

VILLAGE OF RYE BROOK, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MAY 31, 2006
WITH INDEPENDENT AUDITORS' REPORT

VILLAGE OF RYE BROOK, NEW YORK

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INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Rye Brook, New York as of May 31, 2006 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Bennet Kielson Storch DeSantis Division

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

Bennett Kjelson Storch DeSantis

The Government Services Division of
O'Connor Davies Munns & Dobbins, LLP
September
December 20, 2006

**Village of Rye Brook, New York
Management's Discussion and Analysis (MD&A)
May 31, 2006**

Introduction

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

The General Fund has a restated fund balance, as of May 31, 2005, because of GASB Technical Bulletin No. 2004-2 which recognizes pension and expenditures on the accrual basis.

Financial Highlights

- ❖ On the government-wide financial statements, the assets of the Village exceeded its liabilities at the close of fiscal year 2006 by \$18,484,722. Of this amount, \$1,673,527 may be used to meet the Village's ongoing obligations to its citizens and creditors.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,991,561. Exclusive of the Capital Projects Fund, the unreserved fund balance was \$2,252,765. Of this amount, the undesignated portion was \$1,507,104, which is available for spending at the Village's discretion. The fund balance of all governmental funds declined by approximately \$961,000, primarily attributable to expenditures and other financing uses exceeding revenues.
- ❖ At the end of the fiscal years 2006 and 2005, unreserved fund balance for the General Fund was \$2,252,765 or 15% and \$2,622,914 or 17% respectively of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village issued no new serial bonds. Long-term liabilities were reduced by \$345,000 in scheduled payments.
- ❖ During the current fiscal year, the Village issued \$350,000 in short-term obligations (bond anticipation notes) to finance the cost of the various capital projects.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village include general government, support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on

near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains one type of fiduciary fund, an Agency Fund. Resources in the Agency Fund are held by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

Notes to the Financial Statements

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

Other Information

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

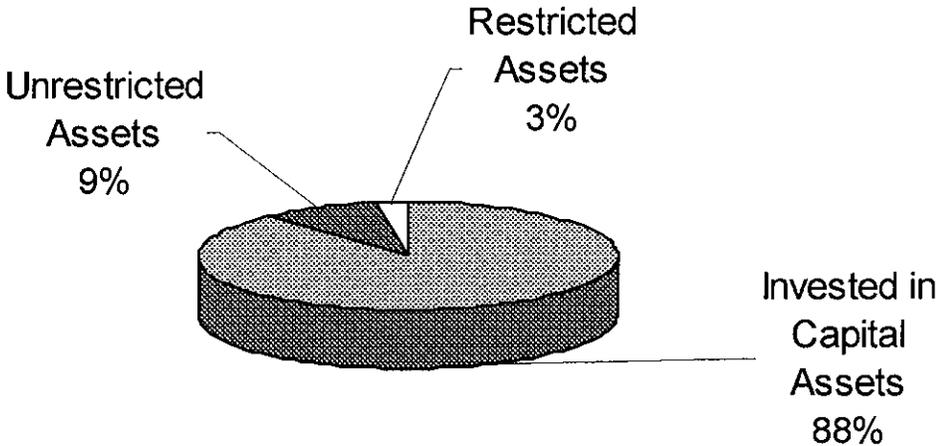
Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$18,084,722 at the close of the fiscal year 2005-2006. The largest portion of the Village's net assets is its investment in capital assets (land, land improvements, buildings and improvements, machinery and equipment and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

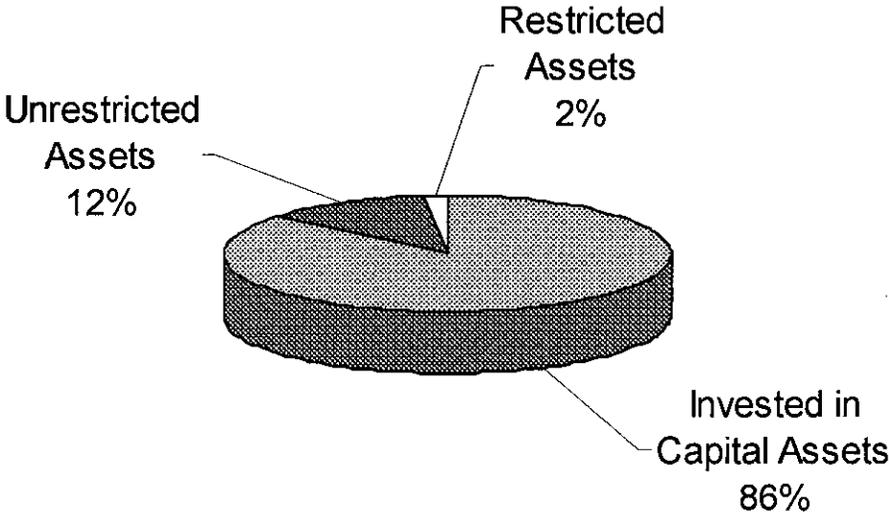
The following table reflects the condensed Statement of Net Assets:

		Net Assets	
		May 31,	
		<u>2006</u>	<u>2005</u>
Current Assets	\$	4,328,507	\$ 5,532,580
Capital Assets, Net		<u>22,736,895</u>	<u>20,852,810</u>
Total Assets		<u>27,065,402</u>	<u>26,385,390</u>
Current Liabilities		2,474,725	2,620,237
Long-term Liabilities		<u>6,106,135</u>	<u>6,753,115</u>
Total Liabilities		<u>8,580,860</u>	<u>9,373,352</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt		16,338,484	14,664,893
Restricted		475,370	267,437
Unrestricted		<u>1,670,868</u>	<u>2,822,516</u>
Total Net Assets	\$	<u>18,484,722</u>	\$ <u>17,012,038</u>

