Field payments	155,000	155,000	174,035	19,035	163,118
Emergency tenant protection fees	3,000	3,000	2,300	(700)	2,290
	<u>1,290,100</u>	<u>1,290,100</u>	<u>1,416,025</u>	<u>125,925</u>	<u>1,351,557</u>

INTERGOVERNMENTAL CHARGES

Police services for other governments	20,000	20,000	8,894	(11,106)	18,971
Snow removal for other governments	10,000	10,000	28,171	18,171	17,462
Services for other governments	62,500	62,500	63,187	687	63,371
	<u>92,500</u>	<u>92,500</u>	<u>100,252</u>	<u>7,752</u>	<u>99,804</u>

USE OF MONEY AND PROPERTY

Earnings on investments	12,000	12,000	6,445	(5,555)	10,170
Rental of real property	135,000	135,000	132,047	(2,953)	135,602
Commissions	1,000	1,000	529	(471)	473
	<u>148,000</u>	<u>148,000</u>	<u>139,021</u>	<u>(8,979)</u>	<u>146,245</u>

LICENSES AND PERMITS

Business and occupational licenses	6,000	6,000	9,975	3,975	6,610
Permit fees	375,000	375,000	448,998	73,998	441,808
Alarm permits	5,000	5,000	5,710	710	5,550
Architectural review fees	7,000	7,000	8,800	1,800	7,100
	<u>393,000</u>	<u>393,000</u>	<u>473,483</u>	<u>80,483</u>	<u>461,068</u>

FINES AND FORFEITURES

Fines and forfeited bail	475,000	475,000	457,199	(17,801)	412,718
Other	1,500	1,500	300	(1,200)	460
	<u>476,500</u>	<u>476,500</u>	<u>457,499</u>	<u>(19,001)</u>	<u>413,178</u>

**SALE OF PROPERTY AND COMPENSATION
FOR LOSS**

Sale of scrap and excess materials	5,000	5,000	5,693	693	4,911
Minor sales	-	-	6,098	6,098	16,704
	<u>5,000</u>	<u>5,000</u>	<u>11,791</u>	<u>6,791</u>	<u>21,615</u>

STATE AID

Per capita	77,623	77,623	79,183	1,560	77,623
Mortgage tax	225,000	225,000	287,334	62,334	279,495
Public safety	-	-	-	-	1,035
Consolidated highway improvement aid	116,000	116,000	128,913	12,913	115,966
Other	-	-	427	427	-
	<u>418,623</u>	<u>418,623</u>	<u>495,857</u>	<u>77,234</u>	<u>474,119</u>

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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, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
FEDERAL AID					
Law enforcement block grant	\$ -	\$ -	\$ 13,450	\$ 13,450	\$ 2,539
SAFER grant	-	-	-	-	224,321
Emergency disaster assistance	262,000	262,000	300,778	38,778	-
	<u>262,000</u>	<u>262,000</u>	<u>314,228</u>	<u>52,228</u>	<u>226,860</u>
MISCELLANEOUS					
Refund of prior year's expenditures	30,000	30,000	17,292	(12,708)	35,201
Medicare Part D reimbursement	-	-	3,185	3,185	11,776
Other	-	-	11,429	11,429	28,366
	<u>30,000</u>	<u>30,000</u>	<u>31,906</u>	<u>1,906</u>	<u>75,343</u>
TOTAL REVENUES	<u>17,014,951</u>	<u>17,014,951</u>	<u>17,345,607</u>	<u>330,656</u>	<u>16,687,417</u>
OTHER FINANCING SOURCES					
Insurance recoveries	15,000	15,000	49,922	34,922	49,315
Transfers in					
Water Fund	120,000	120,000	120,000	-	120,000
Debts Service Fund	-	-	-	-	96,951
Public Library Fund	1,500	1,500	1,243	(257)	1,120
Special Purpose Fund	7,500	7,500	-	(7,500)	-
	<u>144,000</u>	<u>144,000</u>	<u>171,165</u>	<u>27,165</u>	<u>267,386</u>
TOTAL OTHER FINANCING SOURCES	<u>144,000</u>	<u>144,000</u>	<u>171,165</u>	<u>27,165</u>	<u>267,386</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 17,158,951</u>	<u>\$ 17,158,951</u>	<u>\$ 17,516,772</u>	<u>\$ 357,821</u>	<u>\$ 16,954,803</u>

