

TOWN/VILLAGE OF HARRISON, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2011

WITH INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the Honorable Supervisor/Mayor and Town/Village Board
of the Town/Village of Harrison, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town/Village of Harrison, New York ("Town/Village") as of and for the year ended December 31, 2011, which collectively comprise the Town/Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town/Village's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Town/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 basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town/Village, as of December 31, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Special Districts funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012 on our consideration of the Town/Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town/Village's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 16, 2011

**Town/Village of Harrison, New York
Management's Discussion and Analysis (MD&A)
December 31, 2011**

Introduction

As management of the Town/Village of Harrison, New York ("Town/Village"), we offer readers of the Town/Village's financial statements this narrative overview and analysis of the financial activities of the Town/Village for the fiscal year ended December 31, 2011. It should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements, which immediately follow this section, to enhance understanding of the Town/Village's financial performance.

It is important to note for this year's financial statement presentation that the Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for the Town/Village's fiscal period ending December 31, 2011; therefore they are introduced in this report for the first 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 – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

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

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

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

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance

resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

Financial Highlights

- On the government-wide financial statements, the liabilities of the Town/Village exceeded its assets at the close of the most recent fiscal year by \$11,077,376. Of this amount, a deficit of \$45,820,130 is unrestricted. This deficit results primarily from the accrual of certain operating liabilities pursuant to GASB Statement No. 34, which will be satisfied in future years, including borrowings for judgments and claims, retirement system obligations and the accrual of the Town/Village's annual other postemployment benefit cost in accordance with the provisions of GASB Statement No. 45.
- ❖ As of the close of the current fiscal year, the Town/Village's governmental funds reported combined ending fund balances of \$4,298,501, an increase of \$11,118,575 from a fund deficit of (\$6,820,074) at the close of the previous fiscal year. However, exclusive of the Capital Projects Fund, the combined ending fund balances were \$5,681,952.
- ❖ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$209,455.
- ❖ During the current fiscal year, the Town/Village issued \$10,280,000 of bonds used to refund previously issued debt and provide the Town/Village with future interest savings. In addition, the Town/Village issued \$10,696,070 of public improvement bonds to finance various Town/Village projects. The Town/Village retired \$14,967,632 of general obligation bonded debt (\$4,632,632 from budgetary appropriations and \$1,335,000 from the refunding transaction).
- ❖ During the current fiscal year, the Town/Village issued \$2,159,100 in short-term capital bond anticipation notes to finance public improvements. The Town/Village retired \$7,117,620 in short-term capital obligations from budgetary appropriations and the issuance of bonded debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town/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 Town/Village's finances, in a manner similar to a private-sector business. The Harrison Parking Authority ("Authority") is a discretely presented component unit of the primary government. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authority's debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

The statement of net assets presents information on all of the Town/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 Town/Village is improving or deteriorating.

The statement of activities presents information showing how the Town/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, earned but unused vacation leave, certain pension obligations and other post employment benefit obligations ("OPEB")).

The government-wide financial statements distinguish functions of the Town/Village that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Town/Village that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Town/Village include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town/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 Town/Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

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

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

The Town/Village adopts annual budgets for the General Fund, Debt Service Fund, Highway Fund, Special Districts Fund and Public Library Fund. A budgetary comparison statement has been provided for the General Fund and the Special District Fund within the basic financial statements to demonstrate compliance with the respective budget.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary Fund

The Town/Village maintains an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the Town/Village's various functions. The Town/Village uses an internal service fund to account for its self-insured health benefits. These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type functions. The Internal Service Fund is combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of individual fund statements elsewhere in this report.

The proprietary fund financial statements can be found in the basic financial statements section of this report.

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 Town/Village programs. The Town/Village maintains only one type of Fiduciary Fund, which is an Agency Fund. The Town/Village holds resources in this fund 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 Fiduciary fund financial statements can be found in the basic financial statements section of this report.

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. The notes can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include statements for the non-major governmental funds and schedules of 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 Town/Village, liabilities exceeded assets by \$11,077,376 at the close of the most recent fiscal year. By far, the largest portion of the Town/Village's net assets (\$24,034,551) are its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction- in-progress), less any related debt outstanding that was used to acquire those assets. The Town/Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town/Village's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

Net Assets

	December 31,	
	2011	2010
	Governmental Activities	Governmental Activities
Current Assets	\$ 62,771,338	\$ 55,225,330
Capital Assets, Net	85,707,324	87,780,212
Total Assets	148,478,662	143,005,542
Current Liabilities	62,937,263	66,591,083
Long-term Liabilities	96,618,775	80,195,576
Total Liabilities	159,556,038	146,786,659
Net Assets:		
Invested in Capital Assets, Net of Related Debt	24,034,551	26,047,624
Restricted	10,708,203	7,699,078
Unrestricted	(45,820,130)	(37,527,819)
Total Net Assets	\$ (11,077,376)	\$ (3,781,117)

An additional portion of the Town/Village's net assets (\$10,708,203) represents resources that are subject to external restrictions on how they may be used. The restrictions are as follows:

	December 31,	
	2011	2010
Law enforcement	400,000	400,000
Debt service	964,669	1,198,034
Capital projects	8,324,069	5,170,496
Trusts	559,115	487,643
Parklands	460,350	442,905
Total Net Assets	\$ 10,708,203	\$ 7,699,078

The remaining balance of unrestricted net assets, which is a deficit of \$45,820,130, must be financed from future operations. This deficit does not mean that the Town/Village does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including retirement incentives and other pension obligations, compensated absences and other post employment benefit obligations that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payments are made.

Change in Net Assets

	December 31,	
	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,582,288	\$ 6,627,466
Operating Grants and Contributions	809,783	940,090
Capital Grants and Contributions	1,147,812	386,164
General Revenues:		
Real Property Taxes	46,067,664	44,929,538
Other Tax Items	1,977,425	1,734,088
Non-Property Taxes	4,120,609	3,679,589
Unrestricted Use of Money and Property	43,813	107,984
Sale of Property and Compensation for Loss	18,366	10,061
Unrestricted State Aid	1,289,737	1,267,905
Miscellaneous	528,131	767,032
Gain on sale of real property	-	235,043
Insurance recoveries	160,673	-
	<u>63,746,301</u>	<u>60,684,960</u>
Total Revenues		
Program Expenses:		
General Government Support	12,811,537	12,272,314
Public Safety	29,752,531	28,303,513
Health	526,761	529,693
Transportation	8,989,389	8,426,085
Economic Assistance and Opportunity	165,627	161,112
Culture and Recreation	8,424,589	7,932,572
Home and Community Services	8,196,489	8,632,925
Interest	2,175,637	2,245,484
	<u>71,042,560</u>	<u>68,503,698</u>
Total Expenses		
Change in Net Assets	(7,296,259)	(7,818,738)
Net Assets - Beginning	<u>(3,781,117)</u>	<u>4,037,621</u>
Net Assets - Ending	<u>\$ (11,077,376)</u>	<u>\$ (3,781,117)</u>

Governmental Activities

Governmental activities decreased the Town/Village's net assets by \$7,296,259.

For the fiscal year ended December 31, 2011, revenues from governmental activities totaled \$63,746,301. Tax revenues (\$52,165,698), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (82%). Last year tax revenues represented 83%, (\$50,343,215) and total revenue was \$60,684,960.

The largest components of governmental activities' expenses are public safety (42%), general government support (18%) and transportation (13%). This is comparative to last year when the largest components of governmental activities' expenses were public safety (41%), general government support (18%) and transportation (12%).

Financial Analysis of the Town/Village's Funds

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

Governmental Funds

The focus of the Town/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 Town/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 Town/Village's governmental funds reported combined ending fund balances of \$4,928,501, an increase of \$11,118,575 from the prior year deficit amount of (\$6,820,074). This is now presented under the GASB Statement No. 54 fund balance classifications. The nonspendable fund balance component is \$1,570,570 and consists of amounts representing prepaid expenditures and long-term receivables. Prepaid expenditures have been established to account for a portion of the New York state retirement and health insurance payments made in advance. Long-term receivables, representing amounts due from the Authority, have been classified as nonspendable to indicate that the amounts will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. Fund balance of \$2,073,325 is restricted for law enforcement, debt service, trust and parklands. The assigned fund balance classification aggregates \$1,828,692, consisting of purchases on order in the amount of \$75,684 in the General Fund, \$44,031 in the Special Districts Fund and \$441 in the Non-Major governmental funds, amounts designated to balance the fiscal 2012 budget (\$310,899 in the Debt Service Fund) and amounts available to be used at the Town/Village's discretion in funds other than the General Fund (\$951,049 in the Special Districts Fund, \$272,121 for transportation purposes and \$174,467 for library purposes in the non-major funds). The remaining fund deficit of \$1,173,996 is unassigned and represents the remaining positive fund balance in the General Fund of \$209,455 after amounts that have been restricted, committed or assigned for other purposes and the deficit fund balance in the Capital Projects Fund of (\$1,383,451).

The General Fund is the primary operating fund of the Town/Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was 209,455. This is an increase from last year where the unassigned fund deficit was (\$2,512,062). The property tax collection rate declined in 2011, resulting in an increase in the allowance for uncollected taxes and deferred revenue accounts, negatively impacting the overall fund balance. The fund balance of the General Fund increased by \$2,479,683 during the fiscal year ended December 31, 2011. Actual expenditures and other financing uses were \$1,975,742 less than the amount contained in the final budget, representing a savings of 4.1% of the total budget. Savings were achieved in the general government support area and employee benefits due to tight control on expenditures and workforce reductions. . Revenues and other financing sources were \$49,221,244, which was \$568,067 more than the final budget, primarily from non-property tax distributions from County which exceeded the final budget by approximately \$449,000.

