

VILLAGE OF SCARSDALE, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED MAY 31, 2006

WITH INDEPENDENT AUDITORS' REPORT

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O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Scarsdale, New York as of and for the year ended May 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Scarsdale, New York as of May 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Capital Projects Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bennett Kielson Storch DeSantis Division

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax www.odmd.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Scarsdale, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Scarsdale, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bennett Kielson Storch DeSantis

The Government Services Division of
O'Connor Davies Munns & Dobbins, LLP
July 21, 2006

Village of Scarsdale, New York
Management Discussion and Analysis (MD&A)
May 31, 2006

Introduction

As management of the Village of Scarsdale, New York (Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2006. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

- ❖ The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$40,865,753. Of this amount \$7,208,333 is unrestricted.
- ❖ As of the close of the current fiscal year, excluding the Capital Projects Fund, the Village's governmental funds reported combined ending fund balances of \$8,529,006, of which \$5,968,631 is unreserved and undesignated and available for spending at the Village's discretion.
- ❖ At the end of the current fiscal year, unreserved fund balance for the General Fund is \$5,433,207, or 13.03% of total General Fund expenditures and other financing uses.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Village that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Village that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Village include general government support, public safety, culture and recreation, home and community services and interest. The business-type activities of the Village include the Scarsdale Water District No. 1 and the Enterprise Recreation Fund (the Pool).

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. 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 three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains six individual governmental funds: the General Fund, Capital Projects Fund, Town Fund, Library Fund, Special Purpose Fund and the Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund and the Town Fund, all of which are considered to be major funds. Data from the other three governmental funds, which are considered non-major funds, is combined into a single aggregated presentation. Individual information on each of these non-major governmental funds is provided in the form of combining and individual fund schedules and statements elsewhere in this report.

The Village adopts annual budgets for the General Fund, Capital Projects Fund and the Library Fund. Budgetary comparison statements have been provided for these funds within the financial statements to demonstrate compliance with the respective budgets.

Proprietary Funds

The Village maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for the operations of Water District No. 1 and the Pool. Internal service funds are used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for its Central Garage operations. These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water District No. 1 and the Pool which are considered to be major funds of the Village. The internal service fund is presented in the proprietary fund financial statements.

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 only one type of fiduciary fund that is known as an agency fund. Resources are held in the fund by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment and remittance of resources to the appropriate individual, organization or government.

Notes to the Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include statements for the non-major governmental funds and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$40,865,753 at the close of the most recent fiscal year. By far, the largest portion of the Village's net assets is its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

**Net Assets
May 31,**

	2006			2005		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current Assets	\$ 21,854,242	\$ 6,471,246	\$ 28,325,488	\$ 18,593,464	\$ 5,560,441	\$ 24,153,905
Capital Assets, Net	31,948,551	3,237,645	35,186,196	31,968,363	3,536,917	35,505,280
Total Assets	53,802,793	9,708,891	63,511,684	50,561,827	9,097,358	59,659,185
Current Liabilities	5,583,205	4,142,878	9,726,083	4,865,508	628,721	5,494,229
Long-Term Liabilities	11,507,013	1,412,835	12,919,848	12,413,595	1,520,721	13,934,316
Total Liabilities	17,090,218	5,555,713	22,645,931	17,279,103	2,149,442	19,428,545
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	23,702,798	2,018,398	25,721,196	23,025,265	2,195,015	25,220,280
Restricted	7,935,724	-	7,935,724	1,333,081	-	1,333,081
Unrestricted	5,074,053	2,134,780	7,208,833	8,924,378	4,752,901	13,677,279
Total Net Assets	\$ 36,712,575	\$ 4,153,178	\$ 40,865,753	\$ 33,282,724	\$ 6,947,916	\$ 40,230,640

A portion of the Village's net assets \$7,935,724 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$7,208,833.

Change in Net Assets Fiscal Years Ended May 31,

	2006			2005		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,114,432	\$ 4,170,858	\$ 10,285,290	\$ 6,198,870	\$ 3,455,600	\$ 9,654,470
Operating Grants and Contributions	75,882	-	75,882	84,882	-	84,882
Capital Grants and Contributions	729,839	-	729,839	1,619,108	-	1,619,108
General Revenues:						
Real Property Taxes	23,597,036	-	23,597,036	22,105,153	-	22,105,153
Other Tax Items	371,887	-	371,887	441,041	-	441,041
Tax Distribution - County	2,313,609	-	2,313,609	2,211,148	-	2,211,148
Non-Property Items	620,571	-	620,571	542,577	-	542,577
Unrestricted Use of Money and Property	978,753	212,447	1,191,200	440,617	94,540	535,157
Unrestricted State Aid	1,386,942	-	1,386,942	1,735,802	-	1,735,802
Gain on Sale of Real Property	3,070,000	-	3,070,000	20,781	-	20,781
Transfers	296,395	(296,395)	-	291,080	(291,080)	-
Total Revenues	39,555,346	4,086,910	43,642,256	35,691,059	3,259,060	38,950,119
Program Expenses:						
General Government Support	6,852,026	-	6,852,026	6,552,672	-	6,552,672
Public Safety	13,851,200	-	13,851,200	12,964,988	-	12,964,988
Culture and Recreation	5,714,217	852,842	6,567,059	6,812,873	808,860	7,621,733
Home and Community Service	9,628,919	5,876,513	15,505,432	8,335,659	2,213,919	10,549,578
Interest	351,275	-	351,275	332,216	-	332,216
Total Expenses	36,397,637	6,729,355	43,126,992	34,998,408	3,022,779	38,021,187
Change in Net Assets	3,157,709	(2,642,445)	515,264	692,651	236,281	928,932
Net Assets - Beginning	33,282,724	6,947,916	40,230,640	31,890,401	6,531,040	38,421,441
Prior Period Adjustment	272,142	(152,293)	119,849	699,672	180,595	880,267
Net Assets - Ending	\$ 36,712,575	\$ 4,153,178	\$ 40,865,753	\$ 33,282,724	\$ 6,947,916	\$ 40,230,640

Governmental Activities

Governmental activities increased the village's net assets by \$3,157,709 which accounts for all of the total increase in net assets.

For the fiscal year ended May 31, 2006, revenues from governmental activities totaled \$39,555,346. Tax revenues (\$26,903,103), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (68%).

The largest components of governmental activities' expenses are public safety (38%), home and community services (26%) and general government support (19%).

Business-Type Activities

Business-type activities decreased the Village's net assets by \$2,642,445. These expenditures reflect the settlement of a long-standing water rates case against the City of New York. The settlement agreement stipulated that the Village pay the City \$3,499,145. The settlement of the case is an important step in enabling the Village to proceed with the upgrade of the Ardsley Road Pump Station. Revenues from business-type activities were \$4,170,858. Offsetting these revenues were expenses of \$6,729,355 for all operations.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved 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 \$15,248,799, a net increase of \$3,674,154 from the prior year. Approximately 78% (\$11,879,934) of the total ending fund balance constitutes unreserved fund balance. Of the unreserved fund balance \$3,319,685 has been designated for subsequent year's expenditures. \$259,685 represents the amount estimated for use in the 2006/2007 General Fund budget and \$285,000 is designated for capital projects. \$2,665,000 of the Capital Projects Fund balance is designated for the subsequent year, as is \$110,000 of the Library fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenditures (\$362,489), to liquidate contracts and purchase orders of the prior period (\$1,627,276), dedicated to pay for debt service (\$138,500), dedicated to land acquisition and improvements (\$163,169) or is restricted in its use under the terms of a trust agreement (\$1,077,431).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$5,433,207, representing 87% of the total General Fund Balance of \$6,237,631. Two useful measures of liquidity are the percentage of unreserved and undesignated fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 12% unreserved and undesignated fund balance to total expenditures, while total fund balance represents 19% of that same amount.

The final General Fund budget anticipated the use of \$4,252,297 of fund balance. However, actual results of operations showed the use of \$1,444,840. Revenues and other financing sources were \$40,249,447, which was \$2,626,093 greater than the final budget. The major areas where revenues exceeded the budget were in non-property tax items, departmental income, use of money and property and licenses and permits. Expenditures and other financing uses were \$41,694,287, which was less than the final budget by \$181,364. Other financing uses were higher than originally budgeted by \$6,384,000 mainly due to the appropriation of the Corell Road sale proceeds of \$3,070,000 and the appropriation of \$3,262,000 of General Fund fund balance to be used for Capital Projects. Exclusive of these appropriations, expenditures and other financing uses were \$35,310,287.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net assets of Water District No. 1 at year end were \$3,465,416. Net assets invested in capital assets, net of related debt, were \$1,590,415. During 2005-2006 the Village settled the Water Rates case which originated in 1993. The payment of \$3,499,145 was partially offset by cash flow of \$994,990 resulting in a net reduction in net assets of \$2,575,641. Total net assets of the Pool fund at year-end were \$687,762. Net assets, invested in capital assets, net of related debt are \$427,983.

General Fund Budgetary Highlights

The final budget for the General Fund estimated revenues was unchanged at \$33,912,809.

The final appropriations budget for the General Fund decreased by \$59,030. The appropriations budget for general government support was decreased by \$255,065, public safety was increased by \$280,058, home and community services was increased by \$92,539, culture and recreation was increased by \$28,161 and the combined budgets for employee benefits and debt service decreased by \$204,723.

Capital Assets

The Village's investment in capital assets for governmental and business-type activities at May 31, 2006, net of \$49,729,434 of accumulated depreciation, was \$35,186,196. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress,

Capital Assets May 31,

Asset	2006			2005		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Land	\$ 6,947,869	\$ 149,789	\$ 7,097,658	\$ 6,947,869	\$ 149,789	\$ 7,097,658
Land Improvements	1,253,191	-	1,253,191	417,048	-	417,048
Buildings and Improvements	7,876,115	4,453,577	12,329,692	7,792,682	4,329,719	12,122,401
Infrastructure	43,367,609	1,984,788	45,352,397	43,270,615	1,984,788	45,255,403
Machinery and Equipment	14,524,565	1,462,256	15,986,821	14,259,779	1,304,207	15,563,986
Construction-in-Progress	2,889,180	6,691	2,895,871	1,849,134	282,842	2,131,976
Less-Accumulated Depreciation	(44,909,978)	(4,819,456)	(49,729,434)	(42,566,764)	(4,514,428)	(47,081,192)
Total (Net of depreciation)	<u>\$ 31,948,551</u>	<u>\$ 3,237,645</u>	<u>\$ 35,186,196</u>	<u>\$ 31,970,363</u>	<u>\$ 3,536,917</u>	<u>\$ 35,507,280</u>

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

Long Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$9,465,000. 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. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of that fund. Of the \$9,465,000 bonded debt outstanding at fiscal year end, \$1,219,247 represented debt of the Pool Fund.

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Scarsdale, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Marie Louise McClure, Treasurer, Village of Scarsdale, 1001 Post Road, Scarsdale, New York 10583.

