Village of Ardsley, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2014

Village of Ardsley, New York

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O'CONNOR DAVIES

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Independent Auditors' Report

The Honorable Mayor and Village Board
of the Village of Ardsley, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Ardsley, New York ("Village") as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village, as of May 31, 2014, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
November 5, 2014

Village of Ardsley, New York

Management's Discussion and Analysis
May 31, 2014

Introduction

The Village of Ardsley, New York ("Village"), presents this Management's Discussion and Analysis ("MD&A") as an overview of the Village's financial activities for the fiscal year ended May 31, 2014 This MD&A focuses on current year activities, resulting changes, and currently known facts and should be read in conjunction with the basic financial statements and the notes to the Village's financial statements which immediately follow this section.

Financial Highlights

- On the government-wide financial statements, the liabilities of the Village exceeded its assets at the close of the most recent fiscal year by $249,587. Of this amount, the unrestricted amount is a deficit of $4,105,254.

- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of $718,898, inclusive of the Capital Projects Fund. Approximately $2,700, of this amount is unassigned fund balance and is available for spending at the Village's discretion (this amount is inclusive of an unassigned deficit in the capital projects fund of $436,137.

- At May 31, 2014, unassigned fund balance for the Village's General Fund was $438,851 or 4% 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. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to 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 present the Village as a single, unified entity and are intended to give the reader a broad perspective of the Village's financial condition. These statements closely resemble the financial statements of a private sector entity.

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

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

The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two major governmental funds: the General Fund and the Capital Projects Fund. Major funds have their information presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. The Public Library Fund and Special Purpose Fund are grouped together as non-major governmental funds.

The Village adopts annual budgets for the General Fund and the Public Library Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budget.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains two types of fiduciary funds, the Agency Fund and the Pension Trust Fund.

Resources are held in the Agency 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. The Pension Trust Fund accounts for the Service Awards Program for volunteer firefighters.

Notes to Financial Statements

The notes to financial statements 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 financial statements and include individual fund financial statements and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, liabilities exceeded assets by $249,587 at the close of the most recent fiscal year.

The largest portion of the Village's net position, $2,418,202, is its investment in capital assets (land, buildings and improvements, machinery and equipment and infrastructure), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to its citizens and as a result these assets are not available for future spending. Although the Village's investment in 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 these liabilities.

Net Position

	Governmental Activities	
	2014	2013
Current Assets	$ 2,486,564	$ 2,890,639
Capital Assets, net	8,848,452	8,693,401
Total Assets	11,335,016	11,584,040
Current Liabilities	1,785,081	1,249,622
Long-term Liabilities	9,799,522	8,972,818
Total Liabilities	11,584,603	10,222,440
Net Position		
Net Investment in Capital Assets	2,418,202	2,456,101
Restricted	1,437,465	1,096,778
Unrestricted	(4,105,254)	(2,191,279)
Total Net Position	$ (249,587)	$ 1,361,600

A portion of the Village's net position is restricted and represents resources that are subject to external restrictions on how they may be used. The restricted net position is to be used for the following purposes:

	May 31,	
	2014	2013
Capital Projects	$ 870,818	$ 540,734
Debt Service	524,866	523,179
Special Purpose	41,781	32,865
	$ 1,437,465	$ 1,096,778

Change in Net Position

	Year Ended May 31, 2014	Year Ended May 31, 2013
REVENUES		
Program Revenues		
Charges for Services	$ 1,197,624	$ 1,139,252
Operating Grants and Contributions	437,315	346,721
Capital Grants and Contributions	290,436	120,351
Total Program Revenues	1,925,375	1,606,324
General Revenues		
Real Property Taxes	8,558,671	8,407,627
Other Tax Items	36,191	141,490
Non-Property Taxes	870,909	819,942
Unrestricted Use of Money and Property	1,550	2,042
Sale of Property and Compensation for Loss	20,065	35,251
Unrestricted State Aid	134,842	125,374
Miscellaneous	35,478	(7,849)
Total General Revenues	9,657,706	9,523,877
Total Revenues	11,583,081	11,130,201
PROGRAM EXPENSES		
General Government Support	2,260,730	1,931,011
Public Safety	6,402,758	5,996,465
Health	155,614	99,835
Transportation	1,399,240	1,036,060
Economic Opportunity and Development	65,855	64,661
Culture and Recreation	804,225	806,452
Home and Community Services	1,876,094	1,701,227
Interest	229,752	242,706
Total Expenses	13,194,268	11,878,417
Change in Net Position	(1,611,187)	(748,216)
NET POSITION		
Beginning	1,361,600	2,109,816
Ending	$ (249,587)	$ 1,361,600

Governmental Activities

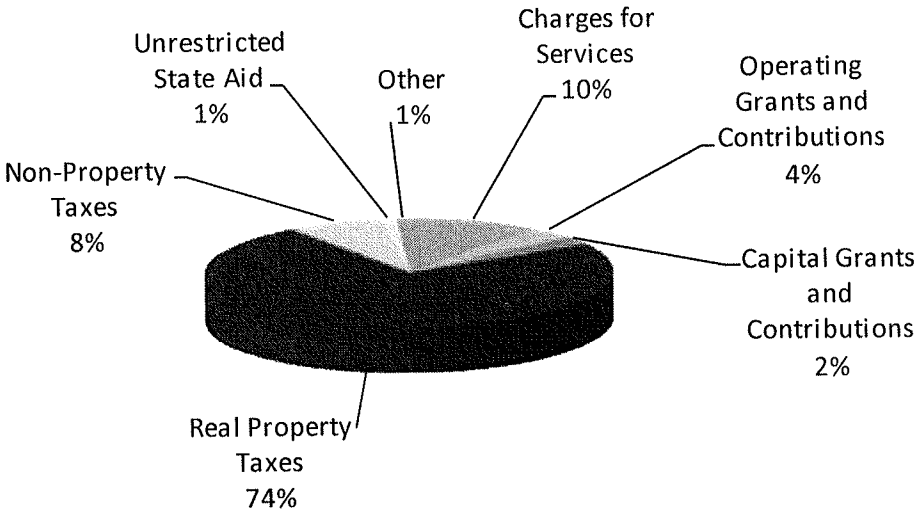
Governmental activities decreased the Village's net position by $1,611,187.

For the fiscal year ended May 31, 2014, revenues from governmental activities totaled $11,583,081. Program revenues are 17% of this total and 83% is attributable to taxes and other sources. The major changes are as follows:

Revenues:

- Real property tax revenues increased by $151,044. This was the result of a higher tax levy.
- Charges for services decreased by $58,372 due to a decrease in building permit fees, park and recreation fees, and other local government revenue.