General Fund Budgetary Highlights

There was a difference between the original and final estimated revenue budget for the General Fund of \$2,223,317. This difference is attributable to an increase in bonds issued of \$1,521,000, transfers in of \$670,611, departmental income of \$6,000 from the senior lunch program fees and miscellaneous revenue (gifts and donations) of \$13,661.

The difference between the appropriations originally budgeted and the final appropriation budget for the General Fund was \$1,679,317 (\$48,173,303 vs. \$46,493,986).

Capital Assets and Debt Administration

Capital Assets

The Town/Village's investment in capital assets for governmental activities at December 31, 2011, net of \$73,671,517 of accumulated depreciation, was \$85,707,324. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, vehicles and construction-in-progress.

**Capital Assets
December 31,**

<u>Asset</u>	<u>2011</u>	<u>2010</u>
Land	\$ 2,331,480	\$ 2,331,480
Buildings and improvements	37,676,930	37,249,848
Infrastructure	95,466,708	93,777,767
Vehicles	12,602,820	12,729,704
Machinery and equipment	4,308,403	3,879,690
Construction-in-progress	6,992,500	7,260,101
Less - accumulated depreciation	<u>(73,671,517)</u>	<u>(69,448,378)</u>
 Total (net of depreciation)	 <u>\$ 85,707,324</u>	 <u>\$ 87,780,212</u>

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

Long-term Debt

During the current fiscal year, the Town/Village retired \$4,632,632 of principal on general obligation bonds through budgetary appropriations. The Town/Village also issued \$10,280,000 of refunding serial bonds used to refinance \$10,335,000 of outstanding 1994, 1996, 1998A, 1998B, 1999, 1999 Village Purpose, 2000, 2001 and 2002 serial bonds to reduce its total debt service payments over 12 years by \$652,852 and to obtain a net present value economic gain of \$490,681.

At the end of the current fiscal year, the Town/Village had total bonded debt outstanding of \$55,296,070. As required by New York State Law, all bonds issued by the Town/Village are general obligation bonds, backed by the full faith and credit of the Town/Village.

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

Requests for Information

This financial report is designed to provide a general overview of the Town/Village of Harrison, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Maureen McKenzie, Comptroller, Town/Village of Harrison, 1 Heineman Place, Harrison, New York 10528.

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government	Component Unit
	Governmental Activities	Harrison Parking Authority
ASSETS		
Cash and equivalents	\$ 21,190,978	\$ -
Investments	24,939	-
Receivables:		
Taxes receivable, net	34,671,884	-
Accounts	3,270,824	-
State and Federal aid	1,929,598	-
Due from component unit	475,000	-
Due from other governments	10,219	-
Prepaid expenses	1,095,570	-
Deferred charges	102,326	-
Capital assets:		
Not being depreciated	9,323,980	513,953
Being depreciated, net	76,383,344	-
Total Assets	<u>148,478,662</u>	<u>513,953</u>
LIABILITIES		
Accounts payable	1,843,144	-
Accrued liabilities	814,510	-
Due to other governments	10,734	-
Retainages payable	97,761	-
Due to school district	42,582,848	-
Unearned revenues	1,393,358	-
Bond anticipation notes payable - Judgments and claims	600,000	-
Bond anticipation notes payable - Capital construction	9,707,520	-
Due to primary government	-	475,000
Accrued interest payable	423,165	38,953
Non-current liabilities:		
Due within one year	5,464,223	-
Due in more than one year	96,618,775	-
Total Liabilities	<u>159,556,038</u>	<u>513,953</u>
NET ASSETS		
Invested in capital assets, net of related debt	24,034,551	-
Restricted for:		
Law enforcement	400,000	-
Debt service	964,669	-
Capital projects	8,324,069	-
Trusts	559,115	-
Parklands	460,350	-
Unrestricted	(45,820,130)	-
Total Net Assets	<u>\$ (11,077,376)</u>	<u>\$ -</u>

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

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TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

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	\$ 12,811,537	\$ 2,277,753	\$ 35,589	\$ -	\$ (10,498,195)
Public safety	29,752,531	2,135,951	99,490	13,129	(27,503,961)
Health	526,761	-	-	-	(526,761)
Transportation	8,989,389	-	155,022	134,311	(8,700,056)
Economic assistance and opportunity	165,627	16,113	-	-	(149,514)
Culture and recreation	8,424,589	784,978	508,518	-	(7,131,093)
Home and community services	8,196,489	2,367,493	11,164	815,441	(5,002,391)
Interest	2,175,637	-	-	184,931	(1,990,706)
Total Governmental Activities	\$ 71,042,560	\$ 7,582,288	\$ 809,783	\$ 1,147,812	(61,502,677)
General Revenues:					
Real property taxes					46,067,664
Other tax items:					
Payments in lieu of taxes					658,036
Interest and penalties on real property taxes					579,480
Utilities gross receipts taxes					739,909
Non-property taxes:					
Non-property tax distribution from County					3,573,764
Franchise fees					546,845
Unrestricted use of money and property					43,813
Sale of property and compensation for loss					18,366
Unrestricted State aid					1,289,737
Miscellaneous					528,131
Insurance recoveries					160,673
Total General Revenues					54,206,418
Change in Net Assets					(7,296,259)
Net Assets - Beginning					(3,781,117)
Net Assets - Ending					\$ (11,077,376)

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

TOWN/VILLAGE OF HARRISON, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Debt Service	Capital Projects
ASSETS			
Cash and Equivalents	\$ 7,836,553	\$ 881,380	\$ 8,192,596
Investments	24,939	-	-
Taxes Receivable, net of allowance for uncollectible taxes	34,671,884	-	-
Other Receivables:			
Accounts	980,598	76,680	-
State and Federal aid	1,380,386	-	524,904
Due from component unit	475,000	-	-
Due from other funds	1,369,612	-	-
Due from other governments	10,219	-	-
	4,215,815	76,680	524,904
Prepaid Expenditures	679,856	-	-
Total Assets	<u>\$ 47,429,047</u>	<u>\$ 958,060</u>	<u>\$ 8,717,500</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 943,581	\$ -	\$ 192,916
Due to other governments	10,734	-	-
Retainages payable	-	-	97,761
Due to school district	42,582,848	-	-
Deferred tax revenues	1,157,320	-	-
Deferred revenues	287,960	-	102,754
Due to other funds	-	-	-
Bond anticipation notes payable	600,000	-	9,707,520
Total Liabilities	45,582,443	-	10,100,951
Fund Balances (Deficits):			
Nonspendable	1,154,856	-	-
Restricted	406,609	647,161	-
Assigned	75,684	310,899	-
Unassigned	209,455	-	(1,383,451)
Total Fund Balances (Deficits)	1,846,604	958,060	(1,383,451)
Total Liabilities and Fund Balances (Deficits)	<u>\$ 47,429,047</u>	<u>\$ 958,060</u>	<u>\$ 8,717,500</u>

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

Special Districts	Other Governmental Funds	Total
\$ 1,740,445	\$ 1,644,973	\$ 20,295,947
-	-	24,939
-	-	34,671,884
2,006,492	5,374	3,069,144
-	24,308	1,929,598
-	-	475,000
-	-	1,369,612
-	-	10,219
2,006,492	29,682	6,853,573
235,256	180,458	1,095,570
<u>\$ 3,982,193</u>	<u>\$ 1,855,113</u>	<u>\$ 62,941,913</u>
\$ 379,601	\$ 208,161	\$ 1,724,259
-	-	10,734
-	-	97,761
-	-	42,582,848
-	-	1,157,320
1,002,644	-	1,393,358
1,369,612	-	1,369,612
-	-	10,307,520
2,751,857	208,161	58,643,412
235,256	180,458	1,570,570
-	1,019,465	2,073,235
995,080	447,029	1,828,692
-	-	(1,173,996)
1,230,336	1,646,952	4,298,501
<u>\$ 3,982,193</u>	<u>\$ 1,855,113</u>	<u>\$ 62,941,913</u>

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TOWN/VILLAGE OF HARRISON, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Fund Balances - Total Governmental Funds	\$ 4,298,501
Amounts Reported for Governmental Activities in the Statement of New Assets are Difference Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	85,707,324
Net assets of the internal service fund are included with government activities	163,316
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Real property taxes	1,157,320
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Deferred charges	102,326
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	(423,165)
Bonds payable	(55,435,407)
Compensated absences	(1,351,956)
Retirement incentives and other pension obligations	(622,244)
Claims payable	(2,262,139)
Other post employment benefit obligations payable	<u>(42,411,252)</u>
Net Assets of Governmental Activities	<u>\$ (11,077,376)</u>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	General	Debt Service	Capital Projects
REVENUES			
Real property taxes	\$ 33,292,354	\$ -	\$ -
Other tax items	1,977,425	-	-
Non-property taxes	4,120,609	-	-
Departmental income	2,368,020	-	-
Use of money and property	125,903	18,504	-
Licenses and permits	1,849,853	-	-
Fines and forfeitures	1,317,111	-	-
Sale of property and compensation for loss	18,366	-	-
State aid	1,339,462	-	284,768
Federal aid	-	-	553,063
Miscellaneous	541,792	166,323	125,050
Total Revenues	46,950,895	184,827	962,881
EXPENDITURES			
Current:			
General government support	7,898,084	-	-
Public safety	16,718,014	-	-
Health	526,761	-	-
Transportation	393,637	-	-
Economic assistance and opportunity	95,393	-	-
Culture and recreation	3,186,334	-	-
Home and community services	3,009,888	-	-
Employee benefits	7,163,069	-	-
Debt service:			
Refunding bond issuance costs	-	97,607	-
Principal	1,681,000	4,632,632	-
Interest	126,408	1,781,618	-
Capital outlay	-	-	3,115,635
Total Expenditures	40,798,588	6,511,857	3,115,635
Excess (Deficiency) of Revenues Over Expenditures	6,152,307	(6,327,030)	(2,152,754)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	10,280,000	-
Payment to refunded bond escrow agent	-	(10,638,111)	-
Issuance premium	-	455,718	-
Bonds issued	1,521,000	-	9,175,070
Sale of real property	78,738	-	-
Insurance recoveries	-	-	-
Transfers in	670,611	5,993,332	1,111,741
Transfers out	(5,942,973)	-	(21,964)
Total Other Financing Sources (Uses)	(3,672,624)	6,090,939	10,264,847
Net Change in Fund Balances	2,479,683	(236,091)	8,112,093
Fund Balances (Deficits) - Beginning of Year	(633,079)	1,194,151	(9,495,544)
Fund Balances (Deficits) - End of Year	\$ 1,846,604	\$ 958,060	\$ (1,383,451)