**Net Asset Distribution
For Fiscal Year 2006**

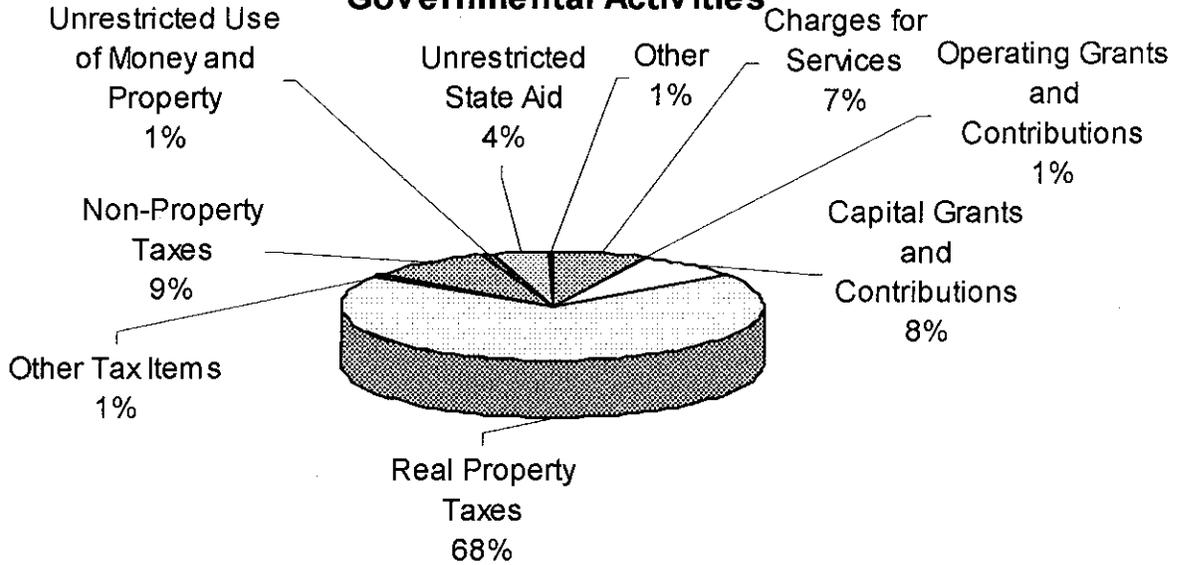


**Net Asset Distribution
For Fiscal Year 2005**



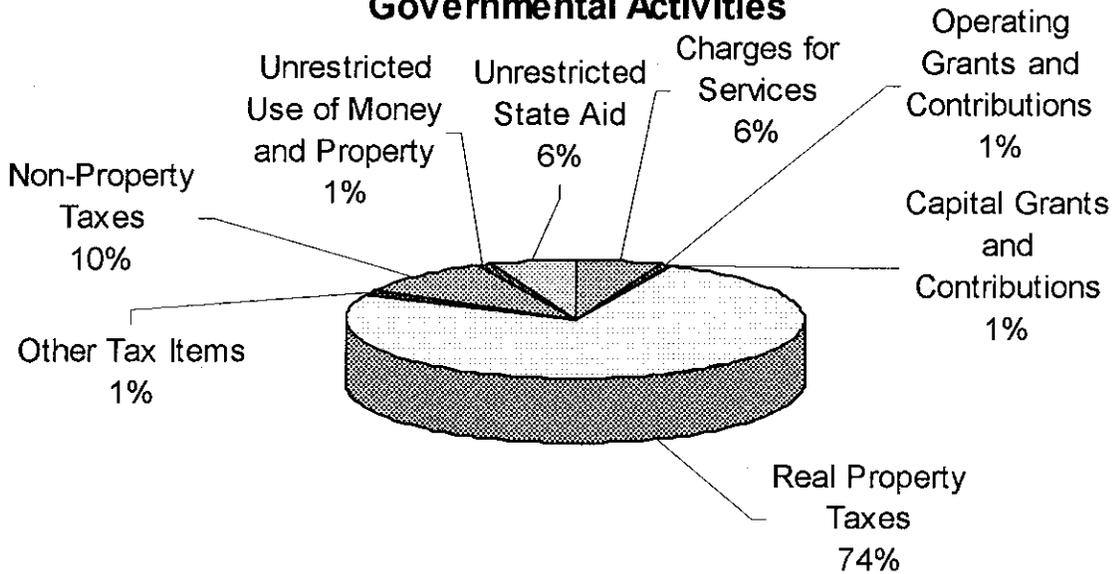
Sources of Revenue for Fiscal Year 2006

Governmental Activities

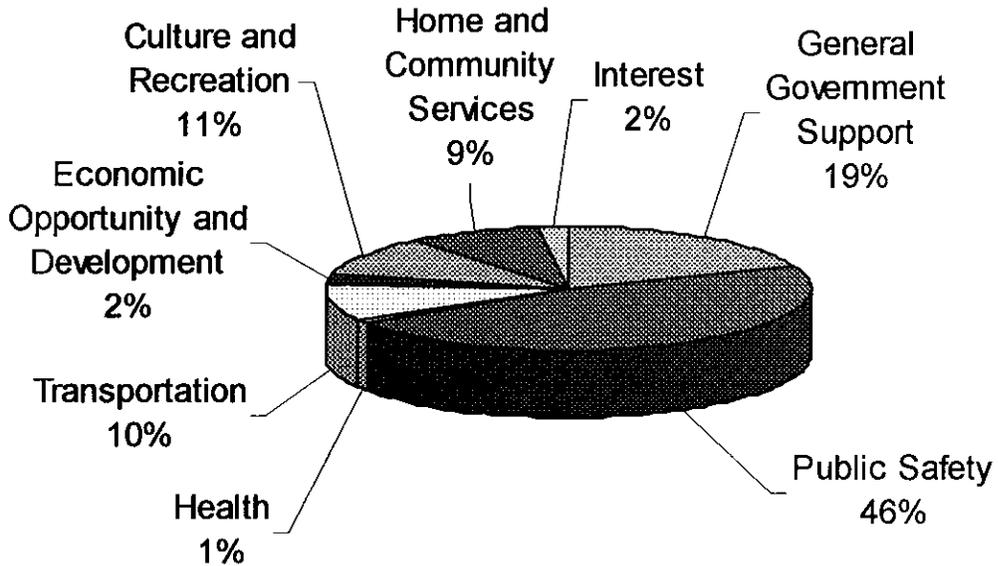


Sources of Revenue for Fiscal Year 2005

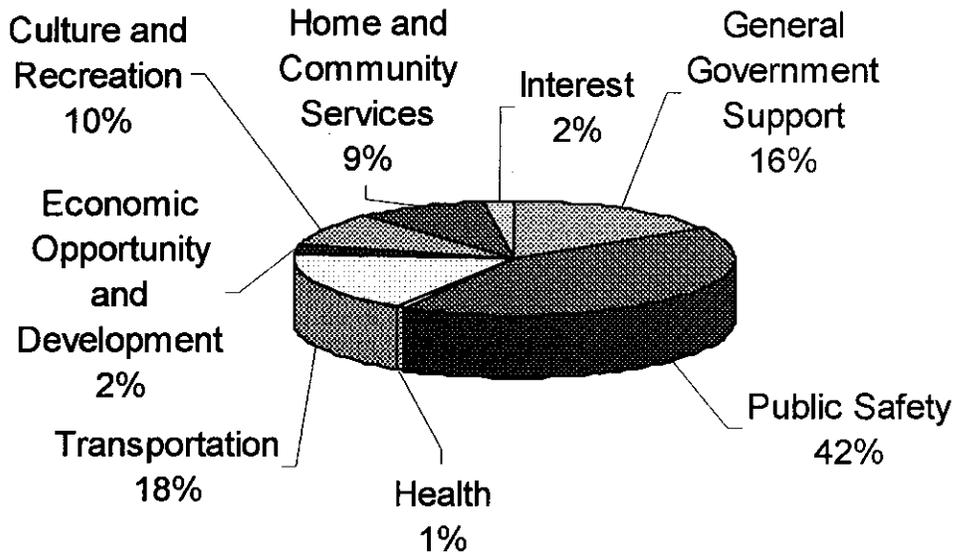
Governmental Activities



Sources of Expenses for Fiscal Year 2006 Governmental Activities



Sources of Expenses for Fiscal Year 2005 Governmental Activities



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

	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,131,210	\$ 844,446
Operating Grants and Contributions	62,793	61,591
Capital Grants and Contributions	<u>1,252,481</u>	<u>54,166</u>
Total Program Revenues	<u>2,446,484</u>	<u>960,203</u>
General Revenues:		
Real Property Taxes	10,670,394	10,234,999
Other Tax Items	213,681	175,519
Non-Property Taxes	1,461,992	1,418,145
Unrestricted Use of Money and Property	175,861	94,635
Unrestricted State Aid	636,947	840,560
Sale of Property and Compensation for Loss	75,476	-
Miscellaneous	<u>41,820</u>	<u>-</u>
Total General Revenues	<u>13,276,171</u>	<u>12,763,858</u>
Total Revenues	<u>15,722,655</u>	<u>13,724,061</u>
Program Expenses:		
General Government Support	2,694,202	2,204,031
Public Safety	6,664,175	5,689,057
Health	124,800	87,579
Transportation	1,386,721	2,364,512
Economic Opportunity and Development	326,686	295,670
Culture and Recreation	1,527,774	1,343,062
Home and Community Services	1,234,292	1,276,430
Interest	<u>291,321</u>	<u>287,183</u>
Total Expenses	<u>14,249,971</u>	<u>13,547,524</u>
Change in Net Assets	1,472,684	176,537
Net Assets -Beginning	<u>17,012,038</u>	<u>16,835,501</u>
Net Assets - Ending	<u>\$ 18,484,722</u>	<u>\$ 17,012,038</u>

Governmental Activities

Governmental activities increased the Village's net assets by \$1,472,684 in 2006 and increased the Villages net assets by \$176,537 in 2005.