Revenues by Sources

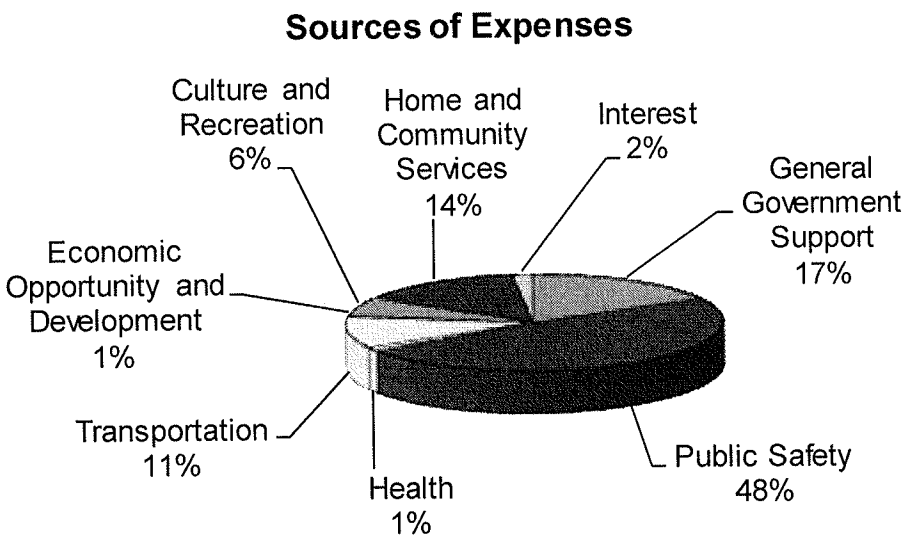


Total expenses for governmental activities were $13,194,268.

Expenses:

- General government support expenses increased by $329,719. The increase in the current is attributed to large tax certiorari payments that were made in the current year.

- Public safety expenses increased by $406,293. Increase in this area was due to the increase in employee benefits.



Financial Analysis of the Village's Funds

Fund Balance Reporting

Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the Village's fiscal period ending May 31, 2012; therefore they are introduced in this report for the second time. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

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

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

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

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

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

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

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, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year the Village's governmental funds reported combined ending fund balances of $718,898 which included an unassigned deficit of $436,137 in the Capital Projects Fund. $438,851 of the total ending fund balance constitutes unassigned fund balance in the General Fund. None of the fund balance has been appropriated for use in the 2014-2015 budget. A portion of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for debt service ($524,866) and to trusts ($41,781).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, fund balance of the General Fund was $923,059. When the FY 2013-2014 General Fund budget was adopted, it anticipated not to use any of the fund balance. Actual results of operations resulted in a decrease of Fund Balance of $560,078.

Revenues and other financing sources were $11,238,774 which was $166,296 or 2% more than the final budget. Expenditures and other financing uses were $11,798,852 which was $35,761 or 1.00%, less than the final budget.

The major areas where revenues were more than budget were: The Village's non property taxes by $55,909 and state aid by $43,397.

The major areas where the spending was less than budgeted was in the general governmental support expenditure category by $24,222.

The Capital Projects Fund has an unassigned deficit of $436,137, which is normally due to the fact that this includes short-term bond anticipation notes. Liabilities for bond anticipation notes payable in the amount of $1,120,250 are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. A majority of capital projects are financed by short and long term debt and State aid as of May 31, 2014.

General Fund Budgetary Highlights

There was an increase between the original adopted budget and the final budget of $1,031,635. Actual expenditures and other financing uses were $35,761 less than the final budget.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2014, net of $5,800,190 of accumulated depreciation, was $8,848,452. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

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

- New sidewalks
- Purchase of a bucket truck

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

Capital Assets

	Government Activities	
	2014	2013
Capital Assets, Not Being Depreciated		
Land	$ 121,550	$ 121,550
Capital Assets Being Depreciated		
Building and Improvements	9,009,748	8,988,076
Machinery and Equipment	4,292,059	3,932,011
Infrastructure	1,225,285	905,829
Total assets being depreciated	14,527,092	13,825,916
Less Accumulated Depreciation for		
Building and Improvements	2,590,816	2,294,783
Machinery and Equipment	3,022,685	2,803,090
Infrastructure	186,689	156,192
Total accumulated depreciation	5,800,190	5,254,065
Total Capital Assets being Depreciated, net	$ 8,726,902	$ 8,571,851
Capital Assets, net	$ 8,848,452	$ 8,693,401

Long-term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of $5,310,000. In accordance with New York State Law, the Village issues general obligation bonds, backed by the full faith and credit of the Village.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the Village is subject to a "constitutional debt limit". This debt limit is calculated by taking 7% of the latest five-year average full valuation of all taxable real property within the Village. At May 31, 2014, the Village's five year average full valuation was $1,065,338,832, thereby establishing a constitutional debt limit of $ 74,573,718.

Other Post Employment Benefits

The Government Accounting Standard Board Statement No. 45 required municipalities to account for Post Employment Benefits other than pensions such as health insurance coverage. The fiscal year ending May 31, 2009 was the implementation date for the Village of Ardsley. An actuarial firm was hired by the Village to compute the present value of the liability, which measures the value of OPEB benefits earned by employees during their tenure and likely to be paid during their retirement. This amount is substantial, however, under the present laws of the State of New York, there is no legal mechanism set up that would enable the funding of this obligation.

The Village's annual OPEB cost for 2013-14 was $1,480,000. Contributions made on the pay as you go basis were $260,000, leaving an increase of net OPEB obligation of $1,220,000 for fiscal

year 2014 and a total of $4,300,000 net OPEB obligation as of May 31, 2014. This amount is reflected in the government-wide financial statements.

Economic Factors and Next Year's Budgets and Rates

Increases for Police and Fire personal services due to a contractual raise in grades, contractual and supply expenses, increases in Employee Benefits and increased Debt Service costs, were all factors that were taken into consideration in development and preparation of the FY 2014-2015 budget.

The Village did not appropriate any of the general fund balance for expenditures in FY 2014-2015.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to George F. Calvi, Village of Ardsley, 507 Ashford Avenue, Ardsley, New York 10502.

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Village of Ardsley, New York

Statement of Net Position
May 31, 2014

	Governmental Activities
ASSETS	
Cash and equivalents	$ 1,561,777
Investments	299
Receivables	
Taxes, net	87,405
Accounts	90,856
State and Federal aid	98,642
Due from other governments	636,460
Prepaid expenses	11,125
Capital assets	
Not being depreciated	121,550
Being depreciated, net	8,726,902
Total Assets	11,335,016
LIABILITIES	
Accounts payable	338,218
Accrued liabilities	33,297
Due to retirement systems	217,469
Bond anticipation notes payable	1,120,250
Accrued interest payable	75,847
Non-current liabilities	
Due within one year	414,000
Due in more than one year	9,385,522
Total Liabilities	11,584,603
NET POSITION	
Net investment in capital assets	2,418,202
Restricted	
Capital projects	870,818
Debt service	524,866
Special purpose	41,781
Unrestricted	(4,105,254)
Total Net Position	$ (249,587)

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

Village of Ardsley, New York

Statement of Activities
Year Ended May 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities					
General government support	$ 2,260,730	$ 7,248	$ -	$ -	$ (2,253,482)
Public safety	6,402,758	499,926	265,000	-	(5,637,832)
Health	155,614	-	-	-	(155,614)
Transportation	1,399,240	48,106	104,628	-	(1,246,506)
Economic opportunity and development	65,855	-	-	-	(65,855)
Culture and recreation	804,225	358,864	53,608	279,221	(112,532)
Home and community services	1,876,094	283,480	14,079	9,528	(1,569,007)
Interest	229,752	-	-	1,687	(228,065)
Total Governmental Activities	$ 13,194,268	$ 1,197,624	$ 437,315	$ 290,436	(11,268,893)