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

Special Districts	Other Governmental Funds	Total
\$ 5,305,349	\$ 7,119,990	\$ 45,717,693
-	-	1,977,425
-	-	4,120,609
1,932,844	32,474	4,333,338
11,164	16,371	171,942
-	-	1,849,853
-	-	1,317,111
-	-	18,366
-	127,736	1,751,966
-	-	553,063
99,490	491,636	1,424,291
<u>7,348,847</u>	<u>7,788,207</u>	<u>63,235,657</u>
123,157	-	8,021,241
2,874,554	-	19,592,568
-	-	526,761
-	3,694,688	4,088,325
-	-	95,393
-	1,344,845	4,531,179
625,685	379,455	4,015,028
1,455,647	2,415,414	11,034,130
-	-	97,607
-	-	6,313,632
39,163	-	1,947,189
-	-	3,115,635
<u>5,118,206</u>	<u>7,834,402</u>	<u>63,378,688</u>
<u>2,230,641</u>	<u>(46,195)</u>	<u>(143,031)</u>
-	-	10,280,000
-	-	(10,638,111)
-	-	455,718
-	-	10,696,070
-	-	78,738
389,191	-	389,191
-	5,650	7,781,334
(1,816,397)	-	(7,781,334)
<u>(1,427,206)</u>	<u>5,650</u>	<u>11,261,606</u>
803,435	(40,545)	11,118,575
<u>426,901</u>	<u>1,687,497</u>	<u>(6,820,074)</u>
<u>\$ 1,230,336</u>	<u>\$ 1,646,952</u>	<u>\$ 4,298,501</u>

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TOWN/VILLAGE OF HARRISON, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 11,118,575</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. This amount may be less than total capital outlay since capital outlay includes amounts that are under the capitalization threshold.</p>	
Capital outlay expenditures	2,924,709
Depreciation expense	<u>(4,690,343)</u>
	<u>(1,765,634)</u>
The net effect of an insurance recovery transaction involving capital assets is to decrease net assets	<u>(307,254)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>349,971</u>
<p>Bond proceeds and other long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and other long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized on the statement of activities.</p>	
Refunding bonds issued	(10,280,000)
Bonds issued	(10,696,070)
Payment to refunded bond escrow agent	10,638,111
Refunding bond issuance costs	97,607
Issuance premium	(455,718)
Principal paid on bonds	4,632,632
Principal paid on bond anticipation notes	1,681,000
Principal paid on retirement incentives and other pension obligations	137,763
Amortization of issuance costs, loss on refunding and issuance premium	<u>1,905</u>
	<u>(4,242,770)</u>
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	(228,448)
Compensated absences	16,662
Claims	554,023
Other post employment benefit obligations	<u>(12,954,700)</u>
	<u>(12,612,463)</u>
Internal service funds are used by management to charge the cost of risk activities to individual funds. The net revenue of the internal service funds is reported with governmental activities	<u>163,316</u>
Change in Net Assets of Governmental Activities	<u>\$ (7,296,259)</u>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL AND SPECIAL DISTRICTS FUNDS

YEAR ENDED DECEMBER 31, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 33,644,864	\$ 33,644,864	\$ 33,292,354	\$ (352,510)
Other tax items	1,839,473	1,839,473	1,977,425	137,952
Non-property taxes	3,581,500	3,581,500	4,120,609	539,109
Departmental income	2,035,050	2,041,050	2,368,020	326,970
Use of money and property	156,000	156,000	125,903	(30,097)
Licenses and permits	1,671,800	1,671,800	1,849,853	178,053
Fines and forfeitures	1,075,000	1,075,000	1,317,111	242,111
Sale of property and compensation for loss	3,500	15,545	18,366	2,821
State aid	1,199,900	1,199,900	1,339,462	139,562
Miscellaneous	522,773	536,434	541,792	5,358
Total Revenues	45,729,860	45,761,566	46,950,895	1,189,329
EXPENDITURES				
Current:				
General government support	8,648,564	8,703,042	7,898,084	804,958
Public safety	16,409,930	16,813,212	16,718,014	95,198
Health	532,800	532,800	526,761	6,039
Transportation	431,950	439,814	393,637	46,177
Economic assistance and opportunity	100,331	100,331	95,393	4,938
Culture and recreation	3,272,411	3,320,292	3,186,334	133,958
Home and community services	2,988,724	3,089,766	3,009,888	79,878
Employee benefits	8,198,469	7,679,628	7,163,069	516,559
Debt service -				
Bond anticipation notes:				
Principal	586,550	1,681,000	1,681,000	-
Interest	120,885	126,408	126,408	-
Total Expenditures	41,290,614	42,486,293	40,798,588	1,687,705
Excess of Revenues Over Expenditures	4,439,246	3,275,273	6,152,307	2,877,034
OTHER FINANCING SOURCES (USES)				
New York State loans issued	700,000	700,000	-	(700,000)
Bonds issued	-	1,521,000	1,521,000	-
Sale of real property	-	-	78,738	78,738
Insurance recoveries	-	-	-	-
Transfers in	-	670,611	670,611	-
Transfers out	(5,203,372)	(6,231,010)	(5,942,973)	288,037
Total Other Financing Uses	(4,503,372)	(3,339,399)	(3,672,624)	(333,225)
Net Change in Fund Balances	(64,126)	(64,126)	2,479,683	2,543,809
Fund Balances (Deficits) - Beginning of Year	64,126	64,126	(633,079)	(697,205)
Fund Balances - End of Year	\$ -	\$ -	\$ 1,846,604	\$ 1,846,604

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

Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 5,305,349	\$ 5,305,349	\$ 5,305,349	\$ -
1,303,847	-	-	-
14,700	-	-	-
-	1,303,847	1,932,844	628,997
-	14,700	11,164	(3,536)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,790	66,790	99,490	32,700
<u>6,625,686</u>	<u>6,690,686</u>	<u>7,348,847</u>	<u>658,161</u>
100,808	132,686	123,157	9,529
2,942,423	2,941,675	2,874,554	67,121
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
668,613	732,391	625,685	106,706
1,443,876	1,488,742	1,455,647	33,095
-	-	-	-
86,640	42,812	39,163	3,649
<u>5,242,360</u>	<u>5,338,306</u>	<u>5,118,206</u>	<u>220,100</u>
<u>1,383,326</u>	<u>1,352,380</u>	<u>2,230,641</u>	<u>878,261</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	389,191	389,191	-
-	-	-	-
<u>(1,383,326)</u>	<u>(1,816,400)</u>	<u>(1,816,397)</u>	<u>3</u>
<u>(1,383,326)</u>	<u>(1,427,209)</u>	<u>(1,427,206)</u>	<u>3</u>
-	(74,829)	803,435	878,264
-	74,829	426,901	352,072
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,336</u>	<u>\$ 1,230,336</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2011

	Governmental Activities- Internal Service Fund
ASSETS	
Current Assets:	
Cash and equivalents	\$ 895,031
Accounts receivable	201,680
	<hr/>
Total Assets	1,096,711
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts payable	118,885
Accrued liabilities	814,510
	<hr/>
Total Current Liabilities	933,395
	<hr/>
NET ASSETS	
Unrestricted	\$ 163,316
	<hr/> <hr/>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2011

	Governmental Activities- Internal Service Fund
Operating Revenues - Charges for services	<u>\$ 10,811,857</u>
Operating Expenses:	
Insurance	292,503
Employee benefits	10,057,856
Contractual	<u>298,182</u>
Total Operating Expenses	<u>10,648,541</u>
Income from Operations	163,316
Net Assets - Beginning of Year	<u>-</u>
Net Assets - End of Year	<u><u>\$ 163,316</u></u>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED DECEMBER 31, 2011

	Governmental Activities- Internal Service Fund
Cash Flows From Operating Activities:	
Cash received from charges for services	\$ 10,645,200
Cash payments to vendors	(298,182)
Cash payments to insurance carriers and claimants	<u>(10,304,584)</u>
Net Cash Provided by Operating Activities	42,434
Cash and Equivalents - Beginning of Year	<u>852,597</u>
Cash and Equivalents - End of Year	<u><u>\$ 895,031</u></u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:	
Income from operations	\$ 163,316
Adjustments to reconcile income from operations to net cash provided by operating activities -	
Changes in operating assets and liabilities:	
Accounts receivable	(166,657)
Accounts payable	9,949
Accrued liabilities	<u>35,826</u>
Net Cash Provided by Operating Activities	<u><u>\$ 42,434</u></u>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2011