STATEMENT OF NET ASSETS
MAY 31, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 17,056,376	\$ 6,297,511	\$ 23,353,887
Receivables:			
Property taxes, net of allowance for uncollectible amounts	1,925,749	-	1,925,749
Accounts	104,640	163,519	268,159
Special assessments	1,131,168	-	1,131,168
State aid	982,143	-	982,143
Due from other governments	272,972	-	272,972
Prepaid expenses	381,194	10,216	391,410
Capital assets (net of accumulated depreciation):			
Land	6,947,869	149,789	7,097,658
Land improvements	1,215,853	-	1,215,853
Buildings and improvements	4,433,798	2,167,413	6,601,211
Infrastructure	14,156,567	645,857	14,802,424
Machinery and equipment	2,305,275	267,895	2,573,170
Construction-in-progress	2,889,189	6,691	2,895,880
Total Assets	53,802,793	9,708,891	63,511,684
LIABILITIES			
Accounts payable	2,045,390	67,690	2,113,080
Accrued liabilities	640,306	3,518,188	4,158,494
Retainages payable	130,170	-	130,170
Accrued interest payable	92,495	9,309	101,804
Due to other governments	1,429,329	-	1,429,329
Due to retirement systems	435,892	-	435,892
Unearned revenues	697,257	547,691	1,244,948
Deposits	112,366	-	112,366
Non-current liabilities:			
Due within one year:			
Bonds payable	756,504	128,496	885,000
Compensated absences	326,126	19,359	345,485
Due in more than one year:			
Bonds payable	7,489,249	1,090,751	8,580,000
Compensated absences	2,935,134	174,229	3,109,363
Total Liabilities	17,090,218	5,555,713	22,645,931
NET ASSETS			
Invested in capital assets, net of related debt	23,702,798	2,018,398	25,721,196
Restricted for:			
Capital projects	6,719,793	-	6,719,793
Debt service	138,500	-	138,500
Special purposes	1,077,431	-	1,077,431
Unrestricted	5,074,053	2,134,780	7,208,833
Total Net Assets	\$ 36,712,575	\$ 4,153,178	\$ 40,865,753

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 6,852,026	\$ 3,963,425	\$ 5,128	\$ 108,568
Public safety	13,851,200	2,043,014	15,116	-
Culture and recreation	5,714,217	41,017	55,638	151,978
Home and community services	9,628,919	66,976	-	469,293
Interest	351,275	-	-	-
Total Governmental Activities	36,397,637	6,114,432	75,882	729,839
Business-type activities:				
Water	5,876,513	3,373,277	-	-
Pool	852,842	797,581	-	-
Total Business-Type Activities	6,729,355	4,170,858	-	-
Total	\$ 43,126,992	\$ 10,285,290	\$ 75,882	\$ 729,839

General Revenues:

Real property taxes

Other tax items:

Special assessments

Interest and penalties - Taxes

Non-property taxes:

Non-property tax distribution from County

Utilities gross receipts tax

Franchise fees

Unrestricted use of money and property

Gain on sale of real property

Unrestricted State aid

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year, as reported

Prior Period Adjustments

Net Assets - Beginning of Year, as restated

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (2,774,905)	\$ -	\$ (2,774,905)
(11,793,070)	-	(11,793,070)
(5,465,584)	-	(5,465,584)
(9,092,650)	-	(9,092,650)
(351,275)	-	(351,275)
(29,477,484)	-	(29,477,484)
-	(2,503,236)	(2,503,236)
-	(55,261)	(55,261)
-	(2,558,497)	(2,558,497)
(29,477,484)	(2,558,497)	(32,035,981)
23,597,036	-	23,597,036
3,071	-	3,071
368,816	-	368,816
2,313,609	-	2,313,609
391,632	-	391,632
228,939	-	228,939
978,753	212,447	1,191,200
3,070,000	-	3,070,000
1,386,942	-	1,386,942
296,395	(296,395)	-
32,635,193	(83,948)	32,551,245
3,157,709	(2,642,445)	515,264
33,282,724	6,947,916	40,230,640
272,142	(152,293)	119,849
33,554,866	6,795,623	40,350,489
\$ 36,712,575	\$ 4,153,178	\$ 40,865,753

VILLAGE OF SCARSDALE, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2006
(With Comparative Totals for 2005)

	General	Town	Capital Projects	Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 7,817,804	\$ 627,160	\$ 7,065,875	\$ 1,537,774
Taxes Receivable	118,146	1,807,603	-	-
Other Receivables:				
Accounts	94,161	-	8,383	2,096
Special assessments	1,131,168	-	-	-
Due from other funds	-	-	-	-
State and Federal aid	938,703	-	43,440	-
Other governments	86,530	-	39,750	-
	2,250,562	-	91,573	2,096
Prepaid Expenditures	338,654	-	-	23,835
Total Assets	<u>\$ 10,525,166</u>	<u>\$ 2,434,763</u>	<u>\$ 7,157,448</u>	<u>\$ 1,563,705</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,518,554	\$ -	\$ 234,418	\$ 160,418
Accrued liabilities	550,681	-	73,067	4,980
Retainages payable	-	-	130,170	-
Due to other funds	-	-	-	-
Due to other governments	-	1,429,329	-	-
Due to retirement systems	435,892	-	-	-
Deferred revenue - Taxes	118,146	-	-	-
Deferred revenue - Other	1,664,262	-	-	-
Deposits	-	-	-	112,366
Total Liabilities	<u>4,287,535</u>	<u>1,429,329</u>	<u>437,655</u>	<u>277,764</u>
Fund Balances:				
Reserved for:				
Encumbrances	327,270	-	1,300,006	-
Prepaid expenditures	338,654	-	-	23,835
Land acquisitions and improvements	-	-	163,169	-
Trusts	-	-	-	1,077,431
Debt service	138,500	-	-	-
Unreserved, reported in:				
General Fund	5,433,207	-	-	-
Town Fund	-	1,005,434	-	-
Capital Projects Fund	-	-	5,256,618	-
Library Fund	-	-	-	184,675
Total Fund Balances	<u>6,237,631</u>	<u>1,005,434</u>	<u>6,719,793</u>	<u>1,285,941</u>
Total Liabilities and Fund Balances	<u>\$ 10,525,166</u>	<u>\$ 2,434,763</u>	<u>\$ 7,157,448</u>	<u>\$ 1,563,705</u>

The accompanying notes are an integral part of this statement.

<u>Total Governmental Funds</u>	
<u>2006</u>	<u>2005</u>
<u>\$ 17,048,613</u>	<u>\$ 14,015,762</u>
<u>1,925,749</u>	<u>1,805,635</u>
104,640	98,249
1,131,168	1,268,773
-	25,207
982,143	1,125,562
126,280	56,159
<u>2,344,231</u>	<u>2,573,950</u>
<u>362,489</u>	<u>12,064</u>
<u>\$ 21,681,082</u>	<u>\$ 18,407,411</u>

<u>\$ 1,913,390</u>	<u>\$ 1,421,720</u>
628,728	472,247
130,170	112,045
-	25,207
1,429,329	1,289,268
435,892	466,785
118,146	95,803
1,664,262	1,837,325
112,366	112,366
<u>6,432,283</u>	<u>5,832,766</u>

1,627,276	2,234,136
362,489	12,064
163,169	156,893
1,077,431	1,038,582
138,500	137,606
5,433,207	6,812,017
1,005,434	1,019,046
5,256,618	929,176
184,675	235,125
<u>15,248,799</u>	<u>12,574,645</u>
<u>\$ 21,681,082</u>	<u>\$ 18,407,411</u>

VILLAGE OF SCARSDALE, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
MAY 31, 2006

Fund Balances - Total Governmental Funds \$ 15,248,799

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds 30,492,629

Internal service funds are used by management to charge the
costs of the Village's Central Garage services to individual funds.
The assets and liabilities of the internal service fund are included
in governmental activities in the statement of net assets. 859,769

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds:
Real property taxes 118,143
Special assessments 967,008

Long-term liabilities that are not due and payable in the current
period and, therefore, are not reported in the funds.
Bonds payable (7,765,753)
Compensated absences (3,115,525)
Accrued interest (92,495)

Net Assets of Governmental Activities \$ 36,712,575

The accompanying notes are an integral part of this statement.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2006
(With Comparative Totals for 2005)

	General	Town	Capital Projects	Non-Major Governmental Funds
REVENUES				
Real property taxes	\$ 23,156,085	\$ 418,611	\$ -	\$ -
Other tax items	185,769	321,547	-	-
Non-property taxes	2,934,180	-	-	-
Departmental income	2,912,267	2,630	-	66,976
Intergovernmental	109,773	-	-	-
Use of money and property	1,194,474	181,291	108,568	40,824
Licenses and permits	1,514,810	-	-	-
Fines and forfeitures	652,110	-	-	-
Sale of property and compensation for loss	61,190	-	-	-
State aid	1,408,660	5,128	426,040	8,212
Federal aid	-	-	34,253	-
Miscellaneous	357,799	39	125,238	75,658
Total Revenues	<u>34,487,117</u>	<u>929,246</u>	<u>694,099</u>	<u>191,670</u>
EXPENDITURES				
Current:				
General government support	6,017,059	-	-	-
Public safety	9,375,844	-	-	-
Culture and recreation	2,187,455	-	-	2,174,904
Home and community services	5,887,323	-	-	-
Employee benefits	7,740,340	-	-	436,102
Capital Outlay	-	-	3,584,869	-
Debt Service:				
Principal	610,345	-	-	-
Interest	383,096	-	-	-
Total Expenditures	<u>32,201,462</u>	<u>-</u>	<u>3,584,869</u>	<u>2,611,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,285,655</u>	<u>929,246</u>	<u>(2,890,770)</u>	<u>(2,419,336)</u>
OTHER FINANCING SOURCES (USES)				
Sale of real property	3,070,000	-	-	-
Bond proceeds	-	-	-	-
Transfers in	2,692,330	-	7,196,000	2,457,439
Transfers out	(9,492,825)	(942,858)	(457,000)	(25,869)
Total Other Financing Sources (Uses)	<u>(3,730,495)</u>	<u>(942,858)</u>	<u>6,739,000</u>	<u>2,431,570</u>
Net Change in Fund Balances	<u>(1,444,840)</u>	<u>(13,612)</u>	<u>3,848,230</u>	<u>12,234</u>
Fund Balances - Beginning of Year, as reported	7,410,329	1,019,046	2,871,563	1,273,707
Change in Accounting Principle	-	-	-	-
Prior Period Adjustment	272,142	-	-	-
Fund Balances - Beginning of Year, as restated	<u>7,682,471</u>	<u>1,019,046</u>	<u>2,871,563</u>	<u>1,273,707</u>
Fund Balances - End of Year	<u>\$ 6,237,631</u>	<u>\$ 1,005,434</u>	<u>\$ 6,719,793</u>	<u>\$ 1,285,941</u>

The accompanying notes are an integral part of this financial statement.

Total Governmental Funds	
2006	2005
\$ 23,574,696	\$ 22,235,992
507,316	441,041
2,934,180	2,753,725
2,981,873	2,569,699
109,773	122,949
1,525,157	884,755
1,514,810	1,247,823
652,110	664,908
61,190	113,799
1,848,040	2,203,006
34,253	10,399
558,734	2,282,101
36,302,132	35,530,197
6,017,059	5,634,531
9,375,844	8,350,000
4,362,359	4,075,480
5,887,323	5,566,827
8,176,442	7,995,148
3,584,869	3,365,629
610,345	615,523
383,096	284,530
38,397,337	35,887,668
(2,095,205)	(357,471)
3,070,000	-
-	2,000,000
12,345,769	6,502,709
(10,918,552)	(5,097,167)
4,497,217	3,405,542
2,402,012	3,048,071
12,574,645	9,400,762
-	(342,783)
272,142	468,595
12,846,787	9,526,574
\$ 15,248,799	\$ 12,574,645

VILLAGE OF SCARSDALE, 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, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 2,402,012</u>
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 outlays exceeded depreciation in the current period.	
Capital outlay expenditures	2,677,008
Depreciation expense	<u>(2,626,957)</u>
	<u>50,051</u>
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Special assessments	(135,429)
Real property taxes	22,340
Gain on sale of minor assets	<u>(3,646)</u>
	<u>(116,735)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal paid on bonds	610,345
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	256,510
Accrued interest	<u>57,603</u>
	<u>314,113</u>
Internal service funds are used by management to charge the costs of the Village's Central Garage to individual funds. The net revenue of the Internal Service Fund is reported within governmental activities.	
	<u>(102,077)</u>
Change in Net Assets of Governmental Activities	<u>\$ 3,157,709</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND CAPITAL PROJECTS FUNDS
YEAR ENDED MAY 31, 2006