For the fiscal years ended May 31, 2006 and 2005, revenues from governmental activities totaled \$15,722,655 and \$13,724,061, respectively. Tax revenues (\$12,346,067, in 2006 and \$11,828,663 in 2005), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (78% in 2006 and 86% in 2005).

The largest components of governmental activities' expenses are public safety (47% in 2006 and 42% in 2005), general government support (19% in 2006 and 16% in 2005) and culture and recreation (11% in 2006 and 10% in 2005). The major changes are as follows:

Revenues:

- Unrestricted State aid decreased by \$203,613 due largely to the decrease in mortgage taxes received.
- Non-property taxes increased by \$43,847 which was primarily due to the increase in the County sales tax.

Expenses:

- Public safety and general government support expenses increased by \$975,118 and \$490,171, respectively. The primary reason was the switch from the self-insured POMCO medical plan to a traditional HMO and the accounting method used to record the change.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,991,561. Of the unreserved fund balance, \$745,661 has been designated leaving an undesignated fund deficit of \$535,604. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for: prepaid expenditures (\$147,860), to liquidate contracts and purchase orders of the prior period (\$1,344,732), debt service (\$2,659) and trusts (\$286,253).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$1,507,104, representing 60% of the total General Fund balance of \$2,517,261. Revenues and other financing sources were \$14,493,023, which was \$452,833 greater than the final budget. The major areas where revenues exceeded the budget were the non-property taxes, interest earnings and State aid (mortgage taxes). Expenditures and other financing uses were \$15,103,380, which was \$143,272 less than the final budget.

The Capital Projects Fund has an undesignated deficit of \$811,953 due to \$1,485,250 in bond anticipation notes payable. Bond anticipation notes are recognized as revenue only when they are redeemed and or converted to permanent financing.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2006, net of \$3,470,443 of accumulated depreciation, was \$22,736,895. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment and construction-in-progress.

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

	Capital Assets	
	May 31,	
<u>Asset</u>	<u>2006</u>	<u>2005</u>
Land	\$ 12,112,871	\$ 12,112,871
Land improvements	669,913	605,951
Buildings and improvements	7,213,887	7,199,173
Machinery and equipment	3,320,453	3,078,039
Construction-in-progress	2,890,214	871,904
Less - accumulated depreciation	<u>(3,470,443)</u>	<u>(3,015,128)</u>
Total (net of depreciation)	<u>\$ 22,736,895</u>	<u>\$ 20,852,810</u>

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

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$5,400,000. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

During the current fiscal year, the Village issued bond anticipation notes totaling \$350,000 for various capital projects. The Village paid \$303,250 on bond anticipation notes for capital projects.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the Village is subject to a "constitutional debt limit". This debt limit is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property within the Village. At May 31, 2006, the Village exhausted 5.5% of its constitutional debt capacity, and accordingly has the authority to issue up to an additional \$117,915,318 of general obligation long-term debt.

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Rye Brook, New York's finances. Questions and comments concerning any of the information provided in this report should be addressed to Diane DiSanto, Treasurer, Village of Rye Brook, 940 King Street, Rye Brook, New York 10573.

VILLAGE OF RYE BROOK, NEW YORK

STATEMENT OF NET ASSETS

MAY 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 3,175,714
Receivables:	
Taxes	38,164
Accounts	187,627
Due from other governments	779,142
Prepaid expenses	147,860
Capital assets (net of accumulated depreciation):	
Land	12,112,871
Land improvements	427,003
Buildings and improvements	6,220,701
Machinery and equipment	1,086,106
Construction-in-progress	<u>2,890,214</u>
 Total Assets	 <u>27,065,402</u>
LIABILITIES	
Accounts payable	581,103
Accrued liabilities	48,965
Retainages payable	86,705
Deposits and other liabilities	2,632
Due to retirement systems	132,291
Claims payable	88,250
Bond anticipation notes payable	1,485,250
Accrued interest payable	49,529
Non-current liabilities:	
Due within one year:	
Bonds payable	355,000
Compensated absences	70,596
Due in more than one year:	
Bonds payable	5,045,000
Compensated absences	<u>635,359</u>
 Total Liabilities	 <u>8,580,680</u>
NET ASSETS	
Invested in capital assets, net of related debt	16,338,484
Restricted for capital projects	186,458
Restricted for debt service	2,659
Restricted for special purposes	286,253
Unrestricted	<u>1,670,868</u>
 Total Net Assets	 <u>\$ 18,484,722</u>

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

VILLAGE OF RYE BROOK, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government support	\$ 2,694,202	\$ 55,338	\$ 3,450	\$ -	\$ (2,635,414)
Public safety	6,664,175	668,015	9,753	-	(5,986,407)
Health	124,800	7,730	-	-	(117,070)
Transportation	1,386,721	77,380	4,232	-	(1,305,109)
Economic opportunity and development	326,686	-	-	-	(326,686)
Culture and recreation	1,527,774	295,554	45,358	1,251,363	64,501
Home and community services	1,234,292	27,193	-	-	(1,207,099)
Interest	291,321	-	-	1,118	(290,203)
Total Governmental Activities	\$ 14,249,971	\$ 1,131,210	\$ 62,793	\$ 1,252,481	(11,803,487)

General Revenues:	
Real property taxes	10,670,394
Other tax items:	
Payments in lieu of taxes	202,453
Interest and penalties on real property taxes	11,228
Non-property taxes:	
Non-property tax distribution from County	1,104,244
Utilities gross receipts taxes	222,968
Franchise fees	134,780
Unrestricted use of money and property	175,861
Unrestricted State aid	636,947
Sale of property and compensation for loss	75,476
Miscellaneous	41,820
Total General Revenues	13,276,171
Change in Net Assets	1,472,684
Net Assets - Beginning	17,012,038
Net Assets - Ending	\$ 18,484,722

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

VILLAGE OF RYE BROOK, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Equivalents	\$ 2,858,962	\$ 267,291	\$ 49,461	\$ 3,175,714
Taxes Receivable	38,164	-	-	38,164
Other Receivables:				
Accounts	187,627	-	-	187,627
Due from other funds	7,528	565,069	250,132	822,729
Due from other governments	495,795	283,347	-	779,142
Prepaid Expenditures	147,860	-	-	147,860
Total Assets	\$ 3,735,936	\$ 1,115,707	\$ 299,593	\$ 5,151,236
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 219,586	\$ 355,705	\$ 5,812	\$ 581,103
Accrued liabilities	48,965	-	-	48,965
Retainages payable	-	86,705	-	86,705
Deposits and other liabilities	2,632	-	-	2,632
Due to retirement systems	132,291	-	-	132,291
Due to other funds	815,201	-	7,528	822,729
Bond anticipation notes payable	-	1,485,250	-	1,485,250
Total Liabilities	1,218,675	1,927,660	13,340	3,159,675
Fund Balances (Deficits):				
Reserved for encumbrances	113,977	1,230,755	-	1,344,732
Reserved for prepaid expenditures	147,860	-	-	147,860
Reserved for debt service	2,659	-	-	2,659
Reserved for trusts	-	-	286,253	286,253
Unreserved, reported in:				
General Fund	2,252,765	-	-	2,252,765
Capital Projects Fund	-	(2,042,708)	-	(2,042,708)
Total Fund Balances (Deficits)	2,517,261	(811,953)	286,253	1,991,561
Total Liabilities and Fund Balances (Deficits)	\$ 3,735,936	\$ 1,115,707	\$ 299,593	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 22,736,895

Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable (49,529)
Bonds payable (5,400,000)
Claims payable (88,250)
Compensated absences (705,955)