General revenues	
Real property taxes	8,558,671
Other tax items	
Interest and penalties on real property taxes	36,191
Non-property taxes	
Non-property tax distribution from County	638,715
Franchise fees	104,965
Utilities gross receipts taxes	127,229
Unrestricted use of money and property	1,550
Sale of property and compensation for loss	20,065
Unrestricted State aid	134,842
Miscellaneous	35,478
Total General Revenues	9,657,706
Change in Net Position	(1,611,187)
Net Position - Beginning	1,361,600
Net Position - Ending	$ (249,587)

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

Village of Ardsley, New York

Balance Sheet
Governmental Funds
May 31, 2014

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	$ 505,519	$ 985,290	$ 70,968	$ 1,561,777
Investments	-	299	-	299
Taxes receivable, net of allowance for uncollectible amounts	87,405	-	-	87,405
Other receivables				
Accounts	90,856	-	-	90,856
State and Federal aid	61,606	21,314	15,722	98,642
Due from other governments	636,460	-	-	636,460
Due from other funds	159,323	-	23,510	182,833
	948,245	21,314	39,232	1,008,791
Prepaid expenditures	11,125	-	-	11,125
Total Assets	$ 1,552,294	$ 1,006,903	$ 110,200	$ 2,669,397
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	$ 320,037	$ 9,963	$ 8,218	$ 338,218
Accrued liabilities	33,297	-	-	33,297
Due to other funds	-	156,472	26,361	182,833
Due to retirement systems	217,469	-	-	217,469
Bond anticipation notes payable	-	1,120,250	-	1,120,250
Total Liabilities	570,803	1,286,685	34,579	1,892,067
Deferred inflows of resources				
Deferred tax revenues	58,432	-	-	58,432
Total Liabilities and Deferred Inflows of Resources	629,235	1,286,685	34,579	1,950,499
Fund balances (deficits)				
Nonspendable	11,125	21,314	-	32,439
Restricted	389,825	135,041	41,781	566,647
Assigned	83,258	-	33,840	117,098
Unassigned	438,851	(436,137)	-	2,714
Total Fund Balances (Deficits)	923,059	(279,782)	75,621	718,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 1,552,294	$ 1,006,903	$ 110,200	$ 2,669,397

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

Village of Ardsley, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
Year Ended May 31, 2014

Fund Balances - Total Governmental Funds	$ 718,898
Amounts Reported for Governmental Activities in the Statement of Net Position is Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,848,452
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	58,432
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(75,847)
Bonds payable	(5,310,000)
Compensated absences	(189,522)
Other post employment benefit obligations payable	(4,300,000)
	(9,875,369)
Net Position of Governmental Activities	$ (249,587)

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

Village of Ardsley, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2014

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
REVENUES				
Real property taxes	$ 8,581,304	$ -	$ -	$ 8,581,304
Other tax items	36,191	-	-	36,191
Non-property taxes	870,909	-	-	870,909
Departmental income	874,708	-	25,139	899,847
Use of money and property	3,237	-	86	3,323
Licenses and permits	198,205	-	-	198,205
Fines and forfeitures	99,572	-	-	99,572
Sale of property and compensation for loss	20,065	-	-	20,065
State aid	254,105	279,221	16,980	550,306
Federal aid	125,000	-	-	125,000
Miscellaneous	175,478	9,528	35,986	220,992
Total Revenues	11,238,774	288,749	78,191	11,605,714
EXPENDITURES				
Current				
General government support	1,644,649	-	-	1,644,649
Public safety	3,654,104	-	-	3,654,104
Health	155,614	-	-	155,614
Transportation	658,813	-	-	658,813
Economic opportunity and development	38,471	-	-	38,471
Culture and recreation	194,001	-	386,899	580,900
Home and community services	1,081,124	-	-	1,081,124
Employee benefits	3,023,221	-	100,169	3,123,390
Debt service				
Principal	390,000	-	-	390,000
Interest	224,885	-	-	224,885
Capital outlay	-	965,798	-	965,798
Total Expenditures	11,064,882	965,798	487,068	12,517,748
Excess (Deficiency) of Revenues Over Expenditures	173,892	(677,049)	(408,877)	(912,034)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	295,050	438,920	733,970
Transfers out	(733,970)	-	-	(733,970)
Total Other Financing Sources (Uses)	(733,970)	295,050	438,920	-
Net Change in Fund Balances	(560,078)	(381,999)	30,043	(912,034)
FUND BALANCES (DEFICITS)				
Beginning of Year	1,483,137	102,217	45,578	1,630,932
End of Year	$ 923,059	$ (279,782)	$ 75,621	$ 718,898

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

Village of Ardsley, 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, 2014

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

Net Change in Fund Balances - Total Governmental Funds	$ (912,034)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.	
Capital outlay expenditures	701,176
Depreciation expense	(546,125)
	155,051
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	(22,633)
Long-term debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on serial bonds	390,000
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.	
Accrued interest	(4,867)
Compensated absences	3,296
Other post employment benefit obligations	(1,220,000)
	(1,221,571)
Change in Net Position of Governmental Activities	$ (1,611,187)

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

Village of Ardsley, New York

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 8,573,678	$ 8,573,678	$ 8,581,304	$ 7,626
Other tax items	30,000	30,000	36,191	6,191
Non-property taxes	815,000	815,000	870,909	55,909
Departmental income	856,992	856,992	874,708	17,716
Use of money and property	8,000	8,000	3,237	(4,763)
Licenses and permits	166,200	166,200	198,205	32,005
Fines and forfeitures	115,000	115,000	99,572	(15,428)
Sale of property and compensation for loss	14,900	14,900	20,065	5,165
State aid	206,208	210,708	254,105	43,397
Federal aid	-	125,000	125,000	-
Miscellaneous	17,000	157,000	175,478	18,478
Total Revenues	10,802,978	11,072,478	11,238,774	166,296
EXPENDITURES				
Current				
General government support	1,315,772	1,668,871	1,644,649	24,222
Public safety	3,440,799	3,657,773	3,654,104	3,669
Health	30,469	155,614	155,614	-
Transportation	551,382	659,181	658,813	368
Economic opportunity and development	40,843	38,471	38,471	-
Culture and recreation	193,988	194,001	194,001	-
Home and community services	1,103,423	1,083,940	1,081,124	2,816
Employee benefits	2,817,043	3,027,903	3,023,221	4,682
Debt service				
Principal	390,000	390,000	390,000	-
Interest	224,889	224,889	224,885	4
Total Expenditures	10,108,608	11,100,643	11,064,882	35,761
Excess (Deficiency) of Revenues Over Expenditures	694,370	(28,165)	173,892	202,057
OTHER FINANCING USES				
Transfers out	(694,370)	(733,970)	(733,970)	-
Net Change in Fund Balance	-	(762,135)	(560,078)	202,057
FUND BALANCE				
Beginning of Year	-	762,135	1,483,137	721,002
End of Year	$ -	$ -	$ 923,059	$ 923,059