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 23,172,123	\$ 23,172,123	\$ 23,156,085	\$ (16,038)
Other tax items	447,606	447,606	185,769	(261,837)
Non-property taxes	2,722,700	2,722,700	2,934,180	211,480
Departmental income	2,528,305	2,528,305	2,912,267	383,962
Intergovernmental charges	150,625	150,625	109,773	(40,852)
Use of money and property	890,100	890,100	1,194,474	304,374
Licenses and permits	963,000	963,000	1,514,810	551,810
Fines and forfeitures	680,000	680,000	652,110	(27,890)
Sale of property and compensation for loss	69,000	69,000	61,190	(7,810)
State aid	2,046,850	2,046,850	1,408,660	(638,190)
Federal aid	-	-	-	-
Miscellaneous	242,500	242,500	357,799	115,299
Total Revenues	33,912,809	33,912,809	34,487,117	574,308
EXPENDITURES				
Current:				
General government support	6,344,660	6,089,595	6,017,059	72,536
Public safety	9,152,868	9,432,926	9,375,844	57,082
Culture and recreation	2,168,656	2,196,817	2,187,455	9,362
Home and community services	5,826,166	5,918,705	5,887,323	31,382
Employee benefits	7,896,066	7,741,343	7,740,340	1,003
Capital outlay	-	-	-	-
Debt Service:				
Principal	660,345	610,345	610,345	-
Interest	393,095	393,095	383,096	9,999
Total Expenditures	32,441,856	32,382,826	32,201,462	181,364
Excess (Deficiency) of Revenues Over Expenditures	1,470,953	1,529,983	2,285,655	755,672
OTHER FINANCING SOURCES (USES)				
Sale of real property	-	3,070,000	3,070,000	-
Bond proceeds	-	-	-	-
Transfers in	640,545	640,545	2,692,330	2,051,785
Transfers out	(3,108,825)	(9,492,825)	(9,492,825)	-
Total Other Financing Sources (Uses)	(2,468,280)	(5,782,280)	(3,730,495)	2,051,785
Net Change in Fund Balances	(997,327)	(4,252,297)	(1,444,840)	2,807,457
Fund Balances - Beginning of Year, as reported	997,327	4,252,297	7,410,329	3,158,032
Prior Period Adjustment	-	-	272,142	272,142
Fund Balances - Beginning of Year, as restated	997,327	4,252,297	7,682,471	3,430,174
Fund Balances - End of Year	\$ -	\$ -	\$ 6,237,631	\$ 6,237,631

The accompanying notes are an integral part of the financial statements.

Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
37,900	37,900	108,568	70,668
-	-	-	-
-	-	-	-
9,961,000	9,961,000	426,040	(9,534,960)
-	-	34,253	34,253
775,000	795,000	125,238	(669,762)
<u>10,773,900</u>	<u>10,793,900</u>	<u>694,099</u>	<u>(10,099,801)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
21,451,900	24,617,115	3,584,869	21,032,246
-	-	-	-
-	-	-	-
<u>21,451,900</u>	<u>24,617,115</u>	<u>3,584,869</u>	<u>21,032,246</u>
<u>(10,678,000)</u>	<u>(13,823,215)</u>	<u>(2,890,770)</u>	<u>10,932,445</u>
-	-	-	-
8,203,000	7,753,000	-	(7,753,000)
1,098,000	4,412,000	7,196,000	2,784,000
(328,495)	(328,495)	(457,000)	(128,505)
<u>8,972,505</u>	<u>11,836,505</u>	<u>6,739,000</u>	<u>(5,097,505)</u>
<u>(1,705,495)</u>	<u>(1,986,710)</u>	<u>3,848,230</u>	<u>5,834,940</u>
1,705,495	1,986,710	2,871,563	884,853
-	-	-	-
<u>1,705,495</u>	<u>1,986,710</u>	<u>2,871,563</u>	<u>884,853</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,719,793</u>	<u>\$ 6,719,793</u>

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MAY 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
<u>ASSETS</u>				
Current Assets:				
Cash and equivalents	\$ 5,439,550	\$ 857,961	\$ 6,297,511	\$ 7,763
Accounts receivable	163,519	-	163,519	-
Due from other governments	-	-	-	146,692
Prepaid expenses	10,216	-	10,216	18,705
Total current assets	5,613,285	857,961	6,471,246	173,160
Capital Assets				
Land	31,789	118,000	149,789	-
Buildings	2,042,411	2,411,166	4,453,577	2,302,959
Machinery and equipment	1,174,734	287,522	1,462,256	354,226
Infrastructure	1,740,543	244,245	1,984,788	-
Construction in progress	6,691	-	6,691	-
	4,996,168	3,060,933	8,057,101	2,657,185
Less - Accumulated Depreciation	(3,405,753)	(1,413,703)	(4,819,456)	(1,201,263)
Total Capital Assets, net of accumulated depreciation	1,590,415	1,647,230	3,237,645	1,455,922
Total Assets	7,203,700	2,505,191	9,708,891	1,629,082
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	43,404	33,595	76,999	132,000
Accrued liabilities	3,501,292	16,896	3,518,188	2,269
Accrued interest	-	-	-	9,309
Unearned revenues	-	547,691	547,691	-
Current maturities of bonds payable	-	128,496	128,496	87,000
Compensated absences, current portion	19,359	-	19,359	14,574
Total Current Liabilities	3,564,055	726,678	4,290,733	245,152
Noncurrent Liabilities:				
Bonds payable, less current portion	-	1,090,751	1,090,751	393,000
Compensated absences, less current portion	174,229	-	174,229	131,161
	174,229	1,090,751	1,264,980	524,161
Total Liabilities	3,738,284	1,817,429	5,555,713	769,313
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt	1,590,415	427,983	2,018,398	975,922
Unrestricted	1,875,001	259,779	2,134,780	(116,153)
Total Net Assets	\$ 3,465,416	\$ 687,762	\$ 4,153,178	\$ 859,769

The accompanying notes are an integral part of this financial statement.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED MAY 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
Operating Revenues:				
Charges for services	\$ 3,373,277	\$ 797,581	\$ 4,170,858	\$ 2,094,627
Operating Expenses:				
Taxes on Village property	36,965	-	36,965	-
Personal services	659,952	348,828	1,008,780	779,345
Contractual services	27,292	65,570	92,862	1,011,123
Supplies	68,628	36,876	105,504	-
Utilities	95,746	41,688	137,434	-
Employee benefits	211,273	38,882	250,155	295,391
Insurance	30,380	19,000	49,380	-
Repairs and maintenance	15,792	40,910	56,702	-
Equipment maintenance	38,984	23,920	62,904	-
Depreciation	140,348	164,680	305,028	66,217
Purchase of water	4,385,810	-	4,385,810	-
Property services	150,000	-	150,000	-
Miscellaneous	15,343	22,588	37,931	-
Total Operating Expenses:	5,876,513	802,942	6,679,455	2,152,076
Loss from Operations	(2,503,236)	(5,361)	(2,508,597)	(57,449)
Non-Operating Revenues (Expenses):				
Interest income	195,555	16,892	212,447	3,554
Interest expense	-	(49,900)	(49,900)	(25,782)
Total Non-Operating Revenues (Expenses)	195,555	(33,008)	162,547	(22,228)
Loss Before Transfers	(2,307,681)	(38,369)	(2,346,050)	(79,677)
Transfers:				
Transfer in	4,000	10,725	14,725	-
Transfer out	(271,960)	(39,160)	(311,120)	(22,400)
Total Transfers	(267,960)	(28,435)	(296,395)	(22,400)
Change in Net Assets	(2,575,641)	(66,804)	(2,642,445)	(102,077)
Net Assets - Beginning of Year, as Reported	6,041,057	906,859	6,947,916	961,846
Prior Period Adjustment	-	(152,293)	(152,293)	-
Net Assets - Beginning of Year, as Restated	6,041,057	754,566	6,795,623	961,846
Net Assets - End of Year	\$ 3,465,416	\$ 687,762	\$ 4,153,178	\$ 859,769

The accompanying notes are an integral part of this statement.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED MAY 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Pool	Totals	
Cash Flows From Operating Activities:				
Cash received from charges for services	\$ 3,357,300	\$ 799,012	\$ 4,156,312	\$ 2,053,989
Cash payments for goods or services	(1,513,600)	(78,027)	(1,591,627)	(991,039)
Cash payments to employees	(869,814)	(392,741)	(1,262,555)	(1,027,063)
Net Cash Provided by Operating Activities	973,886	328,244	1,302,130	35,887
Cash Flows From Non-Capital Financing Activities -				
Transfers in	4,000	10,725	14,725	-
Transfers out	(271,960)	(39,160)	(311,120)	(22,400)
Net Cash Used by Non-Capital Financing Activities	(267,960)	(28,435)	(296,395)	(22,400)
Cash Flows From Capital and Related Financing Activities:				
Principal paid on bonds	-	(122,655)	(122,655)	(87,000)
Interest paid on bonds	-	(51,433)	(51,433)	(27,484)
Acquisition and construction of fixed assets	(158,051)	-	(158,051)	-
Net Cash Used in Capital and Related Financing Activities	(158,051)	(174,088)	(332,139)	(114,484)
Cash Flow From Investing Activities:				
Interest income	195,555	16,892	212,447	3,554
Sale of investments	492,222	-	492,222	-
Net Cash Provided by Investing Activities	687,777	16,892	704,669	3,554
Net Increase (Decrease) in Cash and Equivalents	1,235,652	142,613	1,378,265	(97,443)
Cash and Equivalents - Beginning of Year	4,203,898	715,348	4,919,246	105,206
Cash and Equivalents - End of Year	\$ 5,439,550	\$ 857,961	\$ 6,297,511	\$ 7,763
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:				
Loss from operations	\$ (2,503,236)	\$ (5,361)	\$ (2,508,597)	\$ (57,449)
Adjustments to reconcile loss from operations to net cash provided by operating activities:				
Depreciation	140,348	164,680	305,028	66,217
Changes in operating assets and liabilities:				
Accounts receivable	(15,977)	1,431	(14,546)	-
Due from other governments	-	-	-	(40,638)
Prepaid expenses	(10,216)	-	(10,216)	(18,705)
Accounts payable	(137,767)	(3,503)	(141,270)	36,918
Accrued liabilities	3,485,965	(5,033)	3,480,932	2,271
Unearned revenues	-	176,030	176,030	-
Compensated absences	14,769	-	14,769	47,273
Net Cash Provided by Operating Activities	\$ 973,886	\$ 328,244	\$ 1,302,130	\$ 35,887

The accompanying notes are an integral part of this statement.

VILLAGE OF SCARSDALE, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
MAY 31, 2006

	<u>Agency</u>
ASSETS	
Cash and Equivalents	\$ 5,865,326
Accounts Receivable	863,381
Securities and Mortgages	<u>62,913</u>
Total Assets	<u><u>\$ 6,791,620</u></u>
LIABILITIES	
Accounts Payable	\$ 222,074
Employee Payroll Deductions	870,297
Deposits	5,687,355
Other Liabilities	<u>11,894</u>
Total Liabilities	<u><u>\$ 6,791,620</u></u>

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Village of Scarsdale is a municipality located in the State of New York. It began as a Town in the 1870's and was governed as a Town by a Town Board. The Town was incorporated as a Village in 1915 with coterminous Town and Village boundaries. The Village of Scarsdale operates under New York State's Village Law, General Municipal Law and Local Finance Law, as well as various other applicable laws of the State of New York. Except for certain required functions, the government operates as a village pursuant to State law. The Village Board of Trustees is the legislative body responsible for overall operations. Since the Town of Scarsdale was incorporated as a village, the same officers govern both, avoiding duplication of governmental services and costs. The Village Manager serves as the chief executive officer and the Village Treasurer as the chief financial officer. The Village provides the following services to its residents: public safety, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole, except for interfund services provided and used. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or

Note 1 - Summary of Significant Accounting Policies (Continued)

privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds are charges to customers for services. Operating expenses for the Enterprise Funds include the cost of services, administrative expenses and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Town Fund - The Town Fund is used to record the collection and remittance of taxes for the Scarsdale School District and the County of Westchester and for certain revenues statutorily required to be recorded in the Town Fund. Information for the Town Fund is as of and for the year ended December 31, 2005.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

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

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

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

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.