Net Assets of Governmental Activities \$ 18,484,722

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

VILLAGE OF RYE BROOK, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2006

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	\$ 10,670,394	\$ -	\$ -	\$ 10,670,394
Other tax items	213,681	-	-	213,681
Non-property taxes	1,461,992	-	-	1,461,992
Departmental income	676,480	-	-	676,480
Culture and recreation	295,554	-	-	295,554
Intergovernmental charges	104,573	-	-	104,573
Use of money and property	175,861	1,118	6,148	183,127
Fines and forfeitures	54,603	-	-	54,603
Sale of property and compensation for loss	75,476	-	-	75,476
State aid	650,700	-	-	650,700
Miscellaneous	41,820	1,251,363	42,892	1,336,075
Total Revenues	14,421,134	1,252,481	49,040	15,722,655
EXPENDITURES				
Current:				
General government support	2,114,087	-	-	2,114,087
Public safety	4,720,067	-	2,338	4,722,405
Health	124,800	-	-	124,800
Transportation	1,022,701	-	-	1,022,701
Economic opportunity and development	238,778	-	-	238,778
Culture and recreation	1,145,578	-	27,886	1,173,464
Home and community services	1,324,791	-	-	1,324,791
Employee benefits	2,802,959	-	-	2,802,959
Debt Service:				
Principal	345,000	-	-	345,000
Interest	281,587	-	-	281,587
Capital Outlay	-	2,532,660	-	2,532,660
Total Expenditures	14,120,348	2,532,660	30,224	16,683,232
Excess (Deficiency) of Revenues Over Expenditures	300,786	(1,280,179)	18,816	(960,577)
OTHER FINANCING SOURCES (USES)				
Transfers in	71,889	983,032	-	1,054,921
Transfers out	(983,032)	(71,889)	-	(1,054,921)
Total Other Financing Sources (Uses)	(911,143)	911,143	-	-
Net Change in Fund Balances	(610,357)	(369,036)	18,816	(960,577)
Fund Balances (Defecits) - Beginning of Year	3,127,618	(442,917)	267,437	2,952,138
Fund Balances (Deficits) - End of Year	\$ 2,517,261	\$ (811,953)	\$ 286,253	\$ 1,991,561

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

VILLAGE OF RYE BROOK, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2006

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

Net Change in Fund Balances - Total Governmental Funds \$ (960,577)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold and, therefore, were not capitalized.

Capital outlay expenditures	2,352,800
Depreciation expense	<u>(468,715)</u>

1,884,085

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>345,000</u>
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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	(9,734)
Compensated absences	33,275
Judgments and claims	(88,250)
Claims payable	<u>268,885</u>

204,176

Change in Net Assets of Governmental Activities	<u><u>\$ 1,472,684</u></u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF RYE BROOK, NEW YORK

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED MAY 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Real property taxes	\$ 10,686,566	\$ 10,686,566	\$ 10,670,394	\$ (16,172)
Other tax items	223,500	223,500	213,681	(9,819)
Non-property taxes	1,235,000	1,320,000	1,461,992	141,992
Departmental income	354,980	629,980	676,480	46,500
Culture and recreation	302,155	302,155	295,554	(6,601)
Intergovernmental charges	70,000	70,000	104,573	34,573
Use of money and property	80,000	80,000	175,861	95,861
Fines and forfeitures	45,000	45,000	54,603	9,603
Sale of property and compensation for loss	57,500	57,500	75,476	17,976
State aid	521,989	621,989	650,700	28,711
Miscellaneous	3,500	3,500	41,820	38,320
Total Revenues	13,580,190	14,040,190	14,421,134	380,944
Expenditures:				
Current:				
General government support	2,102,612	2,210,894	2,114,087	96,807
Public safety	4,638,374	4,721,906	4,720,067	1,839
Health	113,600	124,800	124,800	-
Transportation	1,071,396	1,025,039	1,022,701	2,338
Economic opportunity and development	236,036	243,134	238,778	4,356
Culture and recreation	1,083,241	1,150,436	1,145,578	4,858
Home and community services	1,632,149	1,350,031	1,324,791	25,240
Employee benefits	2,438,700	2,809,075	2,802,959	6,116
Debt Service:				
Principal	345,000	345,000	345,000	-
Interest	281,694	281,588	281,587	1
Total Expenditures	13,942,802	14,261,903	14,120,348	141,555
Excess (Deficiency) of Revenues Over Expenditures	(362,612)	(221,713)	300,786	522,499
Other Financing Sources (Uses):				
Transfers in	-	-	71,889	71,889
Transfers out	(843,850)	(984,749)	(983,032)	1,717
Total Other Financing Uses	(843,850)	(984,749)	(911,143)	73,606
Net Change in Fund Balance	(1,206,462)	(1,206,462)	(610,357)	596,105
Fund Balance - Beginning of Year	1,206,462	1,206,462	3,127,618	1,921,156
Fund Balance - End of Year	\$ -	\$ -	\$ 2,517,261	\$ 2,517,261

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

VILLAGE OF RYE BROOK, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
MAY 31, 2006

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	\$ 163,478
Accounts Receivable	<u>48,533</u>
Total Assets	<u>\$ 212,011</u>
LIABILITIES	
Accounts Payable	\$ 12,264
Deposits	<u>199,747</u>
Total Liabilities	<u>\$ 212,011</u>

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

Note 1 - Summary of Significant Accounting Policies

The Village of Rye Brook, New York was incorporated in 1982 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Administrator serves as the chief administrative officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the Village of Rye Brook, 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 in GASB Statement No. 14.

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 in GASB Statement No. 14, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

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

The Statement of Net Assets presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

C. Fund Financial Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

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

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

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

Governmental fund financial statements are reported using the *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 one year 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 claims are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets or Fund Balances

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

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

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.

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

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

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - 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 governmental funds are equally offset by a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

F. Encumbrances

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

G. Use of Estimates

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

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing for all funds.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- e) Formal budgetary integration is employed during the year as a management control device for the General fund.
- f) The budget for the General fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not legally adopted by the Board for the Special Purpose Fund.
- g) The Village Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Village Administrator. 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 Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2005-2006 was \$35,674,448 which exceeded the actual levy by \$25,780,110.

C. Capital Projects Fund Deficit

The undesignated deficit in the Capital Projects Fund of \$2,042,708 arises in part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficit, arise because of expenditures and encumbrances exceeding current financing on the projects. These deficits will be eliminated with the receipt or issuance of subsequent authorized financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

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

Current Year	\$ 38,164
Allowance for Uncollectible Taxes	-
	<u>\$ 38,164</u>

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2006 were as follows:

Fund	Due From	Due To
General	\$ 7,528	\$ 815,201
Capital Projects	565,069	-
Non-Major Governmental Fund	<u>250,132</u>	<u>7,528</u>
	<u>\$ 822,729</u>	<u>\$ 822,729</u>

C. Capital Assets

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

Class	Balance June 1, 2005	Additions	Deletions	Balance May 31, 2006
Capital assets, not being depreciated:				
Land	\$ 12,112,871	\$ -	\$ -	\$ 12,112,871
Construction-in-progress	<u>871,904</u>	<u>2,018,310</u>	-	<u>2,890,214</u>
Total Capital Assets, not being depreciated	<u>\$ 12,984,775</u>	<u>\$ 2,018,310</u>	<u>\$ -</u>	<u>\$ 15,003,085</u>

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

Class	Balance June 1, 2005	Additions	Deletions	Balance May 31, 2006
Capital assets, being depreciated:				
Land Improvements	\$ 605,951	\$ 63,962	\$ -	\$ 669,913
Buildings and improvements	7,199,173	14,714	-	7,213,887
Machinery and equipment	<u>3,078,039</u>	<u>255,814</u>	<u>(13,400)</u>	<u>3,320,453</u>
Total Capital Assets, being depreciated	<u>10,883,163</u>	<u>334,490</u>	<u>(13,400)</u>	<u>11,204,253</u>
Less Accumulated Depreciation for:				
Land Improvements	210,038	32,872	-	242,910
Buildings and improvements	827,647	165,539	-	993,186
Machinery and equipment	<u>1,977,443</u>	<u>270,304</u>	<u>(13,400)</u>	<u>2,234,347</u>
Total Accumulated Depreciation	<u>3,015,128</u>	<u>468,715</u>	<u>(13,400)</u>	<u>3,470,443</u>
Total Capital Assets, being depreciated, net	<u>\$ 7,868,035</u>	<u>\$ (134,225)</u>	<u>\$ -</u>	<u>\$ 7,733,810</u>
Capital Assets, net	<u>\$ 20,852,810</u>	<u>\$ 1,884,085</u>	<u>\$ -</u>	<u>\$ 22,736,895</u>

The Village has not yet determined the cost of its infrastructure assets acquired prior to June 1, 2003.