	Pension Trust Fund	Agency Fund
ASSETS		
Cash - Demand deposits	\$ 40,954	\$ 846,854
Investments:		
Fixed income mutual funds	334,852	-
US equities	26,073	-
International equities	31,842	-
Mixed assets	195,717	-
	<u>588,484</u>	<u>-</u>
Accounts Receivable	<u>262,473</u>	<u>6,545</u>
Total Assets	<u>891,911</u>	<u>853,399</u>
LIABILITIES		
Accounts Payable	-	48,715
Employee Payroll Deductions	-	14,595
Guarantee and Bid Deposits	-	790,089
Total Liabilities	<u>-</u>	<u>853,399</u>
NET ASSETS		
Held in Trust for		
Pension Benefits (Schedule of funding progress for the plan is presented in the required supplementary information)	<u>\$ 891,911</u>	<u>\$ -</u>

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

TOWN/VILLAGE OF HARRISON, NEW YORK

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
YEAR ENDED DECEMBER 31, 2011

Additions:

Earnings on investments	\$ 40,658
Pension contribution	<u>130,293</u>

Total Additions	<u>170,951</u>
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Deductions:

Unrealized loss on investments	39,226
Pension benefits	<u>46,804</u>

Total Deductions	<u>86,030</u>
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Change in Plan Net Assets	84,921
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Net Assets Held in Trust for Pension Benefits - Beginning of Year	<u>806,990</u>
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Net Assets Held in Trust for Pension Benefits - End of Year	<u><u>\$ 891,911</u></u>
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The notes to the financial statements are an integral part of this statement

Note 1 - Summary of Significant Accounting Policies

The Town of Harrison, New York was established in 1696. The Village of Harrison, New York was established in 1975. The Village of Harrison is coterminous with the Town of Harrison and the Village Board is comprised of the members of the Town Board. New York State law has designated certain government functions as a Town responsibility, while other functions are the responsibility of Village government. For financial reporting purposes all references to the entity are captioned Town/Village. The Town/Village operates in accordance with both Town and Village Law and the various other applicable laws of the State of New York. The Town Board and the Village Board of Trustees are the legislative bodies responsible for overall operation. The Town Supervisor/Village Mayor serves as the chief executive and chief financial officer. The Town/Village provides the following services to its residents: public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town/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 Town/Village's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town/Village, b) organizations for which the Town/Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town/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 Town/Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town/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, the following component unit is included in the Town/Village's reporting entity because of its operational relationship with the Town/Village.

The Harrison Parking Authority ("Authority") was formed in 2006, for the purpose of constructing, operating and maintaining a parking structure in the Town/Village. The Authority is a public benefit corporation organized under the Laws of the State of New York. Members of the Authority are appointed by the Mayor for a specified term. These members are also members of the Town/Village Board. While the Town/Village will provide the accounting services, Authority members have complete responsibility of the Authority and accountability for fiscal matters. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority. Since the Town/Village does not guarantee the Authority's debt and the Authority does not provide services entirely or almost entirely to the Town/Village, the financial statements of the Authority have been reflected as a discretely presented component unit. Separate financial statements have not been issued for the Authority.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Town/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. Governmental activities, which normally are supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the financial position of the Town/Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments 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 Town/Village does not allocate indirect expenses to functions in the Statement of Activities.

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

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

C. Fund Financial Statements

The accounts of the Town/Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town/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 and Proprietary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town/Village's

Note 1 - Summary of Significant Accounting Policies (Continued)

resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

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

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

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

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town/Village's water, sewer, sewer maintenance and fire protection districts.

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

Special Revenue Funds:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York.

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

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town/Village in accordance with the terms of a trust agreement.

Note 1 - Summary of Significant Accounting Policies (Continued)

- b. Proprietary Fund - Proprietary funds include internal service funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Town/Village has established its Health Benefits Fund as an internal service fund.
- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town/Village in an agency capacity on behalf of others. These include Pension Trust and Agency funds. The Pension Trust Fund accounts for the Town/Village's Fire Service Awards Program. The Agency Fund is primarily utilized to account for various deposits that are payable to other jurisdictions or individuals.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Component Unit

The component unit is presented on the basis of accounting that most accurately reflects its activities. The component unit is accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of this fund are included on the balance sheet. Operating statements present increases (revenues) and decreases (expenses) in net total assets. The Authority is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. The component unit applies all applicable Financial Accounting Standards Board guidance.

E. Assets, Liabilities and Net Assets 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.

The Town/Village's investment policies are governed by State statutes. The Town/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 Town/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 Town/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 Town/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 Town/Village's name. The Town/Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2011.

Investments - The Town/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

Note 1 - Summary of Significant Accounting Policies (Continued)

provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC") and is subject to all of the rules and regulations of an investment advisor handling all 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 Town'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 MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

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.

Investments of the Pension Trust Fund are stated at fair value. The amounts are invested in various portfolios by the trustee of the Fund, who has been designated by the State Comptroller. These investments are unrated. The Town/Village has no formal policy relating to interest rate or credit risk for Pension Trust Fund investments.

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

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town/Village collects town/village, highway, special districts, county and school district taxes. Town/Village taxes for the period January 1st to December 31st are levied on January 1st and are due on February 1st, with the first half payable without penalty until February 28th/29th and the second half payable without penalty until June 30th. County taxes are due April 1st and are payable without penalty to April 30th. School district taxes for the period July 1st to June 30th are levied on July 1st and are due September 1st, with the first half payable without penalty until September 30th and the second half payable without penalty until January 31st. The Town/Village guarantees the full payment of the County and school district warrants and assumes the responsibility for uncollected taxes. The Town/Village also has the responsibility for conducting in-rem foreclosure proceedings.

The Town/Village functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts located within the Town/Village with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the Town/Village to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town/Village must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school district taxes, the Charter provides that the Town/Village satisfy the warrant of the school

Note 1 - Summary of Significant Accounting Policies (Continued)

district by April 5th. Thus the Town's/Village's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town/Village must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town/Village taxes. The collection of school district taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town/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 Town/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 December 31, 2011, 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 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/or will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Deferred Charges - Deferred charges in government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Town/Village. Purchases of inventoriable items at various locations are recorded as expenses/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 applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town/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)

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

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

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

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Infrastructure	15-50
Machinery and equipment	5-20
Vehicles	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.

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

Deferred revenues in the fund financial statements are those where asset recognition criteria has been met, but for which revenue recognition criteria has not been met. The Town/Village has reported deferred revenues of \$1,157,320 for real property taxes and \$287,960 for fees received in advance in the General Fund, \$102,754 for State and Federal aid received in advance in the Capital Projects Fund and \$1,002,644 for amounts not available in the current year in the Special District Fund – Water District No.2. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Obligations - 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 or Debt Service funds expenditures.

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

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

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

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

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

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

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result

Note 1 - Summary of Significant Accounting Policies (Continued)

in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town/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, Special Districts, Highway and Public Library funds. Encumbrances outstanding at year-end are reported as assigned 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.

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 April 16, 2012.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget advisory committee an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget advisory committee, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town/Village Board.
- d) The Town/Village Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town/Village Board shall become the preliminary budget.
- e) On or before December 10th, the Town/Village Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town/Village Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway, Special Districts, Public Library and Debt Service funds.
- i) Budgets for General, Highway, Special Districts, Public Library and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Special Purpose and Proprietary funds.
- j) The Town/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 Town/Village Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also requires a majority vote by the Board.
- k) Appropriations in General, Highway, Special Districts, Public Library and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated 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 Town/Village Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property tax limitation

The Village component of the Town/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 2011, inclusive of exclusions, was \$186,898,283, which exceeded the actual levy by \$177,815,487. The Town component is not limited as to the maximum amount of real property taxes which may be raised. (See Note 6).

C. Fund Deficits

The following funds reflected undesignated deficits as of December 31, 2011:

General – Village	\$	623,486
Special District Funds:		
Water District No. 2		366,750
Fire Protection District No. 5		417

The Town/Village will address these deficits in the ensuing year.

D. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$1,383,451 arises because to 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 bond anticipation note are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

E. Expenditures in Excess of Budget

The Transportation category in the Highway Fund exceeded its budgetary provision by \$12,833.

F. Application of Accounting Standards

For the year ended December 31, 2011, the Town/Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriations. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2011 consisted of the following:

Town/Village taxes	\$ 341,050
County taxes	242,521
School District taxes	33,309,522
Tax liens	<u>900,531</u>
	34,793,624
Less - Allowance for uncollectible taxes	<u>(121,740)</u>
	<u>\$ 34,671,884</u>

School district taxes are offset by liabilities to the school district which will be paid no later than April 5, 2012. Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$1,157,320, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

B. Due From Component Unit

Due from component unit of \$475,000 as of December 31, 2011 represents amounts advanced in 2006, 2007 and 2008 to the Authority. Interest at 4% is payable on the first day of each month. The note is due on demand.

C. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2011 were as follows:

Fund _____	Due From _____	Due To _____
General	\$ 1,369,612	\$ -
Special Districts	<u>-</u>	<u>1,369,612</u>
	<u>\$ 1,369,612</u>	<u>\$ 1,369,612</u>

The outstanding balances between funds results 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.