Permanent Fund - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Village's programs.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The operations of the Water and Pool Funds are recorded as enterprise funds. The Village has established its Central Garage Fund as an internal service fund. The Village applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise funds.
- c. Fiduciary Funds (Not Included in Government-Wide Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Presentation

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

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

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities and Net Assets or Fund Balances

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Investments - The Village participates in a cooperative investment pool established pursuant to General Municipal Law. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The amount reported represents the amortized cost of the cooperative shares and is considered to approximate fair value. These investments are not subject to risk categorization. Additional information concerning the cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System (CLASS).

Taxes Receivable - Real property taxes attach as an enforceable lien on property on July 1st. Real property taxes are due July 1st and are payable without penalty until August 1st. The Village is responsible for the billing and collection of its taxes. The Village is also responsible for in-rem foreclosure proceedings.

The Town of Scarsdale collects taxes for the County of Westchester and the Scarsdale School District. The Scarsdale School District taxes attach as an enforceable lien on property as of July 1st. School taxes are levied by the Town effective September 1st and are payable by the Town residents between September 1st and September 30th. County taxes attach as an enforceable lien on property as of January 1st. Taxes are levied by the County and are payable to the Town by Town residents between April 1st and April 30th.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the Scarsdale School District with respect to the collection and payment of real property taxes levied by such jurisdictions. The County charter provides for the Town to collect County taxes. The Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district taxes, New York State Law and the County Charter provide that the Town satisfy the warrant of the school districts by April 5th of the fiscal year for which such taxes were levied. Thus, the Town's fiduciary responsibility for the County and School District's taxes is from the date of the levy until the respective due dates at which time the Town must satisfy its obligations to the respective jurisdictions, regardless of the amounts collected.

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/expenses are incurred. Allowances are recorded when appropriate.

NOTES TO FINANCIAL STATEMENTS (Continued)

MAY 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Prepaid expenses/expenditures consist of employee health insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items, which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the governmental funds are equally offset by a reservation of 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 government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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).

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

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20
Buildings and Improvements	10-40
Infrastructure	20-40
Machinery and Equipment	5-10

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported deferred revenues of \$118,146 for uncollected Village tax liens, \$32,980 for prepaid rent, \$638,615 for advance collections of tennis and day camp fees and \$992,667 for uncollected special assessments in the General Fund. The Village has also recorded \$547,691 for the advance collection of pool permits in the Pool Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, land acquisitions and improvements, trusts and debt service represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

F. Encumbrances

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

G. Use of Estimates

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

Note 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) Prior to March 20th, the budget officer submits to the Village Clerk a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing for the General, Library and Capital Projects funds.
- b) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- c) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget, at which time they are required to file the document with the Village Clerk.
- d) Formal budgetary integration is employed during the year as a management control device for the General, Library and Capital Projects funds.
- e) Budgets for the General, Capital Projects and 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. Annual budgets are not adopted by the Board of Trustees for the Special Purpose, Town and Proprietary funds.

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- g) Appropriations in the General, Capital Projects and Library funds lapse at the end of the fiscal year, except that outstanding encumbrances, if any, 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. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

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 2006 fiscal year was \$113,817,288 which exceeded the actual levy by \$90,720,165. The Town component is not limited to the maximum amount of real property taxes which may be raised.

C. Prior Period Adjustments

The Village determined during the 2005/2006 fiscal year that certain adjustments were required to be made to its General Fund balance and Pool Fund net assets. These prior period adjustments in the General Fund and Pool Fund represent the correction and recording of prepaid expenditures in the general fund in the amount of \$272,142 and related increase in the fund balance and the reduction of the Pool Fund capital asset inventory in the amount of \$152,293 and related net assets balances as of June 1, 2005.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2006 consisted of the following:

Taxes - Overdue	\$ 104,760
Tax Liens	13,386
Taxes - School	1,590,115
Taxes - County	<u>217,488</u>
	<u>\$ 1,925,749</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

MAY 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

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

Class	Balance June 1, 2005	Additions	Deletions	Balance May 31, 2006
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 6,947,869	\$ -	\$ -	\$ 6,947,869
Construction-in-progress	1,849,134	1,040,055	-	2,889,189
Total Capital Assets, not being depreciated	<u>\$ 8,797,003</u>	<u>\$ 1,040,055</u>	<u>\$ -</u>	<u>\$ 9,837,058</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 7,792,682	\$ 83,433	\$ -	\$ 7,876,115
Land Improvements	417,049	836,134	-	1,253,183
Infrastructure	43,270,615	96,994	-	43,367,609
Machinery and Equipment	14,259,778	620,392	355,605	14,524,565
Total Capital Assets, being depreciated	<u>65,740,124</u>	<u>1,636,953</u>	<u>355,605</u>	<u>67,021,472</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,144,009	298,308	-	3,442,317
Land Improvements	14,024	23,306	-	37,330
Infrastructure	27,751,572	1,459,470	-	29,211,042
Machinery and Equipment	11,659,159	912,090	351,959	12,219,290
Total Accumulated Depreciation	<u>42,568,764</u>	<u>2,693,174</u>	<u>351,959</u>	<u>44,909,979</u>
Total Capital Assets, being depreciated, net	<u>\$ 23,171,360</u>	<u>\$ (1,056,221)</u>	<u>\$ 3,646</u>	<u>\$ 22,111,493</u>
Governmental Capital Assets, net	<u>\$ 31,968,363</u>	<u>\$ (16,166)</u>	<u>\$ 3,646</u>	<u>\$ 31,948,551</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance June 1, 2005	Additions	Deletions	Balance May 31, 2006
Business-Type Activities:				
Capital Assets, not being depreciated				
Land	\$ 149,789	\$ -	\$ -	\$ 149,789
Construction-in-progress	282,842	-	276,151	6,691
Total Capital Assets, not being depreciated	<u>\$ 432,631</u>	<u>\$ -</u>	<u>\$ 276,151</u>	<u>\$ 156,480</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 4,329,719	\$ 123,856	\$ -	\$ 4,453,575
Infrastructure	1,984,788	-	-	1,984,788
Machinery and Equipment	1,304,207	158,051	-	1,462,258
Total Capital Assets, being depreciated	<u>7,618,714</u>	<u>281,907</u>	<u>-</u>	<u>7,900,621</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,103,968	182,195	-	2,286,163
Infrastructure	1,297,058	41,872	-	1,338,930
Machinery and Equipment	1,113,402	80,961	-	1,194,363
Total Accumulated Depreciation	<u>4,514,428</u>	<u>305,028</u>	<u>-</u>	<u>4,819,456</u>
Total Capital Assets, being depreciated, net	<u>\$ 3,104,286</u>	<u>\$ (23,121)</u>	<u>\$ -</u>	<u>\$ 3,081,165</u>
Business-Type Capital Assets, net	<u>\$ 3,536,917</u>	<u>\$ (23,121)</u>	<u>\$ 276,151</u>	<u>\$ 3,237,645</u>

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

Governmental Activities:	
General Government Support	\$ 673,294
Public Safety	403,976
Culture and Recreation	269,317
Home and Community Services	<u>1,346,587</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,693,174</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006**Note 3 - Detailed Notes on All Funds (Continued)**

Business-type Activities:

Water Fund	\$ 140,348
Pool Fund	<u>164,680</u>

Total Depreciation Expense -
Business-type Activities\$ 305,028**Construction Commitments**

The Village has active construction projects as of May 31, 2006. These projects include new construction and renovations. At year end, the Village had \$1,300,006 in construction encumbrances.

C. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. 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 (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2006 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	15.0 %
	2 75I	13.0
	3 A14	10.2
	4 A15	10.2
	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	1 384D	19.3 %
	1 384E	19.9
	2 384D	14.2
	2 384E	15.1
	2 375J	10.4

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006**Note 3 - Detailed Notes on All Funds (Continued)**

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

	<u>ERS</u>	<u>PFRS</u>
2006	\$ 936,846	\$ 1,178,260
2005	1,213,457	1,141,095
2004	556,074	453,391

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

The current ERS and PFRS contributions for the Village of Scarsdale, New York were charged to the General Fund.

D. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2006:

	<u>Balance June 1, 2005</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance May 31, 2006</u>	<u>Due Within One-Year</u>
Governmental Activities:					
Bonds Payable	\$ 8,943,098	\$ -	\$ 697,345	\$ 8,245,753	\$ 756,504
Compensated Absences	3,470,497	137,813	347,050	3,261,260	326,126
	<u>\$ 12,413,595</u>	<u>\$ 137,813</u>	<u>\$ 1,044,395</u>	<u>\$ 11,507,013</u>	<u>\$ 1,082,630</u>
Business-Type Activities:					
Bonds Payable	\$ 1,341,902	\$ -	\$ 122,655	\$ 1,219,247	\$ 128,496
Compensated Absences	178,819	32,651	17,882	193,588	19,359
Total Long-Term Liabilities	<u>\$ 1,520,721</u>	<u>\$ 32,651</u>	<u>\$ 140,537</u>	<u>\$ 1,412,835</u>	<u>\$ 147,855</u>

Each governmental fund's liability for compensated absences are liquidated by the respective fund. The Village's indebtedness for bonds is satisfied by the General Fund or the appropriate Enterprise Fund.

Bonds Payable

Bonds payable at May 31, 2006 are comprised of the following individual issues:

\$4,645,000 - 1992 public improvement serial bonds, due in annual installments of \$175,000 through July 15, 2009, \$150,000 through July 15, 2011 and \$25,000 on July 15, 2012; interest at 5.25%.

\$ 1,025,000

NOTES TO FINANCIAL STATEMENTS (Continued)

MAY 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

\$1,370,000 - 1996 public improvement serial bonds, due in annual installments of \$50,000 through September 15, 2010, and \$25,000 through September 15, 2015; interest at rates ranging from 4.80% to 5.30%, depending on maturity

\$ 375,000

\$1,175,000 - 1997 public improvement serial bonds, due in annual installments of \$75,000 through January 15, 2013; interest at rates ranging from 4.60% to 5.00%, depending on maturity

525,000

\$5,650,000 - 2001 public improvement serial bonds, due in annual installments of \$440,000 on August 1, 2006, \$465,000 on August 1, 2007, \$485,000 on August 1, 2008, \$510,000 on August 1, 2009, \$535,000 on August 1, 2010, \$560,000 on August 1, 2011, \$580,000 on August 1, 2012 and \$600,000 on August 1, 2013; interest at rates ranging from 3.75% to 4.25%, depending on maturity

4,175,000

\$1,550,000 - 2002 public improvement serial bonds, due in annual installments of \$90,000 on July 15, 2006, \$95,000 on July 15, 2007, \$100,000 on July 15, 2008, \$105,000 through July 15, 2010, \$110,000 on July 15, 2011, \$115,000 on July 15, 2012, \$120,000 on July 15, 2013, \$125,000 on July 15, 2014, \$130,000 on July 15, 2015, \$135,000 on July 15, 2016 and \$145,000 on July 15, 2017; interest at rates ranging from 3.00% to 4.375%, depending on maturity

1,375,000

\$2,000,000 - 2004 public improvement serial bonds, due in annual installments of \$55,000 through September 15, 2007, \$60,000 through September 15, 2010, \$65,000 on September 15, 2011, \$70,000 through September 15, 2013, \$75,000 through September 15, 2015, \$80,000 through September 15, 2017, \$85,000 on September 15, 2018, \$90,000 on September 15, 2019, \$95,000 on September 15, 2020, \$100,000 on September 15, 2021, \$105,000 through September 15, 2023, \$110,000 on September 15, 2024, \$115,000 on September 15, 2025, \$120,000 on September 15, 2026, \$125,000 on September 15, 2027 and \$135,000 on September 15, 2028; interest at rates ranging from 4.00% to 4.50%, depending on maturity