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

Governmental Activities:	
General Government Support	\$ 112,277
Public Safety	236,123
Transportation	56,578
Economic Opportunity and Development	3,258
Culture and Recreation	<u>60,479</u>
Total Depreciation Expense	<u>\$ 468,715</u>

Construction Commitments

The Village has active construction projects as of May 31, 2006. These projects include new construction and renovations to existing properties.

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$6,896 and contractual obligations of \$42,069 in the General Fund.

E. Pension Plans

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

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion (GTLI) and regular pension contributions. Contribution rates for the plans' year ended March 31, 2006 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1/75I/41J	15.1 %
	3/A14/41J	10.3
	4/A15/41J	10.3
PFRS	1/375I/3029D	17.5
	1/384D/3029D	19.3
	2/384D	14.2

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

	<u>ERS</u>	<u>PFRS</u>
2006	\$ 271,380	\$ 430,437
2005	270,783	437,974
2004	112,705	130,092

NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

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

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

F. Short-Term Capital Borrowings

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

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2005	New Issues	Redemptions	Balance May 31, 2006
Purchase of Street Sweeper	2000	11/05	1.92	\$ 25,000	\$ -	\$ 25,000	\$ -
Purchase of Fire Rescue Pumper	2001	10/06	3.29	151,500	-	75,750	75,750
Pine Ridge Red Roof Field	2001	07/06	2.99	150,000	-	75,000	75,000
Telecommunications System	2002	09/05	1.55	15,000	-	15,000	-
Soccer/Baseball Field Renovation	2002	10/06	3.29	75,000	-	25,000	50,000
Fire House Cleanup	2003	11/06	3.29	350,000	-	87,500	262,500
Purchase of Dump Truck	2004	08/06	3.71	46,000	-	-	46,000
King Street Playing Field	2004	10/06	3.15	500,000	-	-	500,000
Purchase of Dump Truck and Plow	2005	05/07	3.79	126,000	-	-	126,000
King Street Playing Field	2005	08/06	2.99	-	200,000	-	200,000
Street Lighting Replacement	2006	03/07	3.64	-	100,000	-	100,000
Improvements to Village Parks	2006	10/06	3.20	-	50,000	-	50,000
				<u>\$ 1,438,500</u>	<u>\$ 350,000</u>	<u>\$ 303,250</u>	<u>\$ 1,485,250</u>

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

Interest expenditures of \$28,482 were recorded in the fund financial statements in the General Fund. Interest expense of \$39,900 was recorded in the government-wide financial statements for governmental activities.

G. Long-Term Liabilities

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

	Balance June 1, 2005	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2006	Due Within One Year
Bonds Payable	\$ 5,745,000	\$ -	\$ 345,000	\$ 5,400,000	\$ 355,000
Other Non-Current Liabilities:					
Claims	268,885	63,619	332,504	-	-
Compensated Absences	739,230	40,828	73,923	706,135	70,596
Total Other Non-Current Liabilities	1,008,115	104,447	406,427	706,135	70,596
Total Long-Term Liabilities	<u>\$ 6,753,115</u>	<u>\$ 104,447</u>	<u>\$ 751,427</u>	<u>\$ 6,106,135</u>	<u>\$ 425,596</u>

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for bonds, compensated absences and claims is liquidated by the respective fund.

Bonds Payable

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

\$824,557 - 1987 bonds for various Village improvements, due in annual installments of \$15,000 through December 2007 and \$10,000 in December 2008; interest at 6.75%	\$ 40,000
\$3,200,000 - 1995 bonds for various Village improvements, due in annual installments of \$160,000 in November 2006, \$165,000 in November 2007, \$170,000 in November 2008, \$180,000 in November 2009, \$190,000 in November 2010, \$200,000 in November 2011, \$210,000 in November 2012, \$220,000 in November 2013, \$235,000 in November 2014 and \$255,000 in November 2015; interest at rates ranging from 4.80% to 5.25%, depending on maturity	1,985,000
\$896,000 - 1998 bonds for various Village improvements, due in annual installments of \$55,000 in April 2007, \$60,000 through April 2009, \$65,000 in April 2010, \$70,000 through April 2012, \$75,000 in April 2013 and \$80,000 in April 2014; interest at 4.9%	535,000
\$3,100,000 - 2003 bonds for various Village improvements, due in annual installments of \$125,000 through April 2008, \$150,000 in April 2009, \$175,000 through April 2022 and \$165,000 in April 2023; interest at rates ranging from 3.25% to 4.5%, depending on maturity	<u>2,840,000</u>
	<u>\$ 5,400,000</u>

Interest expenditures of \$253,105 were recorded in the fund financial statements. Interest expense of \$251,421 was recorded in the government-wide financial statements.

The annual requirements to amortize all bonded debt outstanding as of May 31, 2006 including interest payments of \$1,759,278 are as follows:

Fiscal Year Ending May 31,	Principal	Interest	Total
2007	\$ 355,000	\$ 237,731	\$ 592,731
2008	365,000	221,748	586,748
2009	390,000	205,109	595,109
2010	420,000	187,391	607,391
2011	435,000	168,551	603,551
2012-2016	2,220,000	537,189	2,757,189
2017-2021	875,000	180,096	1,055,096
2022-2023	<u>340,000</u>	<u>21,463</u>	<u>361,463</u>
	<u>\$ 5,400,000</u>	<u>\$ 1,759,278</u>	<u>\$ 7,159,278</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Compensated Absences

Pursuant to the terms of existing collective bargaining agreements, certain employees are permitted to accumulate sick and personal leave. The maximum accumulation varies with each agreement. Upon termination, employees will be compensated for such accumulated leave at varying amounts according to the terms of each agreement. The value of the compensated absences has been reflected in the government-wide financial statements.

Claims Payable

The government-wide financial statements reflect the liability for health benefit claims. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlement, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid health benefit claim liabilities in the government-wide financial statements is as follows:

	<u>2006</u>	<u>2005</u>
Balance - Beginning of Year	\$ 268,885	\$ 758,202
Provision for Claims and Claims Adjustment Expenses	63,619	897,319
Claims and Claims Adjustment Expenses Paid	<u>(332,504)</u>	<u>(1,386,636)</u>
	<u>\$ -</u>	<u>\$ 268,885</u>

Note 3 - Detailed Notes on All Funds (Continued)

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:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
General	\$ -	\$ 983,032	\$ 983,032
Capital Projects	71,889	-	71,889
	<u>\$ 71,889</u>	<u>\$ 983,032</u>	<u>\$ 1,054,921</u>

Transfers are used to 1) move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures, 2) move unexpended bond proceeds from completed capital projects to the General Fund for repayment of outstanding debt.

I. Post-Employment Health Care Benefits

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of the contribution. Contributions by the Village may vary according to length of service. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure as claims are paid. During the year, \$213,038 was paid on behalf of 33 retirees. This amount has been recorded as an expenditure and expense.

J. Net Assets

The components of net assets are detailed below:

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

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below. The unreserved components of fund balance are also detailed below.