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

Village of Ardsley, New York

Statement of Fiduciary Net Position
May 31, 2014

	Agency	Pension Trust
ASSETS		
Cash and equivalents	$ 36,610	$ -
Investments, at fair value - Annuities	-	1,092,149
Total Assets	36,610	1,092,149
LIABILITIES		
Deposits	36,610	-
NET POSITION		
Held in trust for pension benefits (A schedule of funding progress for the plan is presented in the required supplementary information)	$ -	$ 1,092,149

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

Village of Ardsley, New York

Statement of Changes in Plan Net Position
Pension Trust Fund - Service Awards Program
Year Ended May 31, 2014

Additions	
Pension contributions	$ 70,000
Net change in fair value of investments	136,433
Total Additions	206,433
Deductions	
Pension benefits	33,553
Life insurance premiums	5,759
Administrative fee	2,700
Total Deductions	42,012
Net Increase in Plan Net Position	164,421
NET POSITION	
Beginning of Year	927,728
End of Year	$ 1,092,149

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

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Note 1 - Summary of Significant Accounting Policies

The Village of Ardsley, New York ("Village") was established in 1896 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Manager serves as the Administrative Officer and the Chief Budget Officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

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

B. Government-Wide Financial Statements

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/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. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

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

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

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

Public Library Fund - The Public 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. These include Pension Trust and Agency Funds. The Agency Fund accounts for employee payroll tax withholdings and deposits that are payable to other jurisdictions or individuals. The Pension Trust Fund is provided to account for the Village's Fire Service Awards Program.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Deposits, Investments and Risk Disclosure

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that are not covered by depository insurance were not exposed to custodial credit risk at May 31, 2014.

Investments - The Village participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated PT Asset Management, a subsidiary of Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The Village's position in the pool is equal to the value of the pool shares. Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 999 18th Street, Suite 1230, Denver, CO 80202.

CLASS is rated AAAm by Standard & Poor's Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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

Investments of the Pension Trust Fund are held with an insurance company. The funds are invested along with the company's other assets in a variety of instruments. The amounts are

Note 1 - Summary of Significant Accounting Policies (Continued)

invested in various portfolios by the trustee. These investments are not subject to risk categorization.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in two installments due in June and December. The Village has the responsibility for the billing and collection of its own taxes.

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.

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, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Class	Life in Years
Buildings and improvements	10-40
Machinery and equipment	5-10
Infrastructure	20-50

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

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

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

The Village reported deferred inflows of resources of $58,432 for real property taxes in the General Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

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 Public Library funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. The Village has not implemented an encumbrance system.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. The Village has not implemented an encumbrance system.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 5, 2014

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.

Note 2 - Stewardship, Compliance and Accountability (Continued)

b) The Board of Trustees may meet to discuss and review the tentative budget in a series of budget work sessions after March 20th and up to April 30th.

c) The Board of Trustees must conduct a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.

d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.

e) Formal budgetary integration is employed during the year as a management control device for the General and Public Library funds.

f) Budgets for the General and Public Library funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the Board of Trustees for the Special Purpose Fund.

g) The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

h) Appropriations in the General and Public Library funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2014 fiscal year was $21,306,777 which exceeded the actual levy by $12,733,099.

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

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

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

C. Application of Accounting Standards

For the year ended May 31, 2014, The Village implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

D. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of $436,812 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other projects where deficits exist where no bond anticipation notes are outstanding arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Expenditures in Excess of Budget

The following capital project exceeded its budgetary provision by the amount indicated:

Police Vehicles and Equipment	6,279

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2014 consisted of the following:

Current Year	$ 67,820
Prior Years	86,974
	154,794
Allowance for uncollectible taxes	(67,389)
	$ 87,405

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2014 were as follows:

Fund	Due From	Due To
General	$ 159,323	$ -
Capital Projects	-	156,472
Non-Major Governmental	23,510	26,361
	$ 182,833	$ 182,833

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

C. Capital Assets

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

	Balance June 1, 2013	Additions	Balance May 31, 2014
Capital Assets, not being depreciated			
Land	$ 121,550	$ -	$ 121,550
Capital Assets, being depreciated			
Buildings and improvements	$ 8,988,076	$ 21,672	$ 9,009,748
Machinery and equipment	3,932,011	360,048	4,292,059
Infrastructure	905,829	319,456	1,225,285
Total Capital Assets, being depreciated	13,825,916	701,176	14,527,092

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2013	Additions	Balance May 31, 2014
Less Accumulated Depreciation for			
Buildings and improvements	$ 2,294,783	$ 296,033	$ 2,590,816
Machinery and equipment	2,803,090	219,595	3,022,685
Infrastructure	156,192	30,497	186,689
Total Accumulated Depreciation	5,254,065	546,125	5,800,190
Total Capital Assets, being depreciated, net	$ 8,571,851	$ 155,051	$ 8,726,902
Capital Assets, net	$ 8,693,401	$ 155,051	$ 8,848,452

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

General Government Support	$ 27,190
Public Safety	220,257
Transportation	142,682
Culture and Recreation	155,996
Total Depreciation Expense	$ 546,125

D. Pension Plans

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems 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 System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and a regular pension contribution. Contribution rates for the plans' year ended March 31, 2014 are as follows:

Note 3 - Detailed Notes on All Funds (Continued)

	Tier/Plan	Rate
ERS	3 A14	21.0 %
	4 A15	21.0
	5 A15	16.9
	6 A15	11.4
	6 A15-2	11.5
PFRS	2 384D	28.4 %
	5 384D	27.1

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

	ERS	PFRS
2014	$ 457,531	$ 917,913
2013	360,989	570,176
2012	341,755	572,522

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

The current ERS contribution for the Village was charged to the funds identified below. The PFRS contribution was charged to the General Fund.

Fund	Amount
General	$ 424,051
Public Library	33,480
	$ 457,531

E. Pension Trust - Service Awards Program

The Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer firefighters. This Program is a single employer defined benefit plan. Active volunteer firefighters, upon attainment of age 18 and upon earning 50 or more points in a calendar year after 1990 under the provisions of the Program point system, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a lifetime annuity. The monthly benefits are $20 for each year of service credit, up to a maximum of 40 years. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Village's Board, are authorized to invest the funds in authorized investment vehicles.

Note 3 - Detailed Notes on All Funds (Continued)

Current membership in the Program is comprised of the following:

Group	January 1, 2014
Retirees and beneficiaries currently receiving benefits	12
Terminated members entitled to but not yet receiving benefits	26
Active	42

The Village is required to contribute the amounts necessary to finance the plan as actuarially determined using the attained age normal frozen initial liability cost method. The asset valuation method is fair value. The assumed investment rate of return is 5.25% and there are no cost of living adjustments.

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

	Annual Required Contribution	Actual Contribution	Percentage of Annual Program Cost Contributed
2014	$ 70,000	$ 70,000	100.00 %
2013	70,000	70,000	100.00
2012	70,000	70,000	100.00

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

The current year contribution to the Program was charged to the General Fund.