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

D. Capital Assets

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

Class	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital Assets, not being depreciated:				
Land	\$ 2,331,480	\$ -	\$ -	\$ 2,331,480
Construction-in-progress	7,260,101	1,001,807	(1,269,408)	6,992,500
Total Capital Assets, not being depreciated	<u>\$ 9,591,581</u>	<u>\$ 1,001,807</u>	<u>\$ (1,269,408)</u>	<u>\$ 9,323,980</u>
Capital Assets, being depreciated:				
Buildings and improvements	\$ 37,249,848	\$ 427,082	\$ -	\$ 37,676,930
Infrastructure	93,777,767	1,688,941	-	95,466,708
Machinery and equipment	3,879,690	428,713	-	4,308,403
Vehicles	12,729,704	647,574	(774,458)	12,602,820
Total Capital Assets, being depreciated	<u>147,637,009</u>	<u>3,192,310</u>	<u>(774,458)</u>	<u>150,054,861</u>
Less Accumulated Depreciation for:				
Buildings and improvements	6,332,812	864,188	-	7,197,000
Infrastructure	51,704,360	2,741,310	-	54,445,670
Machinery and equipment	2,725,856	270,694	-	2,996,550
Vehicles	8,685,350	814,151	(467,204)	9,032,297
Total Accumulated Depreciation	<u>69,448,378</u>	<u>4,690,343</u>	<u>(467,204)</u>	<u>73,671,517</u>
Total Capital Assets, being depreciated, net	<u>\$ 78,188,631</u>	<u>\$ (1,498,033)</u>	<u>\$ (307,254)</u>	<u>\$ 76,383,344</u>
Capital Assets, net	<u>\$ 87,780,212</u>	<u>\$ (496,226)</u>	<u>\$ (1,576,662)</u>	<u>\$ 85,707,324</u>

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

Governmental Activities:

General Government Support	\$ 446,780
Public Safety	800,536
Transportation	2,114,418
Culture and Recreation	490,518
Home and Community Services	<u>838,092</u>

Total Depreciation Expense - Governmental Activities \$ 4,690,343

Note 3 - Detailed Notes on All Funds (Continued)**Capital Assets - Component Unit**

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

<u>Class</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Balance December 31, 2011</u>
Capital Assets, not being depreciated - Construction-in-progress	<u>\$ 494,952</u>	<u>\$ 19,001</u>	<u>\$ 513,953</u>

E. Accrued Liabilities - Unpaid Claim Liabilities

The Internal Service Fund reflects health benefit claim liabilities. 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 settlements, 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 reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities in the Internal Service Fund is as follows:

	<u>2011</u>	<u>2010</u>
Balance - Beginning of Year	\$ 778,684	\$ 575,797
Provision for Claims and Claims Adjustment Expenses	10,057,856	8,526,245
Claims and Claims Adjustment Expenses Paid	<u>(10,022,030)</u>	<u>(8,323,358)</u>
Balance - End of Year	<u>\$ 814,510</u>	<u>\$ 778,684</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

F. Short-Term Capital Borrowings

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

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2011	New Issues	Redemptions	Balance December 31, 2011
Bond Anticipation Notes Payable:							
Capital Projects Fund:							
Various General Fund - Village Improvements	2008	2012	0.93 %	\$ 8,594,370	\$ -	\$ 6,743,420	\$ 1,850,950
Sewer Maintenance District Improvements	2008	2012	0.93	951,000	-	9,000	942,000
Water District No.2 - Improvements	2008	2012	0.93	208,000	-	2,000	206,000
Various General Fund - Village Improvements	2009	2012	0.93	1,178,950	-	328,200	850,750
Various General Fund - Village Improvements	2009	2012	0.75	3,733,720	-	35,000	3,698,720
Water District No.2 - Improvements	2011	2012	0.75	-	778,000	-	778,000
Various General Fund - Village Improvements	2011	2012	0.75	-	381,100	-	381,100
General Fund - Multiple purpose trucks	2011	2012	0.75	-	1,000,000	-	1,000,000
				<u>\$ 14,666,040</u>	<u>\$ 2,159,100</u>	<u>\$ 7,117,620</u>	<u>\$ 9,707,520</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 for the bond anticipation notes were recorded in the General Fund – Village in the amount of \$126,408 and in the Special Districts Fund in the amount of \$39,163. Interest expense of \$102,311 was recorded in the government-wide financial statements for governmental activities.

G. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of bond anticipation notes issued to finance tax certiorari refunds.

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2011	New Issues	Balance December 31, 2011
Bond Anticipation Notes Payable - General Fund Village - Tax certiorari refunds	2010	2012	0.91 %	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>

The bond anticipation note of \$600,000 was issued on December 22, 2011 and matures on December 21, 2012, with interest at 1.25%. Interest expenditures/expense of \$5,460 were recorded in the fund financial statements in the General Fund and the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

H. Pension Plans

The Town/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 Systems are non-contributory, except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2012 are as follows:

	<u>Tier/Plan</u>	<u>Rates</u>
ERS	1 75I	21.5 %
	2 75I	19.7
	3 A14	15.8
	4 A15	15.8
	5 A15	12.7
PFRS	2 384	17.6 %
	2 384D	20.9
	2 384D	20.9

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

	<u>ERS</u>	<u>PFRS</u>
2011	\$ 1,960,677	\$ 1,770,431
2010	1,459,219	1,273,314
2009	1,115,330	1,379,557

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

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

The current ERS and PFRS contributions were charged to the funds identified below.

<u>Fund</u>	<u>ERS</u>	<u>PFRS</u>
General - Town	\$ 1,065,802	\$ 1,430,633
General - Village	347,260	-
Special Districts	47,314	339,798
Non-Major Governmental:		
Highway	338,578	-
Public Library	161,723	-
	<u>\$ 1,960,677</u>	<u>\$ 1,770,431</u>

Pension Trust - Service Awards Program

The Town/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 completion of one year of service, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or general disablement and after earning five years of service credit. A participant upon attainment of entitlement age and one year of plan participation shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum of 20 years. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Town/Village's Board, are authorized to invest the funds in authorized investment vehicles. Separate financial statements are not issued by the program.

Current membership in the Program is comprised of the following:

<u>Group</u>	<u>December 31, 2011</u>
Active - Vested	38
Active - Non-vested	6
Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	4

The Town/Village is required to contribute the amounts necessary to finance the Program as actuarially determined using the entry age normal frozen initial liability cost method. The net pension obligation is not amortized on a separate basis. The assumed investment rate of return is 5.5% and there are no cost of living adjustments.

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

The Town/Village's annual Program cost, the percentage of the annual Program cost contributed to the plan and the net pension obligation for the current and two preceding fiscal years were as follows:

	Annual Required Contribution	Actual Contribution	Percentage of Annual Program Cost Contributed	Net Pension Obligation
2011	\$ 130,293	\$ 130,293	100.00 %	\$ -
2010	132,180	132,180	100.00	-
2009	133,635	133,635	100.00	-

The schedule of funding progress for the defined benefit pension 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.

The current contributions were charged to the Special District's Fund-Fire Protection District No.1.

I. Joint Venture

The Town/Village, together with the Town of Mamaroneck and Village of Mamaroneck, participate in the Westchester Joint Water Works. The purpose of the joint venture is to acquire, construct, provide, maintain and operate a water works system.

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

Balance Sheet Date - December 31, 2011:

Total Assets	\$ 8,853,663
Total Liabilities	16,265,188
Net Deficit	(7,411,525)
Total Revenues	15,325,896
Total Expenses	15,314,515
Decrease in Net Assets	(11,381)

J. Long-Term Liabilities

The following table summarizes changes in the Town/Village's long-term indebtedness for the year ending December 31, 2011:

	Balance January 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Bonds Payable - Capital Construction	\$ 47,082,632	\$ 17,662,686	\$ 12,817,077	\$ 51,928,241	\$ 4,456,912
Bonds Payable - Judgments and claims	2,205,000	3,313,384	2,150,555	3,367,829	501,658
Less - Deferred charges	-	(303,111)	(26,358)	(276,753)	-
Plus - Issuance premium	-	455,718	39,628	416,090	-
	<u>49,287,632</u>	<u>21,128,677</u>	<u>14,980,902</u>	<u>55,435,407</u>	<u>4,958,570</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2011	Due Within One Year
Other Non-Current Liabilities:					
Bond anticipation notes payable	\$ 1,681,000	\$ -	\$ 1,681,000	\$ -	\$ -
Compensated absences	1,368,618	120,338	137,000	1,351,956	135,000
Retirement incentives and other pension obligations	760,007	-	137,763	622,244	144,653
Claims payable	2,816,162	1,784,097	2,338,120	2,262,139	226,000
Other post employment benefit obligations payable	29,456,552	16,883,387	3,928,687	42,411,252	-
Total Other Non-Current Liabilities	36,082,339	18,787,822	8,222,570	46,647,591	505,653
Total Long-Term Liabilities	\$ 85,369,971	\$ 39,916,499	\$ 23,203,472	\$ 102,082,998	\$ 5,464,223

Liabilities for bonds are liquidated by the Debt Service Fund. Each fund's liability for bond anticipation notes, retirement incentives and other pension obligations, claims, compensated absences and other post employment benefit obligations are liquidated by the respective fund.