Village of Larchmont, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended May 31, 2015
 (With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 5,700	\$ 5,700	\$ 8,137	\$ (2,437)	\$ 4,493
Justice	234,508	234,508	249,134	(14,626)	227,341
Treasurer	174,122	174,122	187,447	(13,325)	178,621
Budget	22,628	22,628	18,423	4,205	23,406
Purchasing	2,050	2,050	1,363	687	785
Assessor	51,114	51,114	28,083	23,031	22,496
Clerk	155,235	155,235	93,612	61,623	128,557
Law	80,350	80,350	89,396	(9,046)	98,134
Personnel	82,219	82,219	167,852	(85,633)	129,306
Engineer	159,745	159,745	61,196	98,549	103,528
Elections	7,500	7,500	2,708	4,792	3,887
Buildings	133,169	133,169	139,518	(6,349)	151,980
Village Center	15,000	15,000	11,924	3,076	13,706
Central garage	294,637	294,637	298,580	(3,943)	307,936
Central communications system	59,150	59,150	61,528	(2,378)	58,478
Central printing and mailing	35,500	35,500	26,850	8,650	31,174
Central data processing	167,000	167,000	178,781	(11,781)	154,448
Unallocated insurance	266,775	266,775	254,082	12,693	249,938
Municipal association dues	3,300	3,300	2,637	663	2,637
Judgments and claims	10,000	10,000	3,074	6,926	5,463
Taxes and assessments on Village property	75,000	75,000	84,035	(9,035)	82,628
Refunds of real property taxes	200,000	200,000	131,901	68,099	179,884
Metropolitan commuter transportation mobility tax	24,480	24,480	16,084	8,396	18,362
Contingency	37,455	37,455	-	37,455	-
	<u>2,296,637</u>	<u>2,296,637</u>	<u>2,116,345</u>	<u>180,292</u>	<u>2,177,188</u>

PUBLIC SAFETY

Police	3,390,579	3,390,579	3,338,359	52,220	3,406,456
Traffic control	20,450	20,450	17,626	2,824	12,413
Fire department	1,758,292	1,758,292	1,918,507	(160,215)	1,786,695
Control of dogs	16,600	16,600	13,243	3,357	19,161
Safety inspection	98,998	98,998	94,700	4,298	97,985
	<u>5,284,919</u>	<u>5,284,919</u>	<u>5,382,435</u>	<u>(97,516)</u>	<u>5,322,710</u>

HEALTH

Community Counseling Center	<u>47,500</u>	<u>47,500</u>	<u>47,500</u>	<u>-</u>	<u>45,000</u>
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TRANSPORTATION

Street administration	111,803	111,803	106,295	5,508	100,062
Street maintenance	703,291	703,291	699,340	3,951	638,714
Snow removal	85,500	85,500	137,952	(52,452)	142,246
Street lighting	181,521	181,521	205,649	(24,128)	207,264
Sidewalk maintenance	30,500	30,500	30,000	500	-
Off-street parking	75,930	75,930	88,011	(12,081)	100,202
	<u>1,188,545</u>	<u>1,188,545</u>	<u>1,267,247</u>	<u>(78,702)</u>	<u>1,188,488</u>

CULTURE AND RECREATION

Parks	382,472	382,472	377,237	5,235	424,738
Playgrounds and recreation	106,000	106,000	99,865	6,135	84,624
Band concerts	5,350	5,350	1,906	3,444	2,077
Celebrations	7,000	7,000	6,209	791	6,345
Youth programs	117,133	117,133	122,794	(5,661)	104,425
	<u>617,955</u>	<u>617,955</u>	<u>608,011</u>	<u>9,944</u>	<u>622,209</u>