F. Short-Term Capital Borrowings - Bond Anticipation Notes

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

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2013	New Issues	Redemptions	Balance May 31, 2014
Library Reconstruction	2009	08/29/14	1.89 %	$ 484,500	$ -	$ 242,250	$ 242,250
Police Vehicles and Equipment	2012	-	-	52,800	-	52,800	-
Reconstruction of Ashford Avenue	2014	11/06/14	1.89	-	475,000	-	475,000
Reconstruction of King Street Culvert	2014	11/06/14	1.89	-	134,000	-	134,000
Police Vehicle	2014	11/06/14	1.89	-	42,000	-	42,000
Highway Equipment	2014	11/06/14	1.89	-	227,000	-	227,000
				$ 537,300	$ 878,000	$ 295,050	$ 1,120,250

Note 3 - Detailed Notes on All Funds (Continued)

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

Interest expenditures of $8,075 were recorded in the fund financial statements in the General Fund. Interest expense of $15,422 was recorded in the government-wide financial statements.

G. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2014:

	Balance June 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2014	Due Within One Year
Bonds Payable	$ 5,700,000	$ -	390,000	$ 5,310,000	$ 395,000
Compensated Absences	192,818	15,986	19,282	189,522	19,000
Other Post Employment Benefit Obligations Payable	3,080,000	1,480,000	260,000	4,300,000	-
	$ 8,972,818	$ 1,495,986	$ 669,282	$ 9,799,522	$ 414,000

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

Bonds Payable

Bonds payable at May 31, 2014 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2014
Public Improvements	1997	$2,206,000	October, 2017	4.8 - 5.125 %	$ 400,000
Public Improvements	2006	5,219,200	August, 2031	4.0 - 5.000	3,845,000
Public Improvements	2012	1,211,500	March, 2027	2.0 - 2.750	1,065,000
					$ 5,310,000

Interest expenditures of $216,810 was recorded in the fund financial statements in the General Fund. Interest expense of $214,330 was recorded in the government-wide financial statements for governmental activities.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2014 including interest payments of $1,610,611 are as follows:

Year Ended May 31,	Principal	Interest
2015	$ 395,000	$ 199,435
2016	400,000	181,785
2017	400,000	163,960
2018	400,000	146,098
2019	300,000	131,910
2020-2024	1,490,000	501,900
2025-2029	1,285,000	246,224
2030-2032	640,000	39,299
	$ 5,310,000	$ 1,610,611

Compensated Absences

Pursuant to collective bargaining agreements, employees of the Department of Public Works and non-union full-time employees may accumulate up to 175 days of sick time. Upon retirement, these employees will be compensated for 50% of unused sick time at their current salary level. Effective June 1, 1994, police employees have unlimited sick leave. Prior to this date, police employees could accumulate up to 150 days of sick time. Days accumulated as of June 1, 1994 were frozen and police employees, at retirement, separation of service or upon written notification, may receive payment for 50% of these accumulated days at their hourly rate. Compensatory time for overtime hours may be accumulated by police employees. At the option of the employee, payment will be made either through additional compensation or compensatory time. Payment is limited to 150 hours. Compensatory time for police officers may accumulate without limit. Employees will be paid for this time, at their option. However, requests for payment must be made prior to February 1st of each year. Vacation time for employees of the Department of Public Works may be carried over to the subsequent year, and upon separation of service, employees will be compensated for any unused days from the prior year. Vacation time for police and non-union employees is generally taken in the year earned and may not be accumulated.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. Substantially all of the Village's employee's may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The Village's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical

Note 3 - Detailed Notes on All Funds (Continued)

insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the Village's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

Year Ended May 31,	
2015	9.00 %
2016	8.50
2017	8.00
2018	7.50
2019	7.00
2020	6.50
2021	6.00
2022	5.50
2023 +	5.00

The amortization basis is the level percentage of payroll basis with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return, 3% inflation rate and 3% payroll growth rate. The Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of May 31, 2014 was as follows:

Active Employees	42
Retired Employees	20
	62

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2013	$ 15,460,000
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	$ 15,460,000
Funded Ratio	0.00%
Covered Payroll (active plan members)	$ 4,040,000
UAAL as a Percentage of Covered Payroll	382.67%
Annual Required Contribution	$ 1,520,000
Interest on Net OPEB Obligation	140,000
Adjustment to Annual Required Contribution	(180,000)
Annual OPEB Cost	1,480,000
Contributions Made	(260,000)
Increase in Net OPEB Obligation	1,220,000
Net OPEB Obligation - Beginning of Year	3,080,000
Net OPEB Obligation - End of Year	$ 4,300,000

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

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 1,480,000	17.57 %	$ 4,300,000
2013	1,410,000	21.28	3,080,000
2012	980,000	27.55	1,970,000

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

H. Revenues and Expenditures

Interfund Transfers

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

Note 3 - Detailed Notes on All Funds (Continued)

	Transfers In		
Transfers Out	Capital Projects Fund	Other Governmental Funds	Total
General Fund	$ 295,050	$ 438,920	$ 733,970

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

I. Net Position

The components of net position are detailed below:

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

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2014				2013			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Prepaid expenditures	$ 11,125	$ -	$ -	$ 11,125	$ 2,417	$ -	$ -	$ 2,417
Long term receivables	-	21,314	-	21,314	-	21,314	-	21,314
Total Nonspendable	11,125	21,314	-	32,439	2,417	21,314	-	23,731
Restricted								
Trusts	-	-	41,781	41,781	-	-	32,865	32,865
Debt service	389,825	135,041	-	524,866	388,138	135,041	-	523,179
Total Restricted	389,825	135,041	41,781	566,647	388,138	135,041	32,865	556,044
Assigned								
Contractual obligations	83,258	-	-	83,258	95,214	-	-	95,214
Non-Major Governmental Fund								
Public Library	-	-	33,840	33,840	-	-	12,713	12,713
Total Assigned	83,258	-	33,840	117,098	95,214	-	12,713	107,927
Unassigned	438,851	(436,137)	-	2,714	997,368	(32,824)	-	964,544
Total Fund Balances	$ 923,059	$ (279,782)	$ 75,621	$ 718,898	$ 1,483,137	$ 123,531	$ 45,578	$ 1,652,246

Note 3 - Detailed Notes on All Funds (Continued)

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

Prepaid Expenditures has been established to account for the purchase of day camp supplies made in advance. This amount is classified as nonspendable to indicate that the funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-Term Receivables represents funds set aside to indicate the long-term nature of state and federal aid receivable for certain grants. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

Assigned for Contractual Obligations - This is used to segregate a portion of fund balance of the General Fund for contractual obligations.

Unassigned fund balance in the General Fund represents amounts not classified as restricted or assigned. Unassigned fund balance in the Capital Projects Fund represent a deficit fund balance.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Village, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Contingencies

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains a general liability insurance policy with coverage up to $1 million for each occurrence and an umbrella policy with coverage up to $10 million. The public officials liability policy provides coverage up to $1 million. The Village also purchases conventional workers' compensation insurance with coverage at statutory limits and medical insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - Subsequent Events

The Village, in August 2014, issued bond anticipation notes in the amount of $600,000. The notes are due on August 6, 2015, with interest at 1.91%.