Reserved

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

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

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

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

Unreserved - Designated

General Fund - Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At May 31, 2006, the Village Board has designated that of the fund balance of the General Fund, that \$100,000 be appropriated for the ensuing year's budget, 377,661 be appropriated for capital projects and \$268,000 be appropriated for health insurance.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Contingencies

There is a request in the amount of approximately \$550,000 being made against the Village of Rye Brook by the Town of Rye for the payment of medical and dental benefits for the year's 1998 through 2003 for certain retired Rye Town employees and tax collection fees for the

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

years 1997, 2000 and 2005 pursuant to an agreement between the Village and the Town dated March 15, 1984. Legal counsel is of the opinion that because the Town has not successfully presented the Village with sufficient documentation, the Village cannot determine the validity of the Town of Rye's assertion at this time. Counsel has advised that the Town of Rye/Village of Rye Brook agreement is a contract subject to the statute of limitations and therefore may bar Town of Rye request for payment by the Village for which the statute applies.

In the opinion of management based upon consultation with counsel, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, which might result from the resolution of this matter, have not been reflected in the financial statements.

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

C. Risk Management

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

Note 5 - Subsequent Events

As follows, the Village issued/renewed various bond anticipation notes subsequent to May 31, 2006:

Issue/ Renewal Date	Amount	Maturity Date	Rate	Purpose
August 2006	\$ 200,000	August 24, 2007	3.87 %	King Street Playing Field
August 2006	34,500	August 24, 2007	3.87	Purchase of Dump Truck
October 2006	50,000	October 4, 2007	3.84	Improvements - parks and sprinkler system
October 2006	25,000	October 19, 2007	3.66	King Street Playing Field
October 2006	375,000	October 26, 2006	3.87	King Street Playing Field
November 2006	262,500	November 16, 2007	3.88	Constructon of Firehouse and Soil Remediation
	<u>\$ 947,000</u>			

VILLAGE OF RYE BROOK, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 2,858,762	\$ 3,009,063
Petty cash	200	200
	<u>2,858,962</u>	<u>3,009,263</u>
Taxes Receivable	<u>38,164</u>	<u>58,806</u>
Other Receivables:		
Accounts	187,627	145,556
Due from other funds	7,528	7,528
Due from other governments	495,795	614,433
	<u>690,950</u>	<u>767,517</u>
Prepaid Expenditures	<u>147,860</u>	<u>381,633</u>
Total Assets	<u>\$ 3,735,936</u>	<u>\$ 4,217,219</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 219,586	\$ 466,975
Accrued liabilities	48,965	338,207
Deposits and other liabilities	2,632	15,444
Due to retirement systems	132,291	95,196
Due to other funds	815,201	173,779
Total Liabilities	<u>1,218,675</u>	<u>1,089,601</u>
Fund Balance:		
Reserved for encumbrances	113,977	115,862
Reserved for prepaid expenditures	147,860	381,633
Reserved for debt service	2,659	7,209
Unreserved:		
Designated for subsequent years expenditures	100,000	1,090,600
Designated for capital projects	377,661	-
Designated for health insurance	268,000	-
Undesignated	<u>1,507,104</u>	<u>1,532,314</u>
Total Fund Balance	<u>2,517,261</u>	<u>3,127,618</u>
Total Liabilities and Fund Balance	<u>\$ 3,735,936</u>	<u>\$ 4,217,219</u>

VILLAGE OF RYE BROOK, NEW YORK

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

	2006			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 10,686,566	\$ 10,686,566	\$ 10,670,394	\$ (16,172)
Other tax items	223,500	223,500	213,681	(9,819)
Non-property taxes	1,235,000	1,320,000	1,461,992	141,992
Departmental income	354,980	629,980	676,480	46,500
Culture and recreation	302,155	302,155	295,554	(6,601)
Intergovernmental charges	70,000	70,000	104,573	34,573
Use of money and property	80,000	80,000	175,861	95,861
Fines and forfeitures	45,000	45,000	54,603	9,603
Sale of property and compensation for loss	57,500	57,500	75,476	17,976
State aid	521,989	621,989	650,700	28,711
Miscellaneous	3,500	3,500	41,820	38,320
Total Revenues	13,580,190	14,040,190	14,421,134	380,944
Expenditures:				
Current:				
General government support	2,102,612	2,210,894	2,114,087	96,807
Public safety	4,638,374	4,721,906	4,720,067	1,839
Health	113,600	124,800	124,800	-
Transportation	1,071,396	1,025,039	1,022,701	2,338
Economic opportunity and development	236,036	243,134	238,778	4,356
Culture and recreation	1,083,241	1,150,436	1,145,578	4,858
Home and community services	1,632,149	1,350,031	1,324,791	25,240
Employee benefits	2,438,700	2,809,075	2,802,959	6,116
Debt Service:				
Principal	345,000	345,000	345,000	-
Interest	281,694	281,588	281,587	1
Total Expenditures	13,942,802	14,261,903	14,120,348	141,555
Excess (Deficiency) of Revenues Over Expenditures	(362,612)	(221,713)	300,786	522,499
Other Financing Sources (Uses):				
Transfers in	-	-	71,889	71,889
Transfers out	(843,850)	(984,749)	(983,032)	1,717
Total Other Financing Uses	(843,850)	(984,749)	(911,143)	73,606
Net Change in Fund Balance	(1,206,462)	(1,206,462)	(610,357)	596,105
Fund Balance - Beginning of Year, as reported	1,206,462	1,206,462	3,127,618	1,921,156
Change in Accounting Principle	-	-	-	-
Fund Balance - Beginning of Year, as restated	1,206,462	1,206,462	3,127,618	1,921,156
Fund Balance - End of Year	\$ -	\$ -	\$ 2,517,261	\$ 2,517,261

2005

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 9,393,905	\$ 10,186,133	\$ 10,234,999	\$ 48,866
200,500	200,500	175,519	(24,981)
1,190,000	1,390,000	1,418,145	28,145
288,350	387,350	389,628	2,278
247,500	247,500	264,810	17,310
70,000	70,000	100,388	30,388
80,000	80,000	94,635	14,635
45,000	45,000	52,245	7,245
92,500	92,500	33,848	(58,652)
427,189	876,189	869,772	(6,417)
1,000	1,000	77	(923)
<u>12,035,944</u>	<u>13,576,172</u>	<u>13,634,066</u>	<u>57,894</u>
2,059,620	2,088,653	2,088,282	371
4,319,728	4,283,397	4,283,395	2
69,908	87,580	87,579	1
757,834	1,090,787	1,090,242	545
226,944	224,700	224,698	2
1,013,482	1,038,762	1,038,120	642
1,119,109	1,294,592	1,294,130	462
2,453,950	3,169,621	3,169,620	1
340,000	340,000	340,000	-
284,016	283,240	283,240	-
<u>12,644,591</u>	<u>13,901,332</u>	<u>13,899,306</u>	<u>2,026</u>
<u>(608,647)</u>	<u>(325,160)</u>	<u>(265,240)</u>	<u>59,920</u>
-	-	-	-
<u>(1,107,625)</u>	<u>(1,608,109)</u>	<u>(1,608,109)</u>	<u>-</u>
<u>(1,107,625)</u>	<u>(1,608,109)</u>	<u>(1,608,109)</u>	<u>-</u>
<u>(1,716,272)</u>	<u>(1,933,269)</u>	<u>(1,873,349)</u>	<u>59,920</u>
1,716,272	1,933,269	5,107,170	3,173,901
-	-	(106,203)	(106,203)
<u>1,716,272</u>	<u>1,933,269</u>	<u>5,000,967</u>	<u>3,067,698</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,127,618</u>	<u>\$ 3,127,618</u>