HOME AND COMMUNITY SERVICES

Zoning	5,000	5,000	2,060	2,940	2,920
Board of Architectural Review	2,150	2,150	2,588	(438)	1,843
Planning	6,150	6,150	45,540	(39,390)	6,260
Sanitary sewers	13,000	13,000	9,270	3,730	9,753
Storm sewers	10,600	10,600	2,578	8,022	4,775
Refuse and garbage	1,558,198	1,558,198	1,577,056	(18,858)	1,528,285
Community beautification	97,000	97,000	111,717	(14,717)	89,165
Coastal zone	-	-	14	(14)	-
Street cleaning	83,748	83,748	79,379	4,369	76,716
Shade trees	36,200	36,200	20,052	16,148	15,690
Emergency tenant protection fees	2,000	2,000	2,090	(90)	4,380
Exhibits and receptions	2,500	2,500	2,500	-	2,500
	<u>1,816,546</u>	<u>1,816,546</u>	<u>1,854,844</u>	<u>(38,298)</u>	<u>1,742,287</u>

(Continued)

Village of Larchmont, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended May 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 443,945	\$ 443,945	\$ 392,932	\$ 51,013	\$ 464,077
State retirement - Police and fire	1,203,273	1,203,273	1,105,572	97,701	1,181,122
Social security	550,790	550,790	510,584	40,206	500,518
Workers' compensation benefits	501,763	501,763	469,637	32,126	385,096
Life insurance	1,700	1,700	1,373	327	1,439
Unemployment benefits	5,000	5,000	1,761	3,239	3,769
Hospital, medical and dental insurance	1,589,211	1,589,211	1,525,089	64,122	1,546,673
	<u>4,295,682</u>	<u>4,295,682</u>	<u>4,006,948</u>	<u>288,734</u>	<u>4,082,694</u>
DEBT SERVICE					
Principal					
Serial bonds	645,255	645,255	645,255	-	537,204
New York State loan	18,211	18,211	18,211	-	17,767
	<u>663,466</u>	<u>663,466</u>	<u>663,466</u>	<u>-</u>	<u>554,971</u>
Interest					
Serial bonds	210,181	210,181	210,181	-	116,828
New York State loan	1,058	1,058	1,058	-	1,502
Bond anticipation notes	-	-	-	-	11,347
	<u>211,239</u>	<u>211,239</u>	<u>211,239</u>	<u>-</u>	<u>129,677</u>
TOTAL EXPENDITURES	<u>16,422,489</u>	<u>16,422,489</u>	<u>16,158,035</u>	<u>264,454</u>	<u>15,865,224</u>
OTHER FINANCING USES					
Transfers out					
Water Fund	2,000	2,000	2,000	-	2,000
Capital Projects Fund	14,999	67,041	67,041	-	161,294
Public Library Fund	869,463	869,463	869,463	-	847,017
TOTAL OTHER FINANCING USES	<u>886,462</u>	<u>938,504</u>	<u>938,504</u>	<u>-</u>	<u>1,010,311</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 17,308,951</u>	<u>\$ 17,360,993</u>	<u>\$ 17,096,539</u>	<u>\$ 264,454</u>	<u>\$ 16,875,535</u>

Village of Larchmont, New York

Water Fund
Comparative Balance Sheet
May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 37,005	\$ 37,644
Receivables		
Accounts	335	695
Water rents	881,498	780,689
Due from other funds	<u>5,061</u>	<u>104</u>
	<u>886,894</u>	<u>781,488</u>
Prepaid expenditures	<u>3,976</u>	<u>3,851</u>
Total Assets	<u>\$ 927,875</u>	<u>\$ 822,983</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 427,192	\$ 196,888
Due to other funds	670,782	569,721
Due to retirement systems	<u>12,992</u>	<u>14,203</u>
Total Liabilities	<u>1,110,966</u>	<u>780,812</u>
Fund balance (deficit)		
Nonspendable	3,976	3,851
Assigned	-	38,320
Unassigned	<u>(187,067)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(183,091)</u>	<u>42,171</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 927,875</u>	<u>\$ 822,983</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 2,396,933	\$ 2,396,933	\$ 2,426,359	\$ 29,426
Use of money and property	150	150	92	(58)
Total Revenues	<u>2,397,083</u>	<u>2,397,083</u>	<u>2,426,451</u>	<u>29,368</u>
EXPENDITURES				
Current				
General government support	100,601	100,601	110,233	(9,632)
Home and community services	1,578,049	1,578,049	2,108,949	(530,900)
Employee benefits	252,380	252,380	239,834	12,546
Debt service				
Principal	41,453	41,453	41,453	-
Interest	18,244	18,244	18,244	-
Total Expenditures	<u>1,990,727</u>	<u>1,990,727</u>	<u>2,518,713</u>	<u>(527,986)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>406,356</u>	<u>406,356</u>	<u>(92,262)</u>	<u>(498,618)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	2,000	-
Transfers out	(135,000)	(135,000)	(135,000)	-
Total Other Financing Uses	<u>(133,000)</u>	<u>(133,000)</u>	<u>(133,000)</u>	<u>-</u>
Net Change in Fund Balance	273,356	273,356	(225,262)	(498,618)
FUND BALANCE (DEFICIT)				
Beginning of year	<u>(273,356)</u>	<u>(273,356)</u>	<u>42,171</u>	<u>315,527</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,091)</u>	<u>\$ (183,091)</u>