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Village of Ardsley, New York

Required Supplementary Information - Schedule of Funding Progress
Service Awards Program
Last Six Fiscal Years

Actuarial Valuation Date January 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2009	$ 472,774	$ 927,475	$ 341,357	50.97 %
2010	520,728	1,110,063	589,335	46.91
2011	697,833	1,177,860	480,027	59.25
2012	720,345	1,255,336	534,991	57.38
2013	848,060	1,312,760	464,700	64.60
2014	1,074,145	1,392,701	318,556	77.13

Village of Ardsley, New York

Required Supplementary Information - Schedule of Contributions
Service Awards Program
Last Six Fiscal Years

Year Ended May 31,	Annual Required Contributions	Percentage Contributed
2009	$ 70,000	100 %
2010	70,000	100
2011	70,000	100
2012	70,000	100
2013	70,000	100
2014	70,000	100

Village of Ardsley, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Actuarial			Unfunded			Unfunded Liability as a
Valuation Date	Value of Assets	Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
June 1, 2011	$ -	$ 12,230,000	$ 12,230,000	- %	$ 3,820,000	320.16 %
June 1, 2012	-	14,470,000	14,470,000	-	3,990,000	362.66
June 1, 2013	-	15,460,000	15,460,000	-	4,040,000	382.67

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Village of Ardsley, New York

General Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	$ 505,519	$ 938,601
Taxes receivable, net of allowance for uncollectible amounts of $67,389 in 2014 and $63,940 in 2013	87,405	96,541
Other receivables		
Accounts	90,856	409,246
State and Federal aid	61,606	210,414
Due from other governments	636,460	502,591
Due from other funds	159,323	30,731
	948,245	1,152,982
Prepaid expenditures	11,125	2,417
Total Assets	$ 1,552,294	$ 2,190,541
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 320,037	$ 399,625
Accrued liabilities	33,297	-
Unearned revenues	-	10,102
Due to retirement systems	217,469	216,612
Total Liabilities	570,803	626,339
Deferred inflows of resources		
Deferred tax revenues	58,432	81,065
Total Liabilities and Deferred Inflows of Resources	629,235	707,404
Fund balance		
Nonspendable	11,125	2,417
Restricted	389,825	388,138
Assigned	83,258	95,214
Unassigned	438,851	997,368
Total Fund Balance	923,059	1,483,137
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 1,552,294	$ 2,190,541

Village of Ardsley, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended May 31,

	2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 8,573,678	$ 8,573,678	$ 8,581,304	$ 7,626
Other tax items	30,000	30,000	36,191	6,191
Non-property taxes	815,000	815,000	870,909	55,909
Departmental income	856,992	856,992	874,708	17,716
Use of money and property	8,000	8,000	3,237	(4,763)
Licenses and permits	166,200	166,200	198,205	32,005
Fines and forfeitures	115,000	115,000	99,572	(15,428)
Sale of property and compensation for loss	14,900	14,900	20,065	5,165
State aid	206,208	210,708	254,105	43,397
Federal aid	-	125,000	125,000	-
Miscellaneous	17,000	157,000	175,478	18,478
Total Revenues	10,802,978	11,072,478	11,238,774	166,296
EXPENDITURES				
Current				
General government support	1,315,772	1,668,871	1,644,649	24,222
Public safety	3,440,799	3,657,773	3,654,104	3,669
Health	30,469	155,614	155,614	-
Transportation	551,382	659,181	658,813	368
Economic opportunity and development	40,843	38,471	38,471	-
Culture and recreation	193,988	194,001	194,001	-
Home and community services	1,103,423	1,083,940	1,081,124	2,816
Employee benefits	2,817,043	3,027,903	3,023,221	4,682
Debt service				
Principal	390,000	390,000	390,000	-
Interest	224,889	224,889	224,885	4
Total Expenditures	10,108,608	11,100,643	11,064,882	35,761
Excess (Deficiency) of Revenues Over Expenditures	694,370	(28,165)	173,892	202,057
OTHER FINANCING USES				
Transfers out	(694,370)	(733,970)	(733,970)	-
Net Change in Fund Balance	-	(762,135)	(560,078)	202,057
FUND BALANCE				
Beginning of Year	-	762,135	1,483,137	721,002
End of Year	$ -	$ -	$ 923,059	$ 923,059

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 8,054,068	$ 8,054,068	$ 8,354,984	$ 300,916
30,209	30,209	141,490	111,281
817,000	817,000	819,942	2,942
723,816	735,609	776,503	40,894
10,000	10,000	5,363	(4,637)
150,500	150,500	144,708	(5,792)
115,000	125,128	112,045	(13,083)
13,900	29,962	35,251	5,289
201,352	210,052	216,920	6,868
-	163,600	208,407	44,807
66,200	66,200	(7,849)	(74,049)
10,182,045	10,392,328	10,807,764	415,436
1,255,060	1,370,144	1,354,566	15,578
3,366,215	3,578,912	3,574,030	4,882
29,244	193,252	99,835	93,417
551,376	616,668	616,600	68
36,704	41,315	40,863	452
191,462	206,965	206,551	414
976,689	1,046,205	1,046,089	116
2,654,797	2,544,113	2,527,292	16,821
376,500	376,500	376,500	-
237,084	244,244	244,244	-
9,675,131	10,218,318	10,086,570	131,748
506,914	174,010	721,194	547,184
(506,914)	(506,914)	(506,914)	-
-	(332,904)	214,280	547,184
-	332,904	1,268,857	935,953
$ -	$ -	$ 1,483,137	$ 1,483,137

Village of Ardsley, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended May 31, 2014
(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REAL PROPERTY TAXES	$ 8,573,678	$ 8,573,678	$ 8,581,304	$ 7,626	$ 8,354,984
OTHER TAX ITEMS					
Interest and penalties on real property taxes	30,000	30,000	36,191	6,191	141,490
NON-PROPERTY TAXES					
Non-property tax distribution from County	615,000	615,000	638,715	23,715	606,114
Franchise fees	99,000	99,000	104,965	5,965	102,668
Utilities gross receipts taxes	101,000	101,000	127,229	26,229	111,160
	815,000	815,000	870,909	55,909	819,942
DEPARTMENTAL INCOME					
Tax advertising	300	300	336	36	288
Clerk fees	150	150	149	(1)	158
Police fees	450	450	245	(205)	345
Prisoner transportation	8,500	8,500	6,363	(2,137)	11,415
Special events	1,500	1,500	3,383	1,883	37,948
Safety inspection fees	2,000	2,000	5,025	3,025	850
Stop DWI fees	4,000	4,000	7,098	3,098	6,600
Occupant restraint fees	2,500	2,500	1,279	(1,221)	-
Registrar of Vital Statistics	1,800	1,800	2,180	380	1,480
Parking	37,500	37,500	47,846	10,346	48,889
Parks and recreation charges	56,600	56,600	60,180	3,580	51,518
Zoning fees	2,500	2,500	1,200	(1,300)	1,400
Planning board fees	2,500	2,500	-	(2,500)	-
Refuse removal	92,870	92,870	91,175	(1,695)	67,354
Fire protection	374,444	374,444	374,444	-	349,949
Snow removal	248	248	260	12	252
Programs for the aging	20,000	20,000	23,110	3,110	29,150
Other local governments	249,130	249,130	250,435	1,305	168,907
	856,992	856,992	874,708	17,716	776,503