Bonds Payable

Bonds payable at December 31, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2011
Sewer Improvements	1915	\$ 20,000	January, 2006	4.750 %	\$ 5,000
Public Improvements	1995	3,042,000	December, 2015	5.100-5.250	360,000
Fire Protection District No. 1	1996	475,000	December, 2016	5.250-5.375	125,000
Fire Protection District No. 2	1998	300,000	September, 2018	4.750-4.800	105,000
Fire Protection District No. 1	2000	650,000	August, 2020	5.200-5.500	315,000
Public Improvements	2003	4,504,500	December, 2014	3.100-3.450	1,395,000
Public Improvements	2004	5,956,000	December, 2023	3.625-4.000	4,425,000
Pension System Bonds	2004	800,000	December, 2014	5.000	300,000
Public Improvements	2005	6,684,500	December, 2020	3.750-3.875	4,735,000
Public Improvements	2006	8,894,940	December, 2021	3.750-4.000	6,865,000
Public Improvements	2007	6,415,310	December, 2028	4.000-4.375	5,770,000
Public Improvements	2008	6,905,000	June, 2021	3.375-4.000	5,715,000
Public Improvements	2008	5,733,820	June, 2027	4.125-4.400	5,295,000
EFC Refunding Bonds	2010	235,132	October, 2015	1.295-2.325	160,000
Refunding Bonds	2011	10,280,000	May, 2022	3.000-4.000	9,030,000
Public Improvements and Tax Certiorari	2011	10,696,070	March, 2025	2.500-4.000	10,696,070
					<u>\$ 55,296,070</u>

Interest expenditures of \$1,781,618 were recorded in the fund financial statements in the Debt Service Fund.

Interest expense of \$2,073,326 was recorded in the government-wide financial statements for governmental activities.

Note 3 - Detailed Notes on All Funds (Continued)**Retirement Incentives and Other Pension Obligations**

The ERS and PFRS charges to participating governments increased significantly in 2003. Consequently, the State Legislature enacted Chapter 49 of the Laws of 2003. This Chapter authorized local governments to amortize the portion of their respective contribution which exceeded 7% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

Additionally, the State Legislature enacted Chapter 260 of the Laws of 2004 for ERS and PFRS. This Chapter authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

Additionally, the State Legislature enacted Chapter 260 of the Laws of 2005 for PFRS. This Chapter authorized local governments to amortize the portion of their respective 2006 contribution which exceeded 10.5% of covered payroll, over a ten year period, commencing in 2006. The amortization payment would include interest at 5% per annum.

The Town/Village has elected to amortize the maximum allowable ERS and PFRS contributions as follows:

	Amount Amortized - Village	Amount Amortized - Town		Current Year Principal Payments	Current Year Interest Payments	Balance Due	Due Within One Year
	ERS	ERS	PFRS				
2003	\$ -	\$ 420,695	\$ -	\$ 44,822	\$ 9,994	\$ 148,369	\$ 47,064
2004	-	84,075	-	8,531	2,424	38,609	8,958
2004	-	-	406,641	41,262	11,722	186,736	43,325
2004	13,992	-	-	1,420	403	6,426	1,491
2005	-	-	431,799	41,728	14,534	242,104	43,815
	<u>\$ 13,992</u>	<u>\$ 504,770</u>	<u>\$ 838,440</u>	<u>\$ 137,763</u>	<u>\$ 39,077</u>	<u>\$ 622,244</u>	<u>\$ 144,653</u>

The current year principal and interest payments were charged to retirement expenditures in the General Fund.

The obligations have been reflected as a liability in the government-wide financial statements.

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt and retirement incentives and other pension obligations outstanding as of December 31, 2011, including interest payments of \$14,101,651 are as follows:

Year Ending December 31,	Bonds		Retirement Incentives and Other Pension Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 4,958,570	2,214,459	\$ 144,653	\$ 31,638	\$ 5,103,223	\$ 2,246,097
2013	5,207,500	1,866,208	151,883	24,407	5,359,383	1,890,615
2014	5,000,000	1,684,343	159,480	16,811	5,159,480	1,701,154
2015	4,545,000	1,496,281	166,228	10,974	4,711,228	1,507,255
2016	4,390,000	1,332,331	-	-	4,390,000	1,332,331
2017-2021	21,235,000	4,207,109	-	-	21,401,228	4,218,083
2022-2026	8,590,000	1,135,403	-	-	8,590,000	1,135,403
2027-2028	1,370,000	70,713	-	-	1,370,000	70,713
	<u>\$ 55,296,070</u>	<u>\$ 14,006,847</u>	<u>\$ 622,244</u>	<u>\$ 83,830</u>	<u>\$ 56,084,542</u>	<u>\$ 14,101,651</u>

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

Advance Refunding

During the 2011 fiscal year, the Town/Village issued \$10,280,000 in serial bonds with interest rates ranging from 2.0% to 4.0%, depending on maturity. The proceeds were used to advance refund \$200,000 of outstanding 1994 public improvement serial bonds bearing interest at rates ranging from 3.625% to 4.000%, depending on maturity, \$500,000 of outstanding 1996 public improvement serial bonds, bearing interest at rates ranging from 3.750% to 4.000%, depending on maturity, \$1,875,000 of outstanding 1998A public improvement and tax certiorari serial bonds bearing interest at rates ranging from 4.100% to 4.400%, depending on maturity, \$810,000 of outstanding 1998B public improvement and tax certiorari serial bonds bearing interest at rates ranging from 4.250% to 4.600%, depending on maturity, \$1,325,000 of outstanding 1999 public improvement and tax certiorari serial bonds bearing interest at rates ranging from 4.500% to 5.000%, depending on maturity, \$100,000 of outstanding 1999 Village purpose public improvement serial bonds bearing interest at rates ranging from 5.000% to 5.250%, depending on maturity, \$2,500,000 of outstanding 2000 public improvement serial bonds bearing interest at rates ranging from 4.850% to 5.250%, depending on maturity, \$1,175,000 of outstanding 2001 public improvement serial bonds bearing interest at rates ranging from 3.900% to 4.500%, depending on maturity and \$1,850,000 of outstanding 2002 public improvement serial bonds bearing interest at rates ranging from 3.200% to 4.500%, depending on maturity. The net proceeds of \$10,638,111 (including \$455,718 of issuance premium and after \$97,607 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 1994, 1996, 1998A, 1998B, 1999, 1999 Village Purpose, 2000, 2001 and 2002 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net

Note 3 - Detailed Notes on All Funds (Continued)

Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$303,111. This amount and the premium are being netted against the new debt and amortized over the remaining life of the refunded debt. The City advance refunded the 1994, 1996, 1998A, 1998B, 1999, 1999 Village Purpose, 2000, 2001 and 2002 serial bonds to reduce its total debt service payments over 12 years by \$652,852 and to obtain a net present value economic gain of \$490,681. As of December 31, 2011, \$10,335,000 of the bonds are considered defeased.

Compensated Absences

The Town/Village is obligated to pay accumulated sick leave to CSEA employees who retire from the Town/Village in good standing. Bargaining unit members shall be paid for accumulated sick days exceeding 165, to a maximum of 215. The Town/Village is also obligated to pay accrued vacation leave up to a maximum of 30 days to CSEA employees and 21 days for firefighters. Police Officers and Teamsters must take vacation in the year it is earned. It may not be accumulated, except at management's convenience. The value of the compensated absences has been reflected in the government-wide financial statements.

Claims Payable

The government-wide financial statements reflect general and workers' compensation liabilities, which 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 settlements, 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 reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31,	
	2011	2010
	General Liability/ Workers' Compensation	General Liability/ Workers' Compensation
Balance - Beginning of Year	\$ 2,816,162	\$ 1,825,495
Provision for Claims and Claims Adjustment Expenses	1,784,097	1,542,352
Claims and Claims Adjustment Expenses Paid	(2,338,120)	(551,685)
Balance - End of Year	<u>\$ 2,262,139</u>	<u>\$ 2,816,162</u>
Due Within One Year	<u>\$ 226,000</u>	<u>\$ 282,000</u>

Note 3 - Detailed Notes on All Funds (Continued)**Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the Town/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 Town/Village may vary according to length of service. Substantially all of the Town/Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Town/Village. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid. The Town/Village has recognized revenues and expenditures of \$177,140 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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

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

Year Ended December 31,	Pre-65 Medical	Post-65 Medical	Prescription Drug
2011	10.00 %	9.50 %	9.50 %
2012	9.25	8.75	8.75
2013	8.50	8.00	8.00
2014	7.75	7.50	7.50
2015	7.00	7.00	7.00
2016	6.50	6.50	6.50
2017	6.00	6.00	6.00
2018	5.50	5.50	5.50
2019+	5.00	5.00	5.00

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percentage of projected payroll method with an open amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 3.0% investment rate of return, a 3.0% inflation rate and a 3.0 % annual payroll growth rate. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of December 31, 2011 was as follows:

Active Employees	253
Retired Employees and Dependents	466
	<u>719</u>

Amortization Component:	
Actuarial Accrued Liability as of 1/1/10	\$ 199,911,056
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 199,911,056</u>
Covered Payroll (active plan members)	<u>\$ 22,675,470</u>
UAAL as a Percentage of Covered Payroll	<u>881.62%</u>
Annual Required Contribution	\$ 17,502,540
Interest on Net OPEB Obligation	883,697
Adjustment to Annual Required Contribution	<u>(1,502,850)</u>
Annual OPEB Cost	16,883,387
Contributions Made	<u>(3,928,687)</u>
Increase in Net OPEB Obligation	12,954,700
Net OPEB Obligation - Beginning of Year	<u>29,456,552</u>
Net OPEB Obligation - End of Year	<u>\$ 42,411,252</u>

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

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 16,883,387	20.41 %	\$ 42,411,252
2010	14,857,600	23.19	29,456,552
2009	12,274,715	26.60	18,044,331

TOWN/VILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

K. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In					Total
	General - Town	General Fund - Village	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
General Fund - Town	\$ -	\$ 670,611	\$ -	\$ -	\$ -	\$ 670,611
General Fund - Village	-	-	4,838,812	433,550	-	5,272,362
Capital Projects Fund	-	-	16,314	-	5,650	21,964
Special Districts Fund	-	-	1,138,206	678,191	-	1,816,397
	<u>\$ -</u>	<u>\$ 670,611</u>	<u>\$ 5,993,332</u>	<u>\$ 1,111,741</u>	<u>\$ 5,650</u>	<u>\$ 7,781,334</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for capital projects and other fund expenditures.