VILLAGE OF RYE BROOK, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
REAL PROPERTY TAXES	\$ 10,686,566	\$ 10,686,566	\$ 10,670,394	\$ (16,172)	\$ 10,234,999
OTHER TAX ITEMS					
Payments in lieu of taxes	220,000	220,000	202,453	(17,547)	166,168
Interest and penalties on real property taxes	3,500	3,500	11,228	7,728	9,351
	223,500	223,500	213,681	(9,819)	175,519
NON-PROPERTY TAXES					
Non-property tax distribution from County	950,000	1,035,000	1,104,244	69,244	1,086,096
Utilities gross receipts taxes	190,000	190,000	222,968	32,968	207,381
Franchise fees	95,000	95,000	134,780	39,780	124,668
	1,235,000	1,320,000	1,461,992	141,992	1,418,145
DEPARTMENTAL INCOME					
Clerk fees	5,000	5,000	735	(4,265)	2,094
Police fees	9,350	9,350	14,114	4,764	11,300
Vital statistics	6,000	6,000	7,730	1,730	7,680
Safety inspection fees	250,000	525,000	571,424	46,424	302,906
Alarm permits	84,630	84,630	82,477	(2,153)	65,648
	354,980	629,980	676,480	46,500	389,628

CULTURE AND RECREATION

Parks and recreation charges	280,655	280,655	275,054	(5,601)	239,585
Senior center rental	21,500	21,500	20,500	(1,000)	25,225
	<u>302,155</u>	<u>302,155</u>	<u>295,554</u>	<u>(6,601)</u>	<u>264,810</u>

INTERGOVERNMENTAL CHARGES

Snow removal	-	-	37,380	37,380	29,621
Airport revenue	40,000	40,000	40,000	-	40,000
Other governmental services - Home and community services	30,000	30,000	27,193	(2,807)	30,767
	<u>70,000</u>	<u>70,000</u>	<u>104,573</u>	<u>34,573</u>	<u>100,388</u>

USE OF MONEY AND PROPERTY

Interest earnings	80,000	80,000	175,861	95,861	94,635
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FINES AND FORFEITURES

Fine and forfeited bail	45,000	45,000	54,603	9,603	52,245
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	2,500	2,500	-	(2,500)	9,712
Insurance recoveries	55,000	55,000	75,476	20,476	24,136
	<u>57,500</u>	<u>57,500</u>	<u>75,476</u>	<u>17,976</u>	<u>33,848</u>

(Continued)

VILLAGE OF RYE BROOK, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
STATE AID					
Per capita	\$ 37,289	\$ 37,289	\$ 38,687	\$ 1,398	\$ 37,289
Mortgage tax	425,000	525,000	598,260	73,260	803,271
Records management	-	-	3,450	3,450	3,450
Highway aid	40,000	40,000	4,232	(35,768)	-
Youth funding	2,500	2,500	-	(2,500)	2,211
Police/Fire department grant	-	-	-	-	15,300
Speed and alcohol enforcement	17,200	17,200	6,071	(11,129)	8,251
	<u>521,989</u>	<u>621,989</u>	<u>650,700</u>	<u>28,711</u>	<u>869,772</u>
MISCELLANEOUS					
Unclassified	3,500	3,500	41,820	38,320	77
TOTAL REVENUES	13,580,190	14,040,190	14,421,134	380,944	13,634,066
OTHER FINANCING SOURCES					
Transfers in -	-	-	-	-	-
Capital Projects Fund	-	-	71,889	71,889	-
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	\$ 13,580,190	\$ 14,040,190	\$ 14,493,023	\$ 452,833	\$ 13,634,066

VILLAGE OF RYE BROOK, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 10,000	\$ 8,233	\$ 8,233	\$ -	\$ 10,248
Administrator	176,126	190,966	190,962	4	177,705
Treasurer	358,608	381,277	381,273	4	356,394
Village office	107,089	129,669	128,481	1,188	120,932
Clerk	74,081	95,148	95,145	3	90,867
Village attorney	150,250	156,991	156,990	1	220,388
Management information systems	138,600	159,807	156,677	3,130	138,986
Central communications	50,232	52,007	52,006	1	38,454
Central garage	322,626	394,107	385,741	8,366	392,926
Central supplies	35,000	38,483	38,483	-	39,583
Central printing and mailing	42,000	47,189	47,188	1	39,416
Unallocated insurance	348,000	339,242	339,242	-	336,814
Consulting fees	110,000	98,465	98,464	1	103,934
Bonding expenses	7,000	8,903	8,902	1	4,702
Judgments and claims	40,000	110,407	26,300	84,107	16,933
Contingency account	133,000	-	-	-	-
	<u>2,102,612</u>	<u>2,210,894</u>	<u>2,114,087</u>	<u>96,807</u>	<u>2,088,282</u>
PUBLIC SAFETY					
Police Department	2,775,908	2,673,247	2,672,010	1,237	2,571,910
Control of animals	17,673	17,673	17,673	-	20,619
Fire protection	1,460,508	1,674,901	1,674,306	595	1,395,224
Safety inspection	384,285	356,085	356,078	7	295,642
	<u>4,638,374</u>	<u>4,721,906</u>	<u>4,720,067</u>	<u>1,839</u>	<u>4,283,395</u>

HEALTH

Ambulance service	<u>113,600</u>	<u>124,800</u>	<u>124,800</u>	<u>-</u>	<u>87,579</u>
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TRANSPORTATION

Highway maintenance	721,281	732,794	730,458	2,336	656,636
Snow removal	105,000	169,354	169,353	1	210,346
Street lighting	<u>245,115</u>	<u>122,891</u>	<u>122,890</u>	<u>1</u>	<u>223,260</u>
	<u>1,071,396</u>	<u>1,025,039</u>	<u>1,022,701</u>	<u>2,338</u>	<u>1,090,242</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Community services, programs for the aging	<u>236,036</u>	<u>243,134</u>	<u>238,778</u>	<u>4,356</u>	<u>224,698</u>
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CULTURE AND RECREATION

Recreation	716,339	786,999	782,142	4,857	682,315
Teen center	10,000	6,535	6,535	-	8,000
Public library	348,592	348,592	348,592	-	339,796
Handicapped	<u>8,310</u>	<u>8,310</u>	<u>8,309</u>	<u>1</u>	<u>8,009</u>
	<u>1,083,241</u>	<u>1,150,436</u>	<u>1,145,578</u>	<u>4,858</u>	<u>1,038,120</u>

HOME AND COMMUNITY SERVICES

Part-time videotaping	1,000	-	-	-	-
Planning board	3,125	1,971	1,971	-	5,925
Hydrant rental	159,790	91,480	91,459	21	121,645
Recycling	240,000	241,062	241,062	-	237,243
Disposal fees	105,000	103,421	103,421	-	111,013
Refuse collection	620,000	620,001	620,000	1	615,309
Shade trees	65,000	49,519	49,516	3	66,710
Sewer district	<u>438,234</u>	<u>242,577</u>	<u>217,362</u>	<u>25,215</u>	<u>136,285</u>
	<u>1,632,149</u>	<u>1,350,031</u>	<u>1,324,791</u>	<u>25,240</u>	<u>1,294,130</u>

(Continued)