1,990,000

\$ 9,465,000

Interest expenditures/expense of \$458,778 were recorded in the fund financial statements, as detailed below. Interest expense of \$432,996 was recorded in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

MAY 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Fund	Amount
Governmental Funds -	
General-Village	\$ 383,096
Proprietary Funds -	
Enterprise-Pool Fund	49,900
Internal Service-Central Garage Fund	<u>25,782</u>
	<u>\$ 458,778</u>

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2006, including interest payments of \$2,543,321 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Total
2007	\$ 756,504	\$ 315,678	\$ 128,496	\$ 69,773	\$ 885,000	\$ 385,451
2008	779,204	287,730	135,796	60,191	915,000	347,921
2009	803,363	258,303	141,637	50,203	945,000	308,506
2010	826,062	227,488	148,938	39,893	975,000	267,381
2011	818,761	195,933	156,239	29,636	975,000	225,569
2012-2016	2,636,859	552,383	508,141	34,570	3,145,000	586,953
2017-2021	710,000	252,859	-	-	710,000	252,859
2022-2026	535,000	142,431	-	-	535,000	142,431
2027-2029	380,000	26,250	-	-	380,000	26,250
	<u>\$ 8,245,753</u>	<u>\$ 2,259,055</u>	<u>\$ 1,219,247</u>	<u>\$ 284,266</u>	<u>\$ 9,465,000</u>	<u>\$ 2,543,321</u>

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

Compensated Absences

Vacation time is generally taken in the year earned, although employees may accumulate up to two years of vacation time. Pursuant to the terms of its collective bargaining agreements, civil service, firefighters and library employees may accrue unlimited sick days; police officers may accrue up to 325 sick days; public works employees may accrue up to 200 sick days and crossing guards may accrue up to 115 sick days. Upon retirement all employees may be paid their unused accumulated vacation days. Most employees are paid up to 1/3 their unused accumulated sick days. The police payout for sick days is 40% and the Fire Department payout is a maximum of 533 hours. The Teamsters' sick day payout is based on a formula: 25% of the first 100 unused accumulated sick leave days and 1/3 of the next 100 unused, accumulated sick leave days to a maximum of 200 days. The value of all compensated absences has been reflected in the government-wide and proprietary fund financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006**Note 3 - Detailed Notes on All Funds (Continued)****E. Revenues and Expenditures****Interfund Transfers**

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

Transfers Out	Transfers In				Total
	General	Capital Projects	Non-Major Governmental	Business-Type	
General	\$ -	\$ 7,046,000	\$ 2,436,100	\$ 10,725	\$ 9,492,825
Town	942,858	-	-	-	942,858
Capital Projects	457,000	-	-	-	457,000
Non-Major Governmental	4,530	-	21,339	-	25,869
Internal Service	22,400	-	-	-	22,400
Business-Type	157,120	150,000	-	4,000	311,120
Reconciling Item:					-
Village/Town (Note 1)	1,108,422	-	-	-	1,108,422
	<u>\$ 2,692,330</u>	<u>\$ 7,196,000</u>	<u>\$ 2,457,439</u>	<u>\$ 14,725</u>	<u>\$ 12,360,494</u>

Transfers are used to 1) move funds earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures, 2) move funds from the operating funds to fulfill commitments for Library Fund expenditures and 3) move amount earmarked in the operating funds to fulfill commitments of the General, Water and Pool Funds.

Post-Employment Health Care Benefits

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post-employment health care benefits is shared between the Village and the retired employees. Substantially all of the Village's employees 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 expenditures/expenses as claims are paid. During the year, \$1,524,656 was paid on behalf of 179 retirees and this amount was recorded as an expenditure/expense in the various funds.

Note 3 - Detailed Notes on All Funds (Continued)

G. Net Assets

The components of net assets are detailed below:

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

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

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

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

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

H. Fund Balances

The reserved and unreserved elements of fund balance are described below:

Reserved

Encumbrances outstanding have been reserved as it is the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transaction.

The Reserve for Prepaid Expenditures has been established to account for the purchase of day camp supplies made in advance. This reserve indicates that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Land Acquisitions and Improvements has been established pursuant to General Municipal Law to set aside funds to be used for future capital projects.

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

The Reserve for Debt Service represents a segregation of the fund balance for debt service in accordance with the provisions of the Local Finance Law of the State of New York.

Note 3 - Detailed Notes on All Funds (Continued)

Unreserved

Designated for Subsequent Year's Expenditures - General, Capital Projects and Library Funds - Designations of fund balance are not legally required segregations, but represent intended use for a specific purpose. At May 31, 2006, the Village Board has designated that \$259,685 of the fund balance of the General Fund, \$2,665,000 of the fund balance of the Capital Projects Fund and \$110,000 of the fund balance of the Library Fund be appropriated for the ensuing year's budget.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Village is involved in various claims and lawsuits, arising in the normal course of operations. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Village's financial position.

The Village is also defendant in numerous tax certiorari proceedings, the results of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year the payments are made.

B. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains general liability and public entity management liability insurance coverage, with policy limits of \$2 million and \$5 million, respectively. The Village also maintains an umbrella policy which provides coverage up to \$15 million. Worker's compensation is secured with statutory coverages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Village also purchases conventional health insurance from various providers.

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	2006	2005
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 7,816,549	\$ 8,675,905
Petty cash	1,255	1,730
	<u>7,817,804</u>	<u>8,677,635</u>
Taxes Receivable	<u>118,146</u>	<u>95,691</u>
Other Receivables:		
Accounts	94,161	93,473
Special assessments	1,131,168	1,268,773
State and Federal aid	938,703	1,125,562
Other governments	86,530	56,159
	<u>2,250,562</u>	<u>2,543,967</u>
Prepaid Expenditures	<u>338,654</u>	<u>12,064</u>
Total Assets	<u>\$ 10,525,166</u>	<u>\$ 11,329,357</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,518,554	\$ 1,122,164
Accrued liabilities	550,681	378,244
Due to other funds	-	18,707
Due to retirement systems	435,892	466,785
Deferred revenues - Taxes	118,146	95,803
Deferred revenues - Other	1,664,262	1,837,325
Total Liabilities	<u>4,287,535</u>	<u>3,919,028</u>
Fund Balance:		
Reserved for encumbrances	327,270	448,642
Reserved for prepaid expenditures	338,654	12,064
Reserved for debt service	138,500	137,606
Unreserved:		
Designated for subsequent year's expenditures	259,685	548,685
Designated for capital projects	285,000	2,452,000
Undesignated	4,888,522	3,811,332
Total Fund Balance	<u>6,237,631</u>	<u>7,410,329</u>
Total Liabilities and Fund Balance	<u>\$ 10,525,166</u>	<u>\$ 11,329,357</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2006 AND 2005

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 23,172,123	\$ 23,172,123	\$ 23,156,085	\$ (16,038)
Other tax items	447,606	447,606	185,769	(261,837)
Non-property taxes	2,722,700	2,722,700	2,934,180	211,480
Departmental income	2,528,305	2,528,305	2,912,267	383,962
Intergovernmental revenues	150,625	150,625	109,773	(40,852)
Use of money and property	890,100	890,100	1,194,474	304,374
Licenses and permits	963,000	963,000	1,514,810	551,810
Fines and forfeitures	680,000	680,000	652,110	(27,890)
Sale of property and compensation for loss	69,000	69,000	61,190	(7,810)
State aid	2,046,850	2,046,850	1,408,660	(638,190)
Federal Aid	-	-	-	-
Miscellaneous	242,500	242,500	357,799	115,299
Total Revenues	33,912,809	33,912,809	34,487,117	574,308
Expenditures:				
Current:				
General government support	6,344,660	6,089,595	6,017,059	72,536
Public safety	9,152,868	9,432,926	9,375,844	57,082
Culture and recreation	2,168,656	2,196,817	2,187,455	9,362
Home and community services	5,826,166	5,918,705	5,887,323	31,382
Employee benefits	7,896,066	7,741,343	7,740,340	1,003
Debt service:				
Principal	660,345	610,345	610,345	-
Interest	393,095	393,095	383,096	9,999
Total Expenditures	32,441,856	32,382,826	32,201,462	181,364
Excess of Revenues Over Expenditures	1,470,953	1,529,983	2,285,655	755,672
Other Financing Sources (Uses):				
Sale of real property	-	3,070,000	3,070,000	-
Transfers in	640,545	640,545	2,692,330	2,051,785
Transfers out	(3,108,825)	(9,492,825)	(9,492,825)	-
Total Other Financing Uses	(2,468,280)	(5,782,280)	(3,730,495)	2,051,785
Net Change in Fund Balance	(997,327)	(4,252,297)	(1,444,840)	2,807,457
Fund Balance - Beginning of Year, as reported	997,327	4,252,297	7,410,329	3,158,032
Change in Accounting Principle	-	-	-	-
Prior Period Adjustment	-	-	272,142	272,142
Fund Balance - Beginning of Year, as restated	997,327	4,252,297	7,682,471	3,430,174
Fund Balance - End of Year	\$ -	\$ -	\$ 6,237,631	\$ 6,237,631

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 21,939,645	\$ 21,939,645	\$ 21,928,294	\$ (11,351)
428,000	428,000	185,548	(242,452)
2,510,000	2,510,000	2,753,725	243,725
2,607,725	2,607,725	2,501,692	(106,033)
112,500	112,500	122,949	10,449
720,100	720,100	710,230	(9,870)
861,750	861,750	1,247,823	386,073
685,000	685,000	664,908	(20,092)
67,000	67,000	113,799	46,799
1,719,450	2,169,450	1,754,922	(414,528)
-	-	10,399	10,399
218,000	649,990	1,051,751	401,761
31,869,170	32,751,160	33,046,040	294,880
5,950,905	5,668,970	5,634,531	34,439
8,525,070	8,391,523	8,349,300	42,223
2,143,960	2,068,890	2,054,548	14,342
5,428,515	5,569,707	5,566,827	2,880
7,117,315	7,548,203	7,548,203	-
615,525	615,525	615,523	2
284,410	284,530	284,530	-
30,065,700	30,147,348	30,053,462	93,886
1,803,470	2,603,812	2,992,578	388,766
-	-	-	-
495,190	495,190	2,411,107	1,915,917
(3,098,345)	(3,938,345)	(3,938,345)	-
(2,603,155)	(3,443,155)	(1,527,238)	1,915,917
(799,685)	(839,343)	1,465,340	2,304,683
799,685	839,343	5,838,230	4,998,887
-	-	(342,783)	(342,783)
-	-	449,542	449,542
799,685	839,343	5,944,989	5,105,646
\$ -	\$ -	\$ 7,410,329	\$ 7,410,329