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,184,425	\$ 2,184,425	\$ 2,302,903	\$ 118,478
150	150	211	61
<u>2,184,575</u>	<u>2,184,575</u>	<u>2,303,114</u>	<u>118,539</u>
103,302	103,302	119,553	(16,251)
1,573,026	1,573,026	1,625,311	(52,285)
253,339	253,339	250,301	3,038
42,796	42,796	42,796	-
25,570	25,570	18,839	6,731
<u>1,998,033</u>	<u>1,998,033</u>	<u>2,056,800</u>	<u>(58,767)</u>
<u>186,542</u>	<u>186,542</u>	<u>246,314</u>	<u>59,772</u>
2,000	2,000	2,000	-
(138,625)	(138,625)	(138,625)	-
<u>(136,625)</u>	<u>(136,625)</u>	<u>(136,625)</u>	<u>-</u>
49,917	49,917	109,689	59,772
<u>(49,917)</u>	<u>(49,917)</u>	<u>(67,518)</u>	<u>(17,601)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,171</u>	<u>\$ 42,171</u>

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Village of Larchmont, New York

Public Library Fund
Comparative Balance Sheet
May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 886,004	\$ 775,950
Due from other funds	193,497	43,515
Prepaid expenditures	<u>17,912</u>	<u>20,852</u>
Total Assets	<u>\$ 1,097,413</u>	<u>\$ 840,317</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 27,373	\$ 38,636
Due to other funds	362,679	95,569
Due to retirement systems	<u>28,000</u>	<u>30,675</u>
Total Liabilities	<u>418,052</u>	<u>164,880</u>
Fund balance		
Nonspendable	17,912	20,852
Assigned	<u>661,449</u>	<u>654,585</u>
Total Fund Balance	<u>679,361</u>	<u>675,437</u>
Total Liabilities and Fund Balance	<u>\$ 1,097,413</u>	<u>\$ 840,317</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 1,251,684	\$ 1,251,684	\$ 1,243,874	\$ (7,810)
Use of money and property	600	600	133	(467)
Sale of property and compensation for loss	5,150	5,150	4,760	(390)
State aid	4,200	4,200	4,643	443
Federal aid	-	-	-	-
Miscellaneous	17,000	17,000	24,679	7,679
Total Revenues	1,278,634	1,278,634	1,278,089	(545)
EXPENDITURES				
Current				
General government support	36,782	36,782	32,077	4,705
Culture and recreation	1,527,555	1,527,555	1,529,287	(1,732)
Employee benefits	620,760	620,760	531,121	89,639
Total Expenditures	2,185,097	2,185,097	2,092,485	92,612
Deficiency of Revenues Over Expenditures	(906,463)	(906,463)	(814,396)	92,067
OTHER FINANCING SOURCES (USES)				
Transfers in	869,463	869,463	869,563	100
Transfers out	(53,000)	(53,000)	(51,243)	1,757
Total Other Financing Sources	816,463	816,463	818,320	1,857
Net Change in Fund Balance	(90,000)	(90,000)	3,924	93,924
FUND BALANCE				
Beginning of Year	90,000	90,000	675,437	585,437
End of Year	\$ -	\$ -	\$ 679,361	\$ 679,361