L. 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 Law Enforcement - the component of net assets that represents the proceeds of seized funds which are restricted by New York State for use in law enforcement activities.

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

Restricted for Trusts - the component of net assets that reports the amounts set aside in accordance with the terms of the grants.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Parklands - the comment of net assets established pursuant to Section 277 of Town Law to report funds received by the Town/Village in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

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

TOWNVILLAGE OF HARRISON, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

M. Fund Balances

	2011						2010					
	General Fund	Debt Service Fund	Capital Projects Fund	Special Districts Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Special Districts Fund	Non-Major Governmental Funds	Total
Nonspendable:												
Prepaid expenditures	\$ 679,856	-	-	\$ 235,256	\$ 180,458	\$ 1,095,570	\$ 933,717	-	2,788	\$ 123,254	\$ 156,617	\$ 1,216,376
Long-term receivables	475,000	-	-	-	-	475,000	475,000	-	-	-	-	475,000
Total Nonspendable	1,154,856	-	-	235,256	180,458	1,570,570	1,408,717	-	2,788	123,254	156,617	1,691,376
Restricted:												
Law enforcement	400,000	-	-	-	-	400,000	400,000	-	-	-	-	400,000
Debt service	6,609	647,161	-	-	-	653,770	3,643	879,756	-	-	-	883,399
Trusts	-	-	-	-	559,115	559,115	-	-	-	-	487,643	487,643
Parklands	-	-	-	-	460,350	460,350	-	-	-	-	442,905	442,905
Total Restricted	406,609	647,161	-	-	1,019,465	2,073,235	403,643	879,756	-	-	930,548	2,213,947
Assigned:												
Purchases on order:												
General government support	52,269	-	-	-	-	52,269	-	-	-	-	-	-
Public safety	4,653	-	-	44,031	-	48,684	-	-	-	-	-	-
Transportation	-	-	-	-	441	441	-	-	-	-	-	-
Home and community services	18,762	-	-	-	-	18,762	-	-	-	-	-	-
Total Assigned	75,684	-	-	44,031	441	120,156	-	-	-	-	-	-
Subsequent year's expenditures												
Major funds	-	310,899	-	-	-	310,899	-	314,395	-	-	-	314,395
Transportation purposes	-	-	-	951,049	-	951,049	-	-	-	-	-	-
Library purposes	-	-	-	-	272,121	272,121	-	-	-	303,647	-	303,647
Total Assigned	75,684	310,899	-	955,080	447,029	1,828,692	-	314,395	-	303,647	600,332	600,332
Unassigned:												
Purchases on order	209,455	-	(1,383,451)	-	-	(1,173,996)	66,623	-	(9,498,332)	-	-	66,623
Unassigned	209,455	-	(1,383,451)	-	-	(1,173,996)	(2,512,062)	-	(9,498,332)	-	-	(12,010,394)
Total Unassigned	1,846,604	\$ 958,060	\$ (1,383,451)	\$ 1,230,336	\$ 1,646,952	\$ 4,298,501	\$ (633,079)	\$ 1,194,151	\$ (9,495,544)	\$ 426,901	\$ 1,687,497	\$ (6,820,074)
Total Fund Balances												

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of reserved fund balances 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.

Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The amount is classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-term Receivables have been classified as nonspendable to indicate the long-term nature of receivables due from the component unit which will not be collected in sufficient time to use the funds to satisfy liabilities of the current period. These funds are not "available" for appropriation or expenditure even though the amounts are a component of current assets.

Purchases on order are assigned and represent the Town/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.

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2011, the Town/Village Board has assigned the above amounts to be appropriated for the ensuing year's budget.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town/Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. There are also numerous tort claims pending against the Town/Village. Town/Village management has indicated there are individual tort claims for amounts in excess of insurance coverage. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town/Village. The Town/Village's claims administrator has reviewed the status of pending general liability and workers' compensation actions and has determined that the amounts reflected as liabilities in the Statement of Net Assets are sufficient to satisfy any payments arising therefrom.

There are currently certiorari proceedings pending, the results of which could require the payment of future tax refunds by the Town/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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The Town/Village is a defendant in an action filed by a resident seeking damages and personal injury claims regarding residential structural damage and other personal property caused by a water/sewer drain rupture located beneath the foundation of his home during the rainstorms occurring in March 2007. Plaintiff asserts that the foundation in the garage and basement living area will require extensive excavation and repair. Pre-trial examinations are in the process of being scheduled. No provision for loss has been reflected in the financial statements.

The Town/Village is a defendant in an action filed by a plaintiff alleging the use of excessive force upon arrest in July 2006. The plaintiff commenced an action against the Town/Village, the Police Department and several police officers. While certain cases of this action were dismissed, no final decision has been rendered at this point. No provisions for loss has been reflected in the financial statements.

B. Risk Management

The Town/Village purchases various conventional insurance policies to reduce its exposure to loss. The Town/Village is self-insured for workers' compensation and general liability claims to the extent of \$350,000 and \$150,000, respectively, per occurrence, with a maximum potential annual liability of \$2 million for 2011. Claims in excess of this amount are insured to a limit of \$775,000 for general liability, \$1 million for workers' compensation and \$10 million for property damage. There is also an excess liability policy for an additional \$5 million. Public officials liability insurance coverage is also maintained with a policy limit of \$1 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The Town/Village is self-insured for health benefits. A plan administrator has been retained to review and approve all claims. The Town/Village has specific stop-loss insurance, which establishes a maximum exposure limit of \$175,000 for each individual covered in the plan up to a maximum of \$825,000. At December 31, 2011, the Town/Village has recorded a liability of \$814,510 in the Internal Service Fund, which represents claims incurred and claims incurred but not reported.

C. Contingencies

Westchester Joint Water Works ("WJWW") a joint venture of the Town/Village as reported in Note 3.J. is currently being fined by the New York State Health Department for not meeting a Supreme Court of the State of New York ruling requiring the construction of a filtration plant by December 3, 2008. These fines amount to \$14,438,750 as of December 31, 2011 and continue to accrue at \$13,750 a day. The Town/Village's share of these fines is approximately \$5,219,000 or 55.4 % of the total. Management of the WJWW has indicated that the State is holding in abeyance the imposition of these fines although they continue to be accrued by the WJWW. The Town/Village has not accrued their share in the Special District Fund – Water District as the expectation of management is that the fines will be suspended or replaced with a negotiated settlement as the WJWW signed an intermunicipal agreement with the county for a filtration plant alternative.

Note 5 - Subsequent Event

The Town/Village, in Mach 2011, issued Public Improvement Serial bonds in the amount of \$3,804,700. The bonds mature serially through May, 2032 with interest at rates ranging from 2.25 to 3.00%.

Note 6 - Other Matters

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

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

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town/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 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 City 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 Town/Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town/Village. The Town/Village Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town/Village Board first enacts, by a vote of at least sixty percent of the total voting power of the Town/Village Board, a local law to override such limit for such coming fiscal year.

TOWN/VILLAGE OF HARRISON, NEW YORK

SCHEDULE OF FUNDING PROGRESS
 SERVICE AWARDS PROGRAM
 LAST SIX FISCAL YEARS

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio
2006	\$ 322,556	\$ 479,561	\$ 157,005	67.26 %
2007	441,004	559,821	118,817	78.78
2008	506,786	628,392	121,606	80.65
2009	664,213	703,676	39,463	94.39
2010	810,269	775,758	(34,511)	104.45
2011	765,275	842,405	77,130	90.84

TOWN/VILLAGE OF HARRISON, NEW YORK

SCHEDULE OF CONTRIBUTIONS
SERVICE AWARDS PROGRAM
LAST SIX FISCAL YEARS

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 341,469	100.00 %
2007	135,204	100.00
2008	135,356	100.00
2009	133,635	100.00
2010	132,180	100.00
2011	130,293	100.00

TOWN/VILLAGE OF HARRISON, NEW YORK

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

Fiscal Year Ended December 31,	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
2009	\$ -	\$ 135,548,153	\$ 135,548,153	- %	\$ 27,713,771	489.10 %
2010	-	188,218,992	188,218,992	-	23,087,241	815.25
2011	-	199,911,056	199,911,056	-	22,675,470	881.62