USE OF MONEY AND PROPERTY					
Earnings on investments	8,000	8,000	3,237	(4,763)	5,363
LICENSES AND PERMITS					
Permit fees	158,800	158,800	192,305	33,505	140,133
Alarm fees	7,400	7,400	5,900	(1,500)	4,575
	166,200	166,200	198,205	32,005	144,708
FINES AND FORFEITURES					
Fines and forfeited bail	115,000	115,000	99,572	(15,428)	112,045
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of equipment	3,000	3,000	-	(3,000)	5,514
Other minor sales	3,900	3,900	2,922	(978)	14,977
Insurance recoveries	8,000	8,000	17,143	9,143	14,760
	14,900	14,900	20,065	5,165	35,251
STATE AID					
Per capita	28,009	28,009	31,558	3,549	28,009
Mortgage tax	95,000	95,000	103,284	8,284	97,365
Consolidated Highway Improvement Aid	82,477	82,477	104,628	22,151	82,478
Youth programs	722	722	556	(166)	556
Community projects	-	4,500	14,079	9,579	8,512
	206,208	210,708	254,105	43,397	216,920
FEDERAL AID					
COPS Grant	-	125,000	125,000	-	208,407
MISCELLANEOUS					
Drug Task Force		140,000	140,000	-	-
Other	17,000	17,000	35,478	18,478	(7,849)
	17,000	157,000	175,478	18,478	(7,849)
TOTAL REVENUES	$ 10,802,978	$ 11,072,478	$ 11,238,774	$ 166,296	$ 10,807,764

Village of Ardsley, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended May 31, 2014
(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	$ 10,100	$ 9,727	$ 9,727	$ -	$ 9,095
Justice	121,856	120,641	120,641	-	120,206
Mayor	5,250	5,418	5,418	-	5,722
Village Manager	182,244	186,249	186,249	-	175,240
Auditor	49,350	55,375	55,375	-	49,050
Treasurer	194,099	202,786	202,786	-	197,055
Village Clerk	138,730	135,187	135,187	-	127,717
Law	65,393	154,193	154,193	-	105,457
Buildings	67,290	77,659	77,659	-	75,736
Central garage	274,195	335,829	311,607	24,222	292,076
Unallocated insurance	157,565	139,604	139,604	-	148,330
Municipal association dues	5,300	5,584	5,584	-	3,167
Refund of real property taxes	-	194,140	194,140	-	-
Metropolitan commuter transportation mobility tax	16,000	17,317	17,317	-	16,905
Other	28,400	29,162	29,162	-	28,810
	1,315,772	1,668,871	1,644,649	24,222	1,354,566
PUBLIC SAFETY					
Police	2,796,867	2,984,023	2,980,363	3,660	2,940,163
Traffic control	1,000	8,437	8,437	-	1,904
Fire department	485,828	512,098	512,089	9	485,482
Safety inspection	157,104	153,215	153,215	-	146,481
	3,440,799	3,657,773	3,654,104	3,669	3,574,030

HEALTH					
Youth Council	30,469	155,614	155,614	-	99,835
TRANSPORTATION					
Street administration	131,205	131,555	131,555	-	127,094
Street maintenance	267,177	278,429	278,429	-	304,571
Snow removal	89,000	161,808	161,710	98	98,509
Street lighting	64,000	87,389	87,119	270	86,426
	551,382	659,181	658,813	368	616,600
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Programs for the aging	40,843	38,471	38,471	-	40,863
CULTURE AND RECREATION					
Parks	141,672	140,760	140,760	-	148,966
Community center	27,775	28,950	28,950	-	32,216
Historian	1,200	35	35	-	1,075
Celebrations	3,000	3,915	3,915	-	4,725
CATV committee	20,341	20,341	20,341	-	19,569
	193,988	194,001	194,001	-	206,551
HOME AND COMMUNITY SERVICES					
Planning	8,500	1,957	1,957	-	15,388
Environmental control	4,200	1,316	1,316	-	2,462
Zoning	2,200	1,757	1,757	-	5,279
Sanitary sewers	84,391	87,413	87,413	-	88,445
Storm sewers	92,741	90,979	90,979	-	86,193
Refuse and garbage	861,939	846,149	846,064	85	778,090
Shade trees	21,000	27,231	27,231	-	39,260
Community beautification	4,500	8,746	8,746	-	7,020
Street cleaning	23,952	18,392	15,661	2,731	23,952
	1,103,423	1,083,940	1,081,124	2,816	1,046,089

(Continued)

Village of Ardsley, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended May 31, 2014
(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
EMPLOYEE BENEFITS					
State retirement	$ 400,479	$ 425,608	$ 424,051	$ 1,557	$ 335,898
State retirement - Police	698,467	921,038	917,913	3,125	570,176
Service awards program	70,000	70,000	70,000	-	70,000
Social security	375,000	353,086	353,086	-	325,840
Workers' compensation benefits	190,000	189,435	189,435	-	181,904
Unemployment benefits	-	-	-	-	149
Life insurance	7,912	7,475	7,475	-	7,581
Disability insurance	1,400	1,409	1,409	-	1,996
Medical and dental insurance	1,073,785	1,059,852	1,059,852	-	1,033,748
	2,817,043	3,027,903	3,023,221	4,682	2,527,292
DEBT SERVICE					
Principal					
Serial bonds	390,000	390,000	390,000	-	376,500
Interest					
Serial bonds	216,810	216,810	216,810	-	233,215
Bond anticipation notes	8,079	8,079	8,075	4	11,029
	224,889	224,889	224,885	4	244,244
	614,889	614,889	614,885	4	620,744
TOTAL EXPENDITURES	10,108,608	11,100,643	11,064,882	35,761	10,086,570

OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	255,450	295,050	295,050	-	173,700
Public Library Fund	438,920	438,920	438,920	-	333,214
TOTAL OTHER FINANCING USES	694,370	733,970	733,970	-	506,914
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 10,802,978	$ 11,834,613	$ 11,798,852	$ 35,761	$ 10,593,484

Village of Ardsley, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	$ 985,290	$ 642,357
Investments	299	299
State and Federal aid receivable	21,314	21,314
Total Assets	$ 1,006,903	$ 663,970
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	$ 9,963	$ -
Due to other funds	156,472	24,453
Bond anticipation notes payable	1,120,250	537,300
Total Liabilities	1,286,685	561,753
Fund balance (deficit)		
Nonspendable	21,314	21,314
Restricted	135,041	135,041
Unassigned	(436,137)	(54,138)
Total Fund Balance (Deficit)	(279,782)	102,217
Total Liabilities and Fund Balance (Deficit)	$ 1,006,903	$ 663,970