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,224,687	\$ 1,224,687	\$ 1,223,002	\$ (1,685)
1,000	1,000	533	(467)
5,850	5,850	4,381	(1,469)
4,200	4,200	4,595	395
-	-	3,074	3,074
17,000	17,000	15,567	(1,433)
1,252,737	1,252,737	1,251,152	(1,585)
41,749	41,749	39,921	1,828
1,513,487	1,513,487	1,516,861	(3,374)
604,518	604,518	571,805	32,713
2,159,754	2,159,754	2,128,587	31,167
(907,017)	(907,017)	(877,435)	29,582
847,017	847,017	847,017	-
(55,000)	(55,000)	(51,120)	3,880
792,017	792,017	795,897	3,880
(115,000)	(115,000)	(81,538)	33,462
115,000	115,000	756,975	641,975
\$ -	\$ -	\$ 675,437	\$ 675,437

Village of Larchmont, New York

Public Library Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended May 31, 2015
 (With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
DEPARTMENTAL INCOME					
Library charges	\$ 51,000	\$ 51,000	\$ 43,190	\$ (7,810)	\$ 53,315
Services to other governments	1,200,684	1,200,684	1,200,684	-	1,169,687
	<u>1,251,684</u>	<u>1,251,684</u>	<u>1,243,874</u>	<u>(7,810)</u>	<u>1,223,002</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	600	600	133	(467)	533
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Minor sales	1,300	1,300	633	(667)	373
Sale of materials and supplies	3,850	3,850	4,127	277	4,008
	<u>5,150</u>	<u>5,150</u>	<u>4,760</u>	<u>(390)</u>	<u>4,381</u>
STATE AID					
Library aid	4,200	4,200	4,643	443	4,595
FEDERAL AID					
Emergency disaster assistance	-	-	-	-	3,074
MISCELLANEOUS					
Gifts and donations	10,000	10,000	8,819	(1,181)	8,567
Medicare part D reimbursement	7,000	7,000	15,810	8,810	7,000
Refund of prior year's expenditures	-	-	50	50	-
	<u>17,000</u>	<u>17,000</u>	<u>24,679</u>	<u>7,679</u>	<u>15,567</u>
TOTAL REVENUES	<u>1,278,634</u>	<u>1,278,634</u>	<u>1,278,089</u>	<u>(545)</u>	<u>1,251,152</u>

OTHER FINANCING SOURCES

Transfers in

General Fund

869,463

869,463

869,463

-

847,017

Special Purpose Fund

-

-

100

100

-

TOTAL OTHER FINANCING SOURCES

869,463

869,463

869,563

100

847,017

**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

\$ 2,148,097

\$ 2,148,097

\$ 2,147,652

\$ (445)

\$ 2,098,169

Village of Larchmont, New York

Public Library Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended May 31, 2015
 (With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
GENERAL GOVERNMENT SUPPORT					
Unallocated insurance	\$ 23,000	\$ 23,000	\$ 21,892	\$ 1,108	\$ 22,055
Taxes and assessments on Village property	2,500	2,500	6,452	(3,952)	14,898
Metropolitan commuter transportation mobility tax	3,782	3,782	3,733	49	2,968
Contingency	7,500	7,500	-	7,500	-
	<u>36,782</u>	<u>36,782</u>	<u>32,077</u>	<u>4,705</u>	<u>39,921</u>
CULTURE AND RECREATION					
Library operations	<u>1,527,555</u>	<u>1,527,555</u>	<u>1,529,287</u>	<u>(1,732)</u>	<u>1,516,861</u>
EMPLOYEE BENEFITS					
State retirement	214,967	214,967	173,499	41,468	194,983
Social security	86,063	86,063	83,992	2,071	84,785
Workers' compensation benefits	6,300	6,300	10,134	(3,834)	3,925
Disability insurance	1,800	1,800	35	1,765	-
Hospital, medical and dental insurance	<u>311,630</u>	<u>311,630</u>	<u>263,461</u>	<u>48,169</u>	<u>288,112</u>
	<u>620,760</u>	<u>620,760</u>	<u>531,121</u>	<u>89,639</u>	<u>571,805</u>
TOTAL EXPENDITURES	<u>2,185,097</u>	<u>2,185,097</u>	<u>2,092,485</u>	<u>92,612</u>	<u>2,128,587</u>
OTHER FINANCING USES					
Transfers out					
General Fund	3,000	3,000	1,243	1,757	1,120
Capital Projects Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL OTHER FINANCING USES	<u>53,000</u>	<u>53,000</u>	<u>51,243</u>	<u>1,757</u>	<u>51,120</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,238,097</u>	<u>\$ 2,238,097</u>	<u>\$ 2,143,728</u>	<u>\$ 94,369</u>	<u>\$ 2,179,707</u>