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED MAY 31, 2006
(With Comparative Actuals for 2005)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
PROPERTY TAXES	\$ 23,172,123	\$ 23,172,123	\$ 23,156,085	\$ (16,038)	\$ 21,928,294
OTHER TAX ITEMS					
Special assessments	137,606	137,606	138,500	894	137,606
Interest and penalties	310,000	310,000	47,269	(262,731)	47,942
	447,606	447,606	185,769	(261,837)	185,548
NON-PROPERTY TAXES					
Non-property tax distribution from County	2,240,000	2,240,000	2,313,609	73,609	2,211,148
Public utility taxes	270,000	270,000	391,632	121,632	324,240
Cable TV franchise fees	212,700	212,700	228,939	16,239	218,337
	2,722,700	2,722,700	2,934,180	211,480	2,753,725
DEPARTMENTAL INCOME					
Clerks fees	3,500	3,500	4,300	800	3,961
Police Department fees	5,000	5,000	7,440	2,440	7,309
Fire Department fees	4,500	4,500	5,300	800	5,728
Safety inspection fees	40,000	40,000	107,590	67,590	65,709
Public Works fees	6,000	6,000	11,915	5,915	8,980
Parking fees	1,092,000	1,092,000	1,238,673	146,673	957,338
Parks and recreation fees	1,223,305	1,223,305	1,352,441	129,136	1,288,143
Zoning and Appeals Board fees	11,000	11,000	16,385	5,385	13,740
Planning Board fees	9,500	9,500	14,810	5,310	8,575
Disposal site fees	29,000	29,000	49,905	20,905	36,095
Board of Architectural Review fees	17,500	17,500	12,252	(5,248)	19,767
Alarm monitoring fees	87,000	87,000	91,256	4,256	86,347
	2,528,305	2,528,305	2,912,267	383,962	2,501,692

INTERGOVERNMENTAL REVENUES

Snow removal	25,000	25,000	44,148	19,148	35,449
Board of Education	125,625	125,625	65,625	(60,000)	87,500

USE OF MONEY AND PROPERTY

Interest earnings	535,000	535,000	793,908	258,908	355,528
Rental income	355,000	355,000	400,566	45,566	354,693
Commissions	100	100	-	(100)	9

LICENSES AND PERMITS

Occupational licenses	4,300	4,300	5,265	965	4,225
Dog licenses	6,200	6,200	5,371	(829)	5,705
Marriage licenses	3,000	3,000	-	(3,000)	-
Building permits	628,000	628,000	1,141,962	513,962	927,378
Alarm user annual permits	240,000	240,000	246,312	6,312	229,327
Other permits	81,500	81,500	115,900	34,400	81,188

FINES AND FORFEITURES

Justice Court fines	963,000	963,000	1,514,810	551,810	1,247,823
Alarm fines	605,000	605,000	565,027	(39,973)	588,385
	75,000	75,000	87,083	12,083	76,523

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Minor sales	680,000	680,000	652,110	(27,890)	664,908
Sale of equipment - Trucks and cars	20,000	20,000	29,609	9,609	25,543
Worker's compensation insurance recoveries	20,000	20,000	14,460	(5,540)	23,425
Reimbursement for damage to Village property	25,000	25,000	17,121	(7,879)	64,831
	4,000	4,000	-	(4,000)	-
	69,000	69,000	61,190	(7,810)	113,799

(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED MAY 31, 2006
 (With Comparative Actuals for 2005)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
STATE AID					
Per capita	\$ 153,450	\$ 153,450	\$ 117,914	\$ (35,536)	\$ 113,652
Mortgage tax	1,875,000	1,875,000	1,269,028	(605,972)	1,622,150
STAR reimbursement	6,400	6,400	-	(6,400)	6,611
Traffic safety	-	-	15,116	15,116	-
Youth programs	12,000	12,000	6,602	(5,398)	12,509
	<u>2,046,850</u>	<u>2,046,850</u>	<u>1,408,660</u>	<u>(638,190)</u>	<u>1,754,922</u>
FEDERAL AID					
Other	-	-	-	-	10,399
MISCELLANEOUS					
Refunds of prior year's expenditures	10,000	10,000	44,230	34,230	815,826
Refunds of Worker's compensation premiums	-	-	-	-	29,818
Gifts and donations	500	500	-	(500)	-
Employee health insurance reimbursements	130,000	130,000	142,994	12,994	71,698
Other	102,000	102,000	170,575	68,575	134,409
	<u>242,500</u>	<u>242,500</u>	<u>357,799</u>	<u>115,299</u>	<u>1,051,751</u>
TOTAL REVENUES	<u>33,912,809</u>	<u>33,912,809</u>	<u>34,487,117</u>	<u>574,308</u>	<u>33,046,040</u>
OTHER FINANCING SOURCES					
Sale of real property	-	-	3,070,000	3,070,000	-
Transfers:					
Town Fund	-	-	2,051,280	2,051,280	1,915,917
Capital Projects Fund	456,495	456,495	457,000	505	317,385
Non-Major Governmental Funds	4,530	4,530	4,530	-	4,355
Pool Fund	35,160	35,160	35,160	-	33,970
Water Fund	121,960	121,960	121,960	-	117,835
Garage Fund	22,400	22,400	22,400	-	21,645
TOTAL OTHER FINANCING SOURCES	<u>640,545</u>	<u>640,545</u>	<u>5,762,330</u>	<u>5,121,785</u>	<u>2,411,107</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 34,553,354</u>	<u>\$ 34,553,354</u>	<u>\$ 40,249,447</u>	<u>\$ 5,696,093</u>	<u>\$ 35,457,147</u>

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED MAY 31, 2006

(With Comparative Actuals for 2005)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
GENERAL GOVERNMENT SUPPORT					
Municipal court	\$ 393,220	\$ 365,817	\$ 358,758	\$ 7,059	\$ 325,071
Village manager	735,861	739,884	717,741	22,143	684,011
Village treasurer	583,960	513,195	497,392	15,803	543,763
Assessor	179,150	193,644	190,825	2,819	180,244
Village clerk	170,093	168,602	155,390	13,212	150,946
Village attorney	311,573	332,785	329,423	3,362	412,872
Human resources	214,990	228,692	228,688	4	186,522
Information technology	284,599	364,184	364,178	6	226,509
Building and safety inspection	365,497	389,054	386,385	2,669	329,379
Planning	196,200	166,440	163,818	2,622	148,539
Human services	374,837	377,547	377,547	-	396,330
Utilities	173,351	187,500	187,500	-	163,178
Liability insurance	524,950	546,291	546,291	-	526,120
Central garage	1,032,133	1,117,133	1,117,133	-	1,091,315
Miscellaneous	344,246	398,827	395,990	2,837	269,732
Contingency account	460,000	-	-	-	-
	<u>6,344,660</u>	<u>6,089,595</u>	<u>6,017,059</u>	<u>72,536</u>	<u>5,634,531</u>
PUBLIC SAFETY					
Police	4,951,754	4,895,472	4,851,736	43,736	4,565,208
Fire	4,201,114	4,537,454	4,524,108	13,346	3,784,092
	<u>9,152,868</u>	<u>9,432,926</u>	<u>9,375,844</u>	<u>57,082</u>	<u>8,349,300</u>

CULTURE AND RECREATION

Parks and recreation - Administration
 Youth camps
 Nature center
 Playgrounds
 Recreation
 Senior citizens
 Tennis

442,544	491,549	491,545	4	440,207
554,155	570,608	568,360	2,248	510,550
87,863	91,789	91,783	6	76,495
309,024	277,707	275,098	2,609	282,694
490,357	477,556	474,493	3,063	481,141
49,236	37,382	37,348	34	42,901
235,477	250,226	248,828	1,398	220,560

2,168,656	2,196,817	2,187,455	9,362	2,054,548
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HOME AND COMMUNITY SERVICES

Administration
 Engineer
 Facilities maintenance
 Highway
 Sanitation

344,523	363,505	363,504	1	336,558
252,872	281,406	281,304	102	240,946
933,528	916,201	916,189	12	859,702
2,343,304	2,406,367	2,385,090	21,277	2,314,936
1,951,939	1,951,226	1,941,236	9,990	1,814,685

5,826,166	5,918,705	5,887,323	31,382	5,566,827
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EMPLOYEE BENEFITS

State retirement
 Social security
 Workers' compensation
 Hospital and medical insurance
 Unemployment benefits
 Compensated absences - prior year
 Life insurance

2,131,000	2,116,107	2,115,106	1,001	2,354,552
1,256,262	1,267,232	1,267,231	1	1,115,870
512,164	474,914	474,914	-	473,144
3,739,140	3,799,086	3,799,085	1	3,534,588
32,500	48,809	48,809	-	44,466
200,000	-	-	-	-
25,000	35,195	35,195	-	25,583

7,896,066	7,741,343	7,740,340	1,003	7,548,203
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DEBT SERVICE

Serial Bonds:
 Principal
 Interest

660,345	610,345	610,345	-	615,523
393,095	393,095	383,096	9,999	284,530

1,053,440	1,003,440	993,441	9,999	900,053
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32,441,856	32,382,826	32,201,462	181,364	30,053,462
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TOTAL EXPENDITURES

(Continued)

VILLAGE OF SCARSDALE, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)

YEAR ENDED MAY 31, 2006

(With Comparative Actuals for 2005)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
OTHER FINANCING USES					
Transfers out:					
Capital Projects Fund	\$ 662,000	\$ 7,046,000	\$ 7,046,000	\$ -	\$ 1,559,000
Non-Major Governmental Funds	2,436,100	2,436,100	2,436,100	-	2,368,620
Pool Fund	10,725	10,725	10,725	-	10,725
Total Other Financing Uses	3,108,825	9,492,825	9,492,825	-	3,938,345
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 35,550,681	\$ 41,875,651	\$ 41,694,287	\$ 181,364	\$ 33,991,807

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 627,160	\$ 598,370
Taxes Receivable from Taxpayers for:		
School district	1,590,115	1,482,028
County	<u>217,488</u>	<u>227,916</u>
	<u>1,807,603</u>	<u>1,709,944</u>
Total Assets	<u>\$ 2,434,763</u>	<u>\$ 2,308,314</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other governments	\$ 1,429,329	\$ 1,289,268
Fund Balance - Unreserved and undesignated	<u>1,005,434</u>	<u>1,019,046</u>
Total Liabilities and Fund Balance	<u>\$ 2,434,763</u>	<u>\$ 2,308,314</u>

VILLAGE OF SCARSDALE, NEW YORK

TOWN FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Revenues:		
Real property taxes - prior years	\$ 418,611	\$ 307,698
Other tax items	321,547	255,493
Departmental income	2,630	3,300
Use of money and property	181,291	81,824
State aid	5,128	6,611
Miscellaneous	39	22,171
Total Revenues	929,246	677,097
Expenditures -	-	-
Excess of Revenues Over Expenditures	929,246	677,097
Other Financing Uses -		
Transfers out	(942,858)	(823,100)
Net Change in Fund Balance	(13,612)	(146,003)
Fund Balance - Beginning of Year	1,019,046	1,165,049
Fund Balance - End of Year	\$ 1,005,434	\$ 1,019,046

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 7,065,875	\$ 3,274,846
Receivables:		
Accounts	8,383	4,776
State and Federal aid	43,440	-
Other governments	39,750	-
	<u>91,573</u>	<u>4,776</u>
Total Assets	<u>\$ 7,157,448</u>	<u>\$ 3,279,622</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 234,418	\$ 205,011
Accrued liabilities	73,067	91,003
Retainages payable	130,170	112,045
Total Liabilities	<u>437,655</u>	<u>408,059</u>
Fund Balance:		
Reserved for encumbrances	1,300,006	1,785,494
Reserved for land acquisition and improvements	163,169	156,893
Unreserved:		
Designated for subsequent years' budget	2,665,000	-
Unreserved and undesignated	2,591,618	929,176
Total Fund Balance	<u>6,719,793</u>	<u>2,871,563</u>
Total Liabilities and Fund Balance	<u>\$ 7,157,448</u>	<u>\$ 3,279,622</u>