Village of Ardsley, New York

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

	2014	2013
REVENUES		
State aid	$ 279,221	$ 109,999
Miscellaneous	9,528	7,031
Total Revenues	288,749	117,030
EXPENDITURES		
Capital outlay	965,798	139,621
Deficiency of Revenues Over Expenditures	(677,049)	(22,591)
OTHER FINANCING SOURCES		
Transfers in	295,050	173,700
Net Change in Fund Balance	(381,999)	151,109
FUND BALANCE (DEFICIT)		
Beginning of Year	102,217	(48,892)
End of Year	$ (279,782)	$ 102,217

Village of Ardsley, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through May 31, 2014

Project	Authorization	Expenditures and Transfers	Unexpended Balance
Acquisition of Cable Equipment	$ 193,926	$ 140,717	$ 53,209
Reconstruction of Ashford Avenue	1,162,509	812,197	350,312
Flood Control	134,000	124,000	10,000
Street Reconstruction	140,483	71,294	69,189
Village Hall Reconstruction	15,000	14,838	162
Library Reconstruction	2,301,822	1,948,865	352,957
Refuse Truck	185,000	184,756	244
Police Vehicles and Equipment	66,000	72,279	(6,279)
Solar Panel Roof	155,000	110,011	44,989
Reconstruction of King Street Culvert	134,000	129,770	4,230
Safe Route to School	475,000	324,112	150,888
Police Vehicle	42,000	36,487	5,513
Highway Equipment	227,000	220,000	7,000
Bucket Truck	100,000	98,561	1,439
Police Equipment	720	720	-
Totals	$ 5,332,460	$ 4,288,607	$ 1,043,853

Total Revenues	Fund Balance (Deficit) at May 31, 2014	Bond Anticipation Notes Outstanding at May 31, 2014
$ 193,926	$ 53,209	$ -
687,509	(124,688)	475,000
134,000	10,000	-
140,483	69,189	-
15,000	162	-
2,059,572	110,707	242,250
185,000	244	-
52,800	(19,479)	-
128,013	18,002	-
-	(129,770)	134,000
277,481	(46,631)	-
-	(36,487)	42,000
-	(220,000)	227,000
-	(98,561)	-
-	(720)	-
$ 3,873,784	$ (414,823)	$ 1,120,250

Village of Ardsley, New York

Non-Major Governmental Funds
Combining Balance Sheet
May 31, 2014
(With Comparative Totals for 2013)

	Public Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds 2014	Total Non-Major Governmental Funds 2013
ASSETS				
Cash and equivalents	$ 32,637	$ 38,331	$ 70,968	$ 66,859
State and Federal aid receivable	15,722	-	15,722	-
Due from other funds	-	23,510	23,510	6,651
Total Assets	$ 48,359	$ 61,841	$ 110,200	$ 73,510
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 5,017	$ 3,201	$ 8,218	$ 15,003
Due to other funds	9,502	16,859	26,361	12,929
Total Liabilities	14,519	20,060	34,579	27,932
Fund balances				
Restricted	-	41,781	41,781	32,865
Assigned	33,840	-	33,840	12,713
Total Fund Balances	33,840	41,781	75,621	45,578
Total Liabilities and Fund Balances	$ 48,359	$ 61,841	$ 110,200	$ 73,510

Village of Ardsley, New York

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended May 31, 2014
(With Comparative Totals for 2013)

	Public Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds	
			2014	2013
REVENUES				
Departmental income	$ 25,139	$ -	$ 25,139	$ 105,996
Use of money and property	59	27	86	106
State aid	16,980	-	16,980	3,163
Miscellaneous	542	35,444	35,986	43,499
Total Revenues	42,720	35,471	78,191	152,764
EXPENDITURES				
Current				
Culture and recreation	360,344	26,555	386,899	381,586
Employee benefits	100,169	-	100,169	85,499
Total Expenditures	460,513	26,555	487,068	467,085
Excess (Deficiency) of Revenues Over Expenditures	(417,793)	8,916	(408,877)	(314,321)
OTHER FINANCING SOURCES				
Transfers in	438,920	-	438,920	333,214
Net Change in Fund Balances	21,127	8,916	30,043	18,893
FUND BALANCES				
Beginning of Year	12,713	32,865	45,578	26,685
End of Year	$ 33,840	$ 41,781	$ 75,621	$ 45,578

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Village of Ardsley, New York

Public Library Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	$ 32,637	$ 27,150
State and Federal aid receivable	15,722	-
Total Assets	$ 48,359	$ 27,150
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 5,017	$ 6,235
Due to other funds	9,502	8,202
Total Liabilities	14,519	14,437
Fund balance		
Assigned	33,840	12,713
Total Liabilities and Fund Balance	$ 48,359	$ 27,150

Village of Ardsley, New York

Public Library Fund
Comparative Schedule of Revenues, Expenditures
and Changes in Fund Balance
Years Ended May 31,

	2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Departmental income	$ 25,610	$ 25,610	$ 25,139	$ (471)
Use of money and property	100	100	59	(41)
State aid	1,682	1,682	16,980	15,298
Miscellaneous	-	-	542	542
Total Revenues	27,392	27,392	42,720	15,328
EXPENDITURES				
Current				
Culture and recreation	368,320	378,847	360,344	18,503
Employee benefits	97,992	100,178	100,169	9
Total Expenditures	466,312	479,025	460,513	18,512
Deficiency of Revenues Over Expenditures	(438,920)	(451,633)	(417,793)	33,840
OTHER FINANCING SOURCES				
Transfers in	438,920	438,920	438,920	-
Net Change in Fund Balance	-	(12,713)	21,127	33,840
FUND BALANCE (DEFICIT)				
Beginning of Year	-	12,713	12,713	-
End of Year	$ -	$ -	$ 33,840	$ 33,840

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 105,833	$ 105,833	$ 105,996	$ 163
100	100	76	(24)
2,215	2,215	3,163	948
-	-	809	809
108,148	108,148	110,044	1,896
351,952	351,952	340,302	11,650
89,410	89,410	85,499	3,911
441,362	441,362	425,801	15,561
(333,214)	(333,214)	(315,757)	17,457
333,214	333,214	333,214	-
-	-	17,457	17,457
-	-	(4,744)	(4,744)
$ -	$ -	$ 12,713	$ 12,713

Village of Ardsley, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	2014	2013
ASSETS		
Cash and equivalents	$ 38,331	$ 39,709
Due from other funds	23,510	6,651
Total Assets	$ 61,841	$ 46,360
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 3,201	$ 8,768
Due to other funds	16,859	4,727
Total Liabilities	20,060	13,495
Fund balance		
Restricted	41,781	32,865
Total Liabilities and Fund Balance	$ 61,841	$ 46,360

Village of Ardsley, New York

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

	2014	2013
REVENUES		
Use of money and property	$ 27	$ 30
Miscellaneous	35,444	42,690
Total Revenues	35,471	42,720
EXPENDITURES		
Current		
Culture and recreation	26,555	41,284
Excess of Revenues Over Expenditures	8,916	1,436
FUND BALANCE		
Beginning of Year	32,865	31,429
End of Year	$ 41,781	$ 32,865