Village of Larchmont, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 1,598,790	\$ 593,468
Due from other funds	<u>333,707</u>	<u>80,000</u>
Total Assets	<u>\$ 1,932,497</u>	<u>\$ 673,468</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 289,384	\$ 103,637
Due to other funds	9,106	8,543
Bond anticipation notes payable	<u>1,325,000</u>	<u>-</u>
Total Liabilities	1,623,490	112,180
Fund balance		
Restricted	<u>309,007</u>	<u>561,288</u>
Total Liabilities and Fund Balance	<u>\$ 1,932,497</u>	<u>\$ 673,468</u>

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Village of Larchmont, New YorkCapital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2015</u>	<u>2014</u>
REVENUES		
Use of money and property	\$ 58	\$ 52
State aid	123,469	30,930
Federal aid	390,837	56,829
Miscellaneous	<u>637,087</u>	<u>117,614</u>
Total Revenues	1,151,451	205,425
EXPENDITURES		
Capital outlay	<u>1,817,802</u>	<u>958,328</u>
Deficiency of Revenues Over Expenditures	<u>(666,351)</u>	<u>(752,903)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	-	2,581,708
Insurance recoveries	259,458	32,467
Transfers in	154,612	229,919
Transfers out	<u>-</u>	<u>(40,531)</u>
Total Other Financing Sources	<u>414,070</u>	<u>2,803,563</u>
Net Change in Fund Balance	(252,281)	2,050,660
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>561,288</u>	<u>(1,489,372)</u>
End of Year	<u>\$ 309,007</u>	<u>\$ 561,288</u>

Village of Larchmont, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through May 31, 2015

<u>PROJECT</u>	<u>Authorization</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Technology Budget	\$ 979,856	\$ 628,722	\$ 351,134
Purchase of Garbage Truck	107,500	105,451	2,049
Purchase of Firefighting Equipment	44,643	44,642	1
Reservoir/Caretaker	22,568	56,557	(33,989)
Purchase of Garbage Truck	200,000	186,994	13,006
Purchase of Garbage Truck	300,000	282,901	17,099
DPW Machinery and Equipment	139,597	125,116	14,481
Pine Brook Pump Control Replacement	29,623	26,279	3,344
DPW Building Improvements	25,564	26,455	(891)
Leak Detection Equipment	14,500	11,693	2,807
US DOJ Technology Grant	100,000	100,607	(607)
Fire Department Apparatus Floor	85,000	64,770	20,230
Purchase of Elgin Sweeper	76,000	75,646	354
Village Yard Reconstruction	300,500	293,642	6,858
Library Maintenance Program	1,311,066	1,060,623	250,443
Reconstruction of Village Hall	1,819,669	1,819,659	10
Village Hall Heating System	100,000	77,936	22,064
Streetscape Improvement	1,020,000	1,053,031	(33,031)
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	194,850	163,205	31,645
Storm Water Clean-up	551,000	550,747	253
Reconstruction of Streets and Roads	49,000	41,793	7,207
Public Safety - Fire House Renovations	112,500	110,658	1,842
Burchell Project	3,458,800	3,424,351	34,449
American LaFrance Fire Pumper	555,000	560,137	(5,137)

<u>Total Revenues</u>	<u>Fund Balance (Deficit) at May 31, 2015</u>	<u>Bond Anticipation Notes Outstanding at May 31, 2015</u>
\$ 802,485	\$ 173,763	\$ 90,000
107,500	2,049	-
44,643	1	-
22,568	(33,989)	-
189,900	2,906	-
295,300	12,399	-
139,597	14,481	-
19,832	(6,447)	-
24,500	(1,955)	-
-	(11,693)	-
86,548	(14,059)	-
80,700	15,930	-
76,000	354	-
300,500	6,858	-
1,311,066	250,443	-
1,819,669	10	-
100,000	22,064	-
1,020,000	(33,031)	-
145,000	3,498	-
116,000	(461)	-
155,000	572	-
180,000	16,795	-
551,000	253	-
49,000	7,207	-
112,500	1,842	-
3,442,586	18,235	-
538,000	(22,137)	-