VILLAGE OF SCARSDALE, NEW YORK

CAPITAL PROJECTS FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL

YEARS ENDED MAY 31, 2006 AND 2005

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 37,900	\$ 37,900	\$ 108,568	\$ 70,668
State aid	9,961,000	9,961,000	426,040	(9,534,960)
Federal aid	-	-	34,253	34,253
Miscellaneous	775,000	795,000	125,238	(669,762)
Total Revenues	10,773,900	10,793,900	694,099	(10,099,801)
Expenditures - Capital Outlay	21,451,900	24,617,115	3,584,869	21,032,246
Deficiency of Revenues Over Expenditures	(10,678,000)	(13,823,215)	(2,890,770)	10,932,445
Other Financing Sources (Uses):				
Bond proceeds	8,203,000	7,753,000	-	(7,753,000)
Transfers in	1,098,000	4,412,000	7,196,000	2,784,000
Transfers out	(328,495)	(328,495)	(457,000)	(128,505)
Total Other Financing Sources	8,972,505	11,836,505	6,739,000	(5,097,505)
Net Change in Fund Balance	(1,705,495)	(1,986,710)	3,848,230	5,834,940
Fund Balance - Beginning of Year	1,705,495	1,986,710	2,871,563	884,853
Fund Balance - End of Year	\$ -	\$ -	\$ 6,719,793	\$ 6,719,793

2005			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 32,385	\$ 32,385	\$ 59,882	\$ 27,497
6,740,305	6,740,305	435,073	(6,305,232)
-	-	-	-
575,000	1,308,406	897,477	(410,929)
7,347,690	8,081,096	1,392,432	(6,688,664)
18,994,635	21,437,416	3,365,629	18,071,787
(11,646,945)	(13,356,320)	(1,973,197)	11,383,123
9,061,330	11,311,330	2,000,000	(9,311,330)
905,000	455,000	1,709,000	1,254,000
(317,385)	(317,385)	(317,385)	-
9,648,945	11,448,945	3,391,615	(8,057,330)
(1,998,000)	(1,907,375)	1,418,418	3,325,793
1,998,000	1,907,375	1,453,145	(454,230)
\$ -	\$ -	\$ 2,871,563	\$ 2,871,563

VILLAGE OF SCARSDALE, NEW YORK

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MAY 31, 2006
(With Comparative Totals for 2005)

	<u>Special Revenue Funds</u>		
	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
<u>ASSETS</u>			
Cash and equivalents	\$ 305,297	\$ 659,877	\$ 572,600
Receivables:			
Accounts	-	2,096	-
Due from other funds	-	-	-
	-	2,096	-
Prepaid Expenditures	23,835	-	-
Total Assets	<u>\$ 329,132</u>	<u>\$ 661,973</u>	<u>\$ 572,600</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 115,642	\$ 44,776	\$ -
Accrued liabilities	4,980	-	-
Due to other funds	-	-	-
Deposits	-	112,366	-
Total Liabilities	<u>120,622</u>	<u>157,142</u>	<u>-</u>
Fund Balances:			
Reserved for prepaid expenditures	23,835	-	-
Reserved for trusts	-	504,831	572,600
Unreserved:			
Designated for subsequent year's expenditures	110,000	-	-
Undesignated	74,675	-	-
Total Fund Balances	<u>208,510</u>	<u>504,831</u>	<u>572,600</u>
Total Liabilities and Fund Balances	<u>\$ 329,132</u>	<u>\$ 661,973</u>	<u>\$ 572,600</u>

Total Non-Major
Governmental Funds

<u>2006</u>	<u>2005</u>
<u>\$ 1,537,774</u>	<u>\$ 1,464,911</u>
2,096	-
<u>-</u>	<u>25,207</u>
<u>2,096</u>	<u>25,207</u>
<u>23,835</u>	<u>-</u>
<u><u>\$ 1,563,705</u></u>	<u><u>\$ 1,490,118</u></u>

\$ 160,418	\$ 94,545
4,980	3,000
-	6,500
<u>112,366</u>	<u>112,366</u>
<u>277,764</u>	<u>216,411</u>

23,835	-
1,077,431	1,038,582
110,000	109,175
<u>74,675</u>	<u>125,950</u>
<u>1,285,941</u>	<u>1,273,707</u>
<u><u>\$ 1,563,705</u></u>	<u><u>\$ 1,490,118</u></u>

VILLAGE OF SCARSDALE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MAY 31, 2006
 (With Comparative Totals for 2005)

	<u>Special Revenue Funds</u>		
	<u>Library</u>	<u>Special Purpose</u>	<u>Permanent</u>
Revenues:			
Departmental income	\$ 66,976	\$ -	\$ -
Use of money and property	17,389	2,096	21,339
State aid	8,212	-	-
Miscellaneous	41,017	34,641	-
	<u>133,594</u>	<u>36,737</u>	<u>21,339</u>
Total Revenues			
Expenditures:			
Current:			
Public safety	-	-	-
Culture and recreation	2,155,677	19,227	-
Employee benefits	436,102	-	-
	<u>2,591,779</u>	<u>19,227</u>	<u>-</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,458,185)</u>	<u>17,510</u>	<u>21,339</u>
Other Financing Sources (Uses):			
Transfers in	2,436,100	21,339	-
Transfers out	(4,530)	-	(21,339)
	<u>2,431,570</u>	<u>21,339</u>	<u>(21,339)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	<u>(26,615)</u>	<u>38,849</u>	<u>-</u>
Fund Balances - Beginning of Year, as reported	235,125	465,982	572,600
Prior Period Adjustment	-	-	-
Fund Balances - Beginning of Year, as restated	<u>235,125</u>	<u>465,982</u>	<u>572,600</u>
Fund Balances - End of Year	<u>\$ 208,510</u>	<u>\$ 504,831</u>	<u>\$ 572,600</u>

Total Non-Major
Governmental Funds

2006	2005
\$ 66,976	\$ 64,707
40,824	32,819
8,212	6,400
<u>75,658</u>	<u>310,702</u>
 191,670	 414,628
 -	 700
2,174,904	2,020,932
<u>436,102</u>	<u>446,945</u>
 2,611,006	 2,468,577
 (2,419,336)	 (2,053,949)
 2,457,439	 2,382,602
<u>(25,869)</u>	<u>(18,337)</u>
 2,431,570	 2,364,265
 12,234	 310,316
 1,273,707	 944,338
 -	 19,053
<u>1,273,707</u>	<u>963,391</u>
 \$ 1,285,941	 \$ 1,273,707

VILLAGE OF SCARSDALE, NEW YORK

LIBRARY FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 304,987	\$ 320,217
Petty Cash	310	310
	<u>305,297</u>	<u>320,527</u>
Prepaid expenditures	<u>23,835</u>	<u>-</u>
Total Assets	<u>\$ 329,132</u>	<u>\$ 320,527</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 115,642	\$ 75,902
Accrued liabilities	4,980	3,000
Due to other funds	-	6,500
Total Liabilities	<u>120,622</u>	<u>85,402</u>
Fund balance:		
Reserved for prepaid expenditures	23,835	-
Unreserved:		
Designated for subsequent year's expenditures	110,000	109,175
Undesignated	<u>74,675</u>	<u>125,950</u>
Total Fund Balance	<u>208,510</u>	<u>235,125</u>
Total Liabilities and Fund Balance	<u>\$ 329,132</u>	<u>\$ 320,527</u>

VILLAGE OF SCARSDALE, NEW YORK

LIBRARY FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEARS ENDED MAY 31, 2006 AND 2005

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ 65,000	\$ 65,000	\$ 66,976	\$ 1,976
Use of money and property	9,575	9,575	17,389	7,814
State aid	7,110	7,110	8,212	1,102
Miscellaneous	14,700	14,700	41,017	26,317
Total Revenues	<u>96,385</u>	<u>96,385</u>	<u>133,594</u>	<u>37,209</u>
Expenditures:				
Current:				
Culture and recreation	2,214,130	2,246,278	2,155,677	90,601
Employee benefits	439,000	439,000	436,102	2,898
Total Expenditures	<u>2,653,130</u>	<u>2,685,278</u>	<u>2,591,779</u>	<u>93,499</u>
Deficiency of Revenues Over Expenditures	<u>(2,556,745)</u>	<u>(2,588,893)</u>	<u>(2,458,185)</u>	<u>(130,708)</u>
Other Financing Sources (Uses):				
Transfers in	2,452,100	2,452,100	2,436,100	(16,000)
Transfers out	(4,530)	(4,530)	(4,530)	-
Total Other Financing Sources	<u>2,447,570</u>	<u>2,447,570</u>	<u>2,431,570</u>	<u>(16,000)</u>
Net Change in Fund Balance	<u>(109,175)</u>	<u>(141,323)</u>	<u>(26,615)</u>	<u>114,708</u>
Fund Balance - Beginning of Year, as reported	109,175	141,323	235,125	93,802
Prior Period Adjustment	-	-	-	-
Fund Balance - Beginning of Year, as restated	<u>109,175</u>	<u>141,323</u>	<u>235,125</u>	<u>93,802</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,510</u>	<u>\$ 208,510</u>

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 65,000	\$ 65,000	\$ 64,707	\$ (293)
9,575	9,575	16,376	6,801
7,485	7,485	6,400	(1,085)
23,700	23,700	26,169	2,469
105,760	105,760	113,652	7,892
2,123,025	2,103,972	1,994,216	109,756
431,000	450,053	446,945	3,108
2,554,025	2,554,025	2,441,161	112,864
(2,448,265)	(2,448,265)	(2,327,509)	(120,756)
2,384,620	2,384,620	2,368,620	(16,000)
(4,355)	(4,355)	(4,355)	-
2,380,265	2,380,265	2,364,265	(16,000)
(68,000)	(68,000)	36,756	104,756
68,000	68,000	179,316	111,316
-	-	19,053	19,053
68,000	68,000	198,369	130,369
\$ -	\$ -	\$ 235,125	\$ 235,125

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	<u>\$ 659,877</u>	<u>\$ 571,784</u>
Receivables:		
Accounts	2,096	-
Due from other funds	<u>-</u>	<u>25,207</u>
	<u>2,096</u>	<u>25,207</u>
Total Assets	<u>\$ 661,973</u>	<u>\$ 596,991</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 44,776	\$ 18,643
Deposits	<u>112,366</u>	<u>112,366</u>
Total Liabilities	157,142	131,009
Fund Balance - Reserved for trusts	<u>504,831</u>	<u>465,982</u>
Total Liabilities and Fund Balance	<u>\$ 661,973</u>	<u>\$ 596,991</u>

VILLAGE OF SCARSDALE, NEW YORK

SPECIAL PURPOSE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Use of money and property	\$ 2,096	\$ 2,461
Miscellaneous - Gifts and contributions	<u>34,641</u>	<u>284,533</u>
Total Revenues	<u>36,737</u>	<u>286,994</u>
Expenditures:		
Current:		
Public safety	-	700
Culture and recreation	<u>19,227</u>	<u>26,716</u>
Total Expenditures	<u>19,227</u>	<u>27,416</u>
Excess of Revenues Over Expenditures	17,510	259,578
Other Financing Sources - Transfers in	<u>21,339</u>	<u>13,982</u>
Net Change in Fund Balance	38,849	273,560
Fund Balance - Beginning of year	<u>465,982</u>	<u>192,422</u>
Fund Balance - End of year	<u>\$ 504,831</u>	<u>\$ 465,982</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	<u>\$ 572,600</u>	<u>\$ 572,600</u>
<u>FUND BALANCE</u>		
Reserved for Trusts	<u>\$ 572,600</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

PERMANENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE

YEARS ENDED MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Revenues - Use of money and property	\$ 21,339	\$ 13,982
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	21,339	13,982
Other Financing Uses - Transfers out	<u>(21,339)</u>	<u>(13,982)</u>
Net Change in Fund Balance	-	-
Fund Balance - Beginning of Year	<u>572,600</u>	<u>572,600</u>
Fund Balance - End of Year	<u>\$ 572,600</u>	<u>\$ 572,600</u>