VILLAGE OF RYE BROOK, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2005 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 708,200	\$ 701,817	\$ 701,817	\$ -	\$ 708,757
Social security	360,000	419,847	419,846	1	401,848
Worker's compensation	165,000	163,619	163,619	-	196,180
Life insurance	24,000	21,010	21,010	-	18,861
Unemployment insurance	12,000	18,449	18,447	2	11,779
Disability insurance	3,000	1,326	1,326	-	2,243
Health and dental insurance	1,162,500	1,482,515	1,476,402	6,113	1,828,452
Other benefits	4,000	492	492	-	1,500
	<u>2,438,700</u>	<u>2,809,075</u>	<u>2,802,959</u>	<u>6,116</u>	<u>3,169,620</u>
DEBT SERVICE					
Principal - Serial bonds	345,000	345,000	345,000	-	340,000
Interest:					
Serial bonds	256,594	253,106	253,105	1	268,041
Bond anticipation notes	25,100	28,482	28,482	-	15,199
	<u>281,694</u>	<u>281,588</u>	<u>281,587</u>	<u>1</u>	<u>283,240</u>
	<u>626,694</u>	<u>626,588</u>	<u>626,587</u>	<u>1</u>	<u>623,240</u>
TOTAL EXPENDITURES	13,942,802	14,261,903	14,120,348	141,555	13,899,306
OTHER FINANCING USES					
Transfers out - Capital Projects Fund	843,850	984,749	983,032	1,717	1,608,109
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 14,786,652</u>	<u>\$ 15,246,652</u>	<u>\$ 15,103,380</u>	<u>\$ 143,272</u>	<u>\$ 15,507,415</u>

VILLAGE OF RYE BROOK, NEW YORK

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

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 267,291	\$ 1,048,596
Receivables:		
Due from other governments	283,347	-
Due from other funds	565,069	208,388
	<u>848,416</u>	<u>208,388</u>
Total Assets	<u>\$ 1,115,707</u>	<u>\$ 1,256,984</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 355,705	\$ 192,910
Retainages payable	86,705	28,750
Due to other funds	-	39,741
Bond anticipation notes payable	1,485,250	1,438,500
Total Liabilities	<u>1,927,660</u>	<u>1,699,901</u>
Fund Balance (Deficit):		
Reserved for encumbrances	1,230,755	106,580
Unreserved and undesignated	<u>(2,042,708)</u>	<u>(549,497)</u>
Total Fund Deficit	<u>(811,953)</u>	<u>(442,917)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,115,707</u>	<u>\$ 1,256,984</u>

VILLAGE OF RYE BROOK, NEW YORK

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Use of money and property	\$ 1,118	\$ 666
State aid	-	28,500
Miscellaneous - Contributions	<u>1,251,363</u>	<u>25,000</u>
Total Revenues	1,252,481	54,166
Expenditures - Capital outlay	<u>2,532,660</u>	<u>1,964,947</u>
Deficiency of Revenues Over Expenditures	<u>(1,280,179)</u>	<u>(1,910,781)</u>
Other Financing Sources (Uses):		
Transfers in	983,032	1,603,109
Transfers out	<u>(71,889)</u>	<u>-</u>
Total Other Financing Sources	<u>911,143</u>	<u>1,603,109</u>
Net Change in Fund Balance	(369,036)	(307,672)
Fund Deficit - Beginning of Year	<u>(442,917)</u>	<u>(135,245)</u>
Fund Deficit - End of Year	<u>\$ (811,953)</u>	<u>\$ (442,917)</u>

VILLAGE OF RYE BROOK, NEW YORK

CAPITAL PROJECTS FUND
 PROJECT LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH MAY 31, 2006

Project	Authorization	Expenditures and Transfers	Unexpended Balance
GIS System	\$ 80,000	\$ 22,369	\$ 57,631
Firehouse	3,450,000	3,334,601	115,399
King Street Athletic Fields	3,799,000	2,116,472	1,682,528
Fire Rescue Pumper	303,000	303,000	-
Upgrade AS400 Computer System	75,000	27,416	47,584
Fingerprint Card Scan System	29,000	27,250	1,750
ICOP Network	15,000	13,052	1,948
Parks Garage Fire Bays Conversion	12,000	8,983	3,017
Resurface Garibaldi Tennis Courts	12,000	12,000	-
Light Dump Truck	46,000	-	46,000
Dump Truck and Plow Attachments	126,000	58,620	67,380
Pine Ridge Park Bathroom Facilities	150,000	53,044	96,956
Police Vehicles	52,000	46,266	5,734
Staff Vehicle	21,000	-	21,000
Lead Loader Vacuum Truck	35,000	34,156	844
Portable Police Radios	13,600	13,600	-
Curb Machine	12,000	-	12,000
John Deere 935 Mower	20,000	13,981	6,019
AJP Community Center Roof	61,000	-	61,000
Pine Ridge Tennis Courts Resurfacing	30,000	15,000	15,000
Rye Hills Basketball Court Resurfacing	40,000	7,480	32,520
Harkness Park Fencing	30,000	14,000	16,000
Highway Improvements	300,000	291,394	8,606
Replace 1992 Ford Dump Truck	125,000	-	125,000
Pine Ridge Park Sprinkler/Drainage System	100,000	-	100,000
Garibaldi Park Sprinkler System	50,000	15,482	34,518
Street Light Replacement	100,000	-	100,000
TOTALS	\$ 9,086,600	\$ 6,428,166	\$ 2,658,434

Proceeds of Obligations	Methods of Financing			Fund Balance (Deficit) at May 31, 2006	Bond Anticipation Notes Out- standing at May 31, 2006
	Interfund Transfers	Other	Total		
\$ -	\$ 40,000	\$ -	\$ 40,000	\$ 17,631	\$ -
3,187,500	-	-	3,187,500	(147,101)	262,500
50,000	126,000	1,251,363	1,427,363	(689,109)	750,000
227,250	-	-	227,250	(75,750)	75,750
75,000	-	-	75,000	47,584	-
-	29,000	-	29,000	1,750	-
-	15,000	-	15,000	1,948	-
-	12,000	-	12,000	3,017	-
-	12,000	-	12,000	-	-
-	-	-	-	-	46,000
-	-	-	-	(58,620)	126,000
75,000	-	-	75,000	21,956	75,000
-	52,000	-	52,000	5,734	-
-	-	-	-	-	-
-	35,000	-	35,000	844	-
-	13,600	-	13,600	-	-
-	-	-	-	-	-
-	15,500	-	15,500	1,519	-
-	-	-	-	-	-
-	15,000	-	15,000	-	15,000
-	20,000	-	20,000	12,520	20,000
-	15,000	-	15,000	1,000	15,000
-	300,000	-	300,000	8,606	-
-	-	-	-	-	-
-	-	-	-	-	-
-	50,000	-	50,000	34,518	-
-	-	-	-	-	100,000
<u>\$ 3,614,750</u>	<u>\$ 750,100</u>	<u>\$ 1,251,363</u>	<u>\$ 5,616,213</u>	<u>\$ (811,953)</u>	<u>\$ 1,485,250</u>

VILLAGE OF RYE BROOK, NEW YORK

COMPARATIVE BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUND - SPECIAL PURPOSE FUND
 MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 49,461	\$ 274,293
Due from Other Funds	<u>250,132</u>	<u>5,132</u>
 Total Assets	 <u>\$ 299,593</u>	 <u>\$ 279,425</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 5,812	\$ 4,460
Due to other funds	<u>7,528</u>	<u>7,528</u>
 Total Liabilities	 13,340	 11,988
 Fund Balance - Reserved for trusts	 <u>286,253</u>	 <u>267,437</u>
 Total Liabilities and Fund Balance	 <u>\$ 299,593</u>	 <u>\$ 279,425</u>

VILLAGE OF RYE BROOK, NEW YORK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUND - SPECIAL PURPOSE FUND
 YEARS ENDED MAY 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Use of money and property	\$ 6,148	\$ 4,043
Miscellaneous - Contributions	42,892	31,786
Total Revenues	<u>49,040</u>	<u>35,829</u>
Expenditures:		
Current:		
Public safety	2,338	-
Culture and recreation	27,886	32,716
Total Expenditures	<u>30,224</u>	<u>32,716</u>
Excess of Revenues Over Expenditures	18,816	3,113
Other Financing Sources - Transfers in	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	18,816	8,113
Fund Balance - Beginning of Year	<u>267,437</u>	<u>259,324</u>
Fund Balance - End of Year	<u>\$ 286,253</u>	<u>\$ 267,437</u>