(Continued)

Village of Larchmont, New York

Capital Projects Fund

Project-Length Schedule (Continued)

Inception of Project Through May 31, 2015

PROJECT	Authorization	Expenditures and Transfers	Unexpended Balance
Ten Wheeler Dump Truck	\$ 145,000	\$ 146,540	\$ (1,540)
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
Palmér Avenue Streetscape	897,491	1,341,104	(443,613)
Purchase of Garbage Truck	180,000	177,714	2,286
Lorenzen Park Development	600,000	132,825	467,175
Tennis Courts at Flint Park	329,011	327,586	1,425
Westchester Joint Water Works Modifications	125,000	122,561	2,439
Tunnel at Train Station	50,000	50,154	(154)
DPW Machinery and Equipment	265,922	260,318	5,604
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	216,419	116,419	100,000
Tank/ Pump Replacement Byron	1,265,000	104,147	1,160,853
Meter Replacement/ Tech Upgrade	800,000	39,819	760,181
Infrastructure Improvement District System	350,000	49,563	300,437
Fire Rescue Vehicle and SUV	317,092	46,855	270,237
DPW Gas Tank	235,605	67,326	168,279
VH FEMA Generator and HMP	265,000	259,613	5,387
DPW Oil/Water Separator	100,000	77,797	22,203
Library Roof	248,806	249,098	(292)
Electrical Infrastructure and Reservoir	39,297	28,755	10,542
Purchase of Garbage Truck 2014	150,000	134,876	15,124
LPL Transformation Project	669,606	181,898	487,708
Totals	\$ 20,199,800	\$ 16,005,050	\$ 4,194,750

<u>Total Revenues</u>	<u>Fund Balance (Deficit) at May 31, 2015</u>	<u>Bond Anticipation Notes Outstanding at May 31, 2015</u>
\$ 145,000	\$ (1,540)	\$ -
180,000	2,174	-
543,204	13,663	-
19,999	287	-
897,491	(443,613)	900,000
170,000	(7,714)	-
-	(132,825)	-
329,011	1,425	-
125,000	2,439	-
50,000	(154)	-
259,922	(396)	-
180,000	135,966	-
-	(851)	-
11,112	(3,000)	-
190,418	73,999	-
-	(104,147)	-
-	(39,819)	-
-	(49,563)	-
317,092	270,237	-
65,605	(1,721)	-
233,747	(25,866)	-
-	(77,797)	100,000
167,583	(81,515)	85,000
39,297	10,542	-
-	(134,876)	150,000
<u>659,682</u>	<u>477,784</u>	<u>-</u>
<u>\$ 16,314,057</u>	<u>\$ 309,007</u>	<u>\$ 1,325,000</u>

Village of Larchmont, New York

Combining Balance Sheet
Non-Major Governmental Funds
May 31, 2015
(With Comparative Totals for 2014)

	Special Purpose Fund	Debt Service Fund
ASSETS		
Cash and equivalents	\$ 319,349	\$ 17,626
Due from other funds	-	9,106
	<hr/>	<hr/>
Total Assets	<u>\$ 319,349</u>	<u>\$ 26,732</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	\$ 20,422	\$ -
Bond interest and matured bonds payable	-	1,326
	<hr/>	<hr/>
Total Liabilities	20,422	1,326
Fund balances		
Restricted	<hr/> 298,927	<hr/> 25,406
	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 319,349</u>	<u>\$ 26,732</u>

Total Non-Major
Governmental Funds

2015	2014
\$ 336,975	\$ 345,716
9,106	8,543
<u>\$ 346,081</u>	<u>\$ 354,259</u>
\$ 20,422	\$ 14,528
1,326	1,328
21,748	15,856
<u>324,333</u>	<u>338,403</u>
<u>\$ 346,081</u>	<u>\$ 354,259</u>

Village of Larchmont, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended May 31, 2015
(With Comparative Totals for 2014)