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
COMPARATIVE STATEMENT OF NET ASSETS
MAY 31, 2006 AND 2005

	2006	2005
<u>ASSETS</u>		
Current Assets:		
Cash - Demand deposits	\$ 5,439,550	\$ 4,203,898
Investments	-	492,222
Accounts Receivable	163,519	147,542
Prepaid expenses	10,216	-
Total Current Assets	5,613,285	4,843,662
Capital Assets:		
Land	31,789	31,789
Buildings	2,042,411	2,042,411
Machinery and equipment	1,174,734	1,016,683
Infrastructure	1,740,543	1,740,543
Construction in progress	6,691	6,691
	4,996,168	4,838,117
Less - Accumulated Depreciation	(3,405,753)	(3,265,405)
Total Capital Assets, net of accumulated depreciation	1,590,415	1,572,712
Total Assets	7,203,700	6,416,374
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	43,404	181,171
Accrued liabilities	3,501,292	15,327
Compensated absences	19,359	17,882
Total Current Liabilities	3,564,055	214,380
Noncurrent Liabilities:		
Compensated absences, less current portion	174,229	160,937
Total Liabilities	3,738,284	375,317
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,590,415	1,572,712
Unrestricted	1,875,001	4,468,345
Total Net Assets	\$ 3,465,416	\$ 6,041,057

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS

YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Operating Revenues -		
Charges for services	\$ 3,373,277	\$ 2,676,225
Operating Expenses:		
Taxes on Village property	36,965	36,013
Personal services	659,952	745,971
Contractual services	27,292	34,229
Supplies	68,628	118,088
Utilities	95,746	65,512
Employee benefits	211,273	203,001
Insurance	30,380	28,000
Repairs and maintenance	15,792	38,888
Equipment maintenance	38,984	35,429
Depreciation	140,348	139,498
Purchase of water	4,385,810	610,167
Property services	150,000	135,000
Miscellaneous	15,343	24,123
Total Operating Expenses	5,876,513	2,213,919
Income (Loss) from Operations	(2,503,236)	462,306
Non-Operating Revenues - Interest income	195,555	84,864
Income (Loss) Before Transfers	(2,307,681)	547,170
Transfers:		
Transfer in	4,000	4,000
Transfer out	(271,960)	(267,835)
Total Transfers	(267,960)	(263,835)
Change in Net Assets	(2,575,641)	283,335
Net Assets - Beginning of Year, as reported	6,041,057	5,746,835
Prior Period Adjustment	-	10,887
Net Assets - Beginning of Year, as restated	6,041,057	5,757,722
Net Assets - End of Year	\$ 3,465,416	\$ 6,041,057

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - WATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 3,357,300	\$ 2,663,584
Cash payments for goods or services	(1,513,600)	(1,225,546)
Cash payments to employees	(869,814)	(937,457)
Net Cash Provided by Operating Activities	973,886	500,581
Cash Flows From Non-Capital Financing Activities		
Transfers in	4,000	4,000
Transfers out	(271,960)	(267,835)
Net Cash Used by Non-Capital Financing Activities	(267,960)	(263,835)
Cash Flows From Capital and Related Financing Activities -		
Acquisition and construction of fixed assets	(158,051)	(58,716)
Cash Flow From Investing Activities:		
Interest income	195,555	84,864
Sale of investments	492,222	1,817,433
Purchase of investments	-	(991,085)
Net Cash Provided by Investing Activities	687,777	911,212
Net Increase in Cash and Equivalents	1,235,652	1,089,242
Cash and Equivalents - Beginning of Year	4,203,898	3,114,656
Cash and Equivalents - End of Year	\$ 5,439,550	\$ 4,203,898
Reconciliation of Income (Loss) from Operations to Net Cash		
Provided by Operating Activities:		
Income (Loss) from operations	\$ (2,503,236)	\$ 462,306
Adjustments to reconcile income from operations to net		
cash provided by operating activities:		
Depreciation	140,348	139,498
Changes in operating assets and liabilities:		
Accounts receivable	(15,977)	(12,641)
Prepaid expenses	(10,216)	10,888
Accounts payable	(137,767)	(100,097)
Accrued expenses	3,485,965	(47,292)
Compensated absences	14,769	47,919
Net Cash Provided by Operating Activities	\$ 973,886	\$ 500,581

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
COMPARATIVE STATEMENT OF NET ASSETS
YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 857,761	\$ 714,948
Petty cash	200	400
	857,961	715,348
Accounts receivable	-	1,431
Total Current Assets	857,961	716,779
Capital Assets:		
Land	118,000	118,000
Buildings	2,411,166	2,287,310
Machinery and equipment	287,522	287,522
Infrastructure	244,245	244,245
Construction in progress	-	276,151
	3,060,933	3,213,228
Less - Accumulated Depreciation	(1,413,703)	(1,249,023)
Total Capital Assets, net of accumulated depreciation	1,647,230	1,964,205
Total Assets	2,505,191	2,680,984
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	33,595	37,100
Accrued liabilities	16,896	23,462
Unearned revenues	547,691	371,661
Current maturities of bonds payable	128,496	122,655
Total Current Liabilities	726,678	554,878
Noncurrent Liabilities -		
Bonds payable, less current maturities	1,090,751	1,219,247
Total Liabilities	1,817,429	1,774,125
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	427,983	622,303
Unrestricted	259,779	284,556
Total Net Assets	\$ 687,762	\$ 906,859

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS

YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Operating Revenues -		
Charges for services	\$ 797,581	\$ 779,375
Operating Expenses:		
Taxes on Village property	-	1,953
Personal services	348,828	337,953
Contract services	65,570	53,307
Supplies	36,876	23,148
Utilities	41,688	32,884
Employee benefits	38,882	27,518
Insurance	19,000	17,500
Repairs and maintenance	40,910	52,578
Equipment maintenance	23,920	20,529
Depreciation	164,680	141,898
Miscellaneous	22,588	25,760
Total Operating Expenses	802,942	735,028
Income (Loss) from Operations	(5,361)	44,347
Non-Operating Revenues (Expenses)		
Interest income	16,892	9,676
Interest expense	(49,900)	(73,832)
Total Non-Operating Expenses	(33,008)	(64,156)
Loss Before Transfers	(38,369)	(19,809)
Transfers:		
Transfer in	10,725	10,725
Transfer out	(39,160)	(37,970)
Total Transfers	(28,435)	(27,245)
Change in Net Assets	(66,804)	(47,054)
Net Assets - Beginning of Year, as reported	906,859	784,205
Prior Period Adjustment	(152,293)	169,708
Net Assets - Beginning of Year, as restated	754,566	953,913
Net Assets - End of Year	\$ 687,762	\$ 906,859

VILLAGE OF SCARSDALE, NEW YORK

ENTERPRISE FUND - POOL FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 799,012	\$ 778,210
Cash payments for goods or services	(78,027)	(262,430)
Cash payments to employees	(392,741)	(373,469)
Net Cash Provided by Operating Activities	328,244	142,311
Cash Flows From Non-Capital Financing Activities		
Transfers in	10,725	10,725
Transfers out	(39,160)	(37,970)
Net Cash Used by Non-Capital Financing Activities	(28,435)	(27,245)
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(122,655)	(116,815)
Interest paid on indebtedness	(51,433)	(55,923)
Acquisition and construction of fixed assets	-	(16,732)
Net Cash Used in Capital and Related Financing Activities	(174,088)	(189,470)
Cash Flow From Investing Activities -		
Interest income	16,892	9,676
Net Increase (Decrease) in Cash and Equivalents	142,613	(64,728)
Cash and Equivalents - Beginning of Year	715,348	780,076
Cash and Equivalents - End of Year	\$ 857,961	\$ 715,348
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (Loss) from operations	\$ (5,361)	\$ 44,347
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	164,680	141,898
Changes in operating assets and liabilities:		
Accounts receivable	1,431	(1,165)
Accounts payable	(3,503)	(17,283)
Accrued expenses	(5,033)	(7,998)
Unearned revenues	176,030	(17,488)
Net cash provided by Operating Activities	\$ 328,244	\$ 142,311

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
COMPARATIVE STATEMENT OF NET ASSETS
MAY 31, 2006 AND 2005

	2006	2005
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 7,663	\$ 105,106
Petty cash	100	100
	7,763	105,206
Due from other governments	146,692	106,054
Prepaid expenses	18,705	-
Total Current Assets	173,160	211,260
Capital Assets:		
Buildings	2,302,959	2,302,959
Machinery and equipment	354,226	354,226
	2,657,185	2,657,185
Less - Accumulated Depreciation	(1,201,263)	(1,135,046)
Total Capital Assets, net of accumulated depreciation	1,455,922	1,522,139
Total Assets	1,629,082	1,733,399
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	132,000	95,082
Accrued liabilities	2,269	
Accrued interest	9,309	11,009
Current maturities of bonds payable	87,000	87,000
Compensated absences - current portion	14,574	9,846
Total Current Liabilities	245,152	202,937
Noncurrent Liabilities:		
Bonds payable, less current maturities	393,000	480,000
Compensated absences - less current portion	131,161	88,616
Total Non-Current Liabilities	524,161	568,616
Total Liabilities	769,313	771,553
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	975,922	955,139
Unrestricted	(116,153)	6,707
Total Net Assets	\$ 859,769	\$ 961,846

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
YEARS ENDED MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Operating Revenues:		
Charges for services	<u>\$ 2,094,627</u>	<u>\$ 2,007,281</u>
Operating Expenses:		
Personal services	779,345	723,367
Contractual services	1,011,123	826,252
Employee benefits	295,391	262,302
Depreciation	<u>66,217</u>	<u>71,244</u>
Total Operating Expenses:	<u>2,152,076</u>	<u>1,883,165</u>
Income (Loss) from Operations	<u>(57,449)</u>	<u>124,116</u>
Non-Operating Revenues (Expenses):		
Interest income	3,554	3,265
Interest expense	<u>(25,782)</u>	<u>(30,297)</u>
Total Non-Operating Expenses	<u>(22,228)</u>	<u>(27,032)</u>
Income (Loss) Before Transfers	<u>(79,677)</u>	<u>97,084</u>
Transfers out	<u>(22,400)</u>	<u>(21,645)</u>
Change in Net Assets	<u>(102,077)</u>	<u>75,439</u>
Net Assets - Beginning of Year as reported	961,846	891,033
Prior Period Adjustment	<u>-</u>	<u>(4,626)</u>
Net Assets - Beginning of Year as restated	<u>961,846</u>	<u>886,407</u>
Net Assets - End of Year	<u>\$ 859,769</u>	<u>\$ 961,846</u>

VILLAGE OF SCARSDALE, NEW YORK

INTERNAL SERVICE FUND - CENTRAL GARAGE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2006 AND 2005

	2006	2005
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 2,053,989	\$ 1,950,181
Cash payments for goods or services	(991,039)	(778,992)
Cash payments to employees	(1,027,063)	(987,345)
Net Cash Provided by Operating Activities	35,887	183,844
Cash Flows From Non-Capital Financing Activities -		
Transfers out	(22,400)	(21,645)
Cash Flows From Capital and Related Financing Activities:		
Principal paid on bonds	(87,000)	(88,000)
Interest paid on indebtedness	(27,484)	(34,923)
Acquisition of fixed assets	-	(13,395)
Net Cash Used in Capital and		
Related Financing Activities	(114,484)	(136,318)
Cash Flow From Investing Activities -		
Interest income	3,554	3,265
Net Increase (Decrease) in Cash and Equivalents	(97,443)	29,146
Cash and Equivalents - Beginning of Year	105,206	76,060
Cash and Equivalents - End of Year	\$ 7,763	\$ 105,206
Reconciliation of Income (Loss) from Operations to Net Cash		
Provided by Operating Activities:		
Income (loss) from operations	\$ (57,449)	\$ 124,116
Adjustments to reconcile income (loss) from operations to		
net cash provided by operating activities:		
Depreciation	66,217	71,244
Changes in operating assets and liabilities:		
Due from other governments	(40,638)	(57,100)
Prepaid expenses	(18,705)	-
Accounts payable	36,918	47,260
Accrued liabilities	2,271	(37,737)
Compensated absences	47,273	36,061
Net Cash Provided by Operating Activities	\$ 35,887	\$ 183,844