	Special Purpose Fund	Debt Service Fund
	<u> </u>	<u> </u>
REVENUES		
Use of money and property	\$ 141	\$ 577
Miscellaneous	9,722	-
	<u> </u>	<u> </u>
Total Revenues	9,863	577
EXPENDITURES		
Current		
Culture and recreation	1,839	-
	<u> </u>	<u> </u>
Excess of Revenues Over Expenditures	8,024	577
	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(22,671)	-
	<u> </u>	<u> </u>
Total Other Financing Uses	(22,671)	-
	<u> </u>	<u> </u>
Net Change in Fund Balances	(14,647)	577
FUND BALANCES		
Beginning of Year	313,574	24,829
	<u> </u>	<u> </u>
End of Year	\$ 298,927	\$ 25,406
	<u> </u>	<u> </u>

Village of Larchmont, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 319,349</u>	<u>\$ 328,102</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 20,422	\$ 14,528
Fund balance		
Restricted	<u>298,927</u>	<u>313,574</u>
Total Liabilities and Fund Balance	<u>\$ 319,349</u>	<u>\$ 328,102</u>

Village of Larchmont, New York

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

	<u>2015</u>	<u>2014</u>
REVENUES		
Use of money and property	\$ 141	\$ 393
Miscellaneous	<u>9,722</u>	<u>18,716</u>
Total Revenues	9,863	19,109
EXPENDITURES		
Current		
Culture and recreation	<u>1,839</u>	<u>6,603</u>
Excess of Revenues Over Expenditures	8,024	12,506
OTHER FINANCING USES		
Transfers out	<u>(22,671)</u>	<u>-</u>
Net Change in Fund Balance	(14,647)	12,506
FUND BALANCE		
Beginning of Year	<u>313,574</u>	<u>301,068</u>
End of Year	<u>\$ 298,927</u>	<u>\$ 313,574</u>

Village of Larchmont, New York

Debt Service Fund
Comparative Balance Sheet
May 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 17,626	\$ 17,614
Due from other funds	<u>9,106</u>	<u>8,543</u>
Total Assets	<u>\$ 26,732</u>	<u>\$ 26,157</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Bond interest and matured bonds payable	\$ 1,326	\$ 1,328
Fund balance		
Restricted	<u>25,406</u>	<u>24,829</u>
Total Liabilities and Fund Balance	<u>\$ 26,732</u>	<u>\$ 26,157</u>

Village of Larchmont, New York

Debt Service Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2015</u>	<u>2014</u>
REVENUES		
Use of money and property	\$ 577	\$ 667
EXPENDITURES		
	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>577</u>	<u>667</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	40,531
Transfers out	<u>-</u>	<u>(96,951)</u>
Total Other Financing Uses	<u>-</u>	<u>(56,420)</u>
Net Change in Fund Balance	577	(55,753)
FUND BALANCE		
Beginning of Year	<u>24,829</u>	<u>80,582</u>
End of Year	<u>\$ 25,406</u>	<u>\$ 24,829</u>

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Larchmont, New York ("Village") as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 1, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 1, 2015

**Report on Compliance For Each Major Federal Program and Report on
Internal Control Over Compliance****Independent Auditor's Report****The Honorable Mayor and Board of Trustees
of the Village of Larchmont, New York****Report on Compliance for Each Major Federal Program**

We have audited the Village of Larchmont, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2015. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 1, 2015

Village of Larchmont, New York

Schedule of Expenditures of Federal Awards
 Year Ended May 31, 2015

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Indirect Program - Passed through New York State Department of Transportation: Highway Planning and Construction	20.205	\$ <u>390,733</u>
<u>U.S. Department of Homeland Security</u>		
Indirect Programs - Passed through New York State Office of Emergency Management: Hazard Mitigation Grant	97.039	116,734
Direct Program - Assistance to Firefighters Grant	97.044	31,132
Staffing for Adequate Fire and Emergency Response	97.083	<u>267,084</u>
Total U.S. Department of Homeland Security		<u>414,950</u>
Total Federal Assistance		<u>\$ 805,683</u>

(1) Catalog of Federal Domestic Assistance Number

Village of Larchmont, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Village of Larchmont, New York ("Village") under programs of the federal government for the year ended May 31, 2015. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position or cash flows of the Village.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Village of Larchmont, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2015

Section II - Financial Statement Findings

None reported

Section III - Federal Awards Findings and Questioned Costs

None reported