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND
 COMBINING BALANCE SHEET - SUB FUNDS
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Town	Village	Totals	
			2011	2010
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ 76,211	\$ 7,759,537	\$ 7,835,748	\$ 5,196,047
Petty cash	805	-	805	805
	<u>77,016</u>	<u>7,759,537</u>	<u>7,836,553</u>	<u>5,196,852</u>
Investments	-	24,939	24,939	24,926
Taxes Receivable, net of allowance for uncollectible taxes	-	34,671,884	34,671,884	33,134,544
Other Receivables:				
Accounts	830,659	149,939	980,598	984,428
State and Federal aid	1,380,386	-	1,380,386	1,262,240
Due from component unit	-	475,000	475,000	475,000
Due from other funds	-	1,369,612	1,369,612	3,933,101
Due from other governments	-	10,219	10,219	1,873
	<u>2,211,045</u>	<u>2,004,770</u>	<u>4,215,815</u>	<u>6,656,642</u>
Prepaid Expenditures	620,870	58,986	679,856	933,717
Total Assets	<u>\$ 2,908,931</u>	<u>\$ 44,520,116</u>	<u>\$ 47,429,047</u>	<u>\$ 45,946,681</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Accounts payable	\$ 692,621	\$ 250,960	\$ 943,581	\$ 1,078,774
Due to other governments	-	10,734	10,734	13,090
Due to school district	-	42,582,848	42,582,848	41,882,378
Deferred tax revenues	-	1,157,320	1,157,320	807,349
Bond anticipation notes payable	-	600,000	600,000	600,000
Deferred revenues	286,815	1,145	287,960	255,714
Due to other funds	-	-	-	1,942,455
Total Liabilities	<u>979,436</u>	<u>44,603,007</u>	<u>45,582,443</u>	<u>46,579,760</u>
Fund Balances (Deficits):				
Nonspendable	620,870	533,986	1,154,856	1,408,717
Restricted	400,000	6,609	406,609	403,643
Assigned	75,684	-	75,684	-
Unassigned	832,941	(623,486)	209,455	(2,445,439)
Total Fund Balances (Deficits)	<u>1,929,495</u>	<u>(82,891)</u>	<u>1,846,604</u>	<u>(633,079)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,908,931</u>	<u>\$ 44,520,116</u>	<u>\$ 47,429,047</u>	<u>\$ 45,946,681</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - SUB FUNDS
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Town	Village	Totals	
			2011	2010
Revenues:				
Real property taxes	\$ 24,464,538	\$ 8,827,816	\$ 33,292,354	\$ 32,529,047
Other tax items	-	1,977,425	1,977,425	1,734,088
Non-property taxes	4,120,609	-	4,120,609	3,679,589
Departmental income	1,980,998	387,022	2,368,020	1,949,446
Use of money and property	114,468	11,435	125,903	176,075
Licenses and permits	1,849,853	-	1,849,853	1,838,005
Fines and forfeitures	1,275,311	41,800	1,317,111	1,009,392
Sale of property and compensation for loss	12,042	6,324	18,366	10,061
State aid	718,418	621,044	1,339,462	1,341,975
Federal aid	-	-	-	64,667
Miscellaneous	443,260	98,532	541,792	767,032
Total Revenues	34,979,497	11,971,398	46,950,895	45,099,377
Expenditures:				
Current:				
General government support	6,509,141	1,388,943	7,898,084	7,900,583
Public safety	16,718,014	-	16,718,014	14,989,699
Health	526,761	-	526,761	529,693
Transportation	393,637	-	393,637	383,584
Economic assistance and opportunity	95,393	-	95,393	95,687
Culture and recreation	3,186,334	-	3,186,334	3,363,159
Home and community services	200,745	2,809,143	3,009,888	2,854,918
Employee benefits	4,784,194	2,378,875	7,163,069	6,621,210
Debt service -				
Bond anticipation notes:				
Principal	-	1,681,000	1,681,000	152,000
Interest	-	126,408	126,408	104,179
Total Expenditures	32,414,219	8,384,369	40,798,588	36,994,712
Excess of Revenues Over Expenditures	2,565,278	3,587,029	6,152,307	8,104,665
Other Financing Sources (Uses):				
Bonds issued	-	1,521,000	1,521,000	-
Sale of real property	78,738	-	78,738	235,043
Transfers in	-	670,611	670,611	-
Transfers out	(670,611)	(5,272,362)	(5,942,973)	(5,212,654)
Total Other Financing Uses	(591,873)	(3,080,751)	(3,672,624)	(4,977,611)
Net Change in Fund Balances	1,973,405	506,278	2,479,683	3,127,054
Fund Deficits - Beginning of Year	(43,910)	(589,169)	(633,079)	(3,760,133)
Fund Balances (Deficits) - End of Year	\$ 1,929,495	\$ (82,891)	\$ 1,846,604	\$ (633,079)

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 76,211	\$ -
Petty cash	805	805
	<u>77,016</u>	<u>805</u>
Receivables:		
Accounts	830,659	827,380
State and Federal aid	1,380,386	1,262,240
	<u>2,211,045</u>	<u>2,089,620</u>
Prepaid Expenditures	<u>620,870</u>	<u>777,447</u>
Total Assets	<u>\$ 2,908,931</u>	<u>\$ 2,867,872</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Accounts payable	\$ 692,621	\$ 715,858
Deferred revenues	286,815	253,469
Due to other funds	-	1,942,455
Total Liabilities	<u>979,436</u>	<u>2,911,782</u>
Fund Balance:		
Nonspendable	620,870	777,447
Restricted	400,000	400,000
Assigned	75,684	-
Unassigned	832,941	(1,221,357)
Total Fund Balance (Deficit)	<u>1,929,495</u>	<u>(43,910)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 2,908,931</u>	<u>\$ 2,867,872</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 24,464,538	\$ 24,464,538	\$ 24,464,538	\$ -
Non-property taxes	3,581,500	3,581,500	4,120,609	539,109
Departmental income	1,715,050	1,721,050	1,980,998	259,948
Use of money and property	116,000	116,000	114,468	(1,532)
Licenses and permits	1,671,800	1,671,800	1,849,853	178,053
Fines and forfeitures	1,050,000	1,050,000	1,275,311	225,311
Sale of property and compensation for loss	-	12,045	12,042	(3)
State aid	633,000	633,000	718,418	85,418
Federal aid	-	-	-	-
Miscellaneous	392,708	406,369	443,260	36,891
Total Revenues	33,624,596	33,656,302	34,979,497	1,323,195
Expenditures -				
Current:				
General government support	7,894,776	7,233,254	6,509,141	724,113
Public safety	16,409,930	16,813,212	16,718,014	95,198
Health	532,800	532,800	526,761	6,039
Transportation	431,950	439,814	393,637	46,177
Economic assistance and opportunity	100,331	100,331	95,393	4,938
Culture and recreation	3,272,411	3,320,292	3,186,334	133,958
Home and community services	126,217	227,259	200,745	26,514
Employee benefits	5,610,313	5,072,861	4,784,194	288,667
Total Expenditures	34,378,728	33,739,823	32,414,219	1,325,604
Excess (Deficiency) of Revenues Over Expenditures	(754,132)	(83,521)	2,565,278	2,648,799
Other Financing Sources (Uses):				
New York State loans issued	700,000	700,000	-	(700,000)
Sale of real property	-	-	78,738	78,738
Transfers out	-	(670,611)	(670,611)	-
Total Other Financing Sources (Uses)	700,000	29,389	(591,873)	(621,262)
Net Change in Fund Balance	(54,132)	(54,132)	1,973,405	2,027,537
Fund Balance (Deficit) - Beginning of Year	54,132	54,132	(43,910)	(98,042)
Fund Balance (Deficit) - End of Year	\$ -	\$ -	\$ 1,929,495	\$ 1,929,495

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 23,675,620	\$ 23,675,620	\$ 23,675,620	\$ -
3,330,000	3,330,000	3,679,589	349,589
1,458,050	1,458,050	1,613,389	155,339
156,000	156,000	132,183	(23,817)
1,771,300	1,771,300	1,838,005	66,705
1,000,000	1,000,000	983,692	(16,308)
-	5,424	5,424	-
761,000	801,273	732,333	(68,940)
-	60,810	64,667	3,857
453,510	515,510	585,197	69,687
<u>32,605,480</u>	<u>32,773,987</u>	<u>33,310,099</u>	<u>536,112</u>
7,700,948	7,496,542	6,771,332	(725,210)
16,619,781	16,008,836	14,989,699	(1,019,137)
526,027	531,887	529,693	(2,194)
373,511	393,113	383,584	(9,529)
99,444	99,444	95,687	(3,757)
3,458,690	3,425,234	3,355,224	(70,010)
127,954	127,955	119,581	(8,374)
3,753,170	4,570,004	4,563,832	(6,172)
<u>32,659,525</u>	<u>32,653,015</u>	<u>30,808,632</u>	<u>(1,844,383)</u>
<u>(54,045)</u>	<u>120,972</u>	<u>2,501,467</u>	<u>2,380,495</u>
-	-	-	-
-	-	235,043	235,043
-	(175,017)	(175,017)	-
-	(175,017)	60,026	235,043
(54,045)	(54,045)	2,561,493	2,615,538
54,045	54,045	(2,605,403)	(2,659,448)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,910)</u>	<u>\$ (43,910)</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2011

(With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
REAL PROPERTY TAXES	\$ 24,464,538	\$ 24,464,538	\$ 24,464,538	\$ -	\$ 23,675,620
NON-PROPERTY TAXES					
Non-property tax distribution from County	3,125,000	3,125,000	3,573,764	448,764	3,181,525
Franchise fees	456,500	456,500	546,845	90,345	498,064
DEPARTMENTAL INCOME	3,581,500	3,581,500	4,120,609	539,109	3,679,589
Clerk fees	5,000	5,000	2,378	(2,622)	2,891
Police fees	400,000	400,000	635,579	235,579	432,821
Fire inspection fees	145,000	145,000	160,730	15,730	120,417
Parking meters and permit fees	360,000	360,000	343,536	(16,464)	275,565
Parks and recreation charges	760,000	760,000	750,820	(9,180)	711,187
Recreation commissions	2,250	2,250	1,684	(566)	2,813
Zoning fees	6,000	6,000	7,175	1,175	9,610
Community services	800	800	1,293	493	1,234
Planning Board fees	25,000	25,000	19,390	(5,610)	45,055
Planning Board parking fees	-	-	42,300	42,300	-
Senior lunch program fees	11,000	17,000	16,113	(887)	11,796
USE OF MONEY AND PROPERTY	1,715,050	1,721,050	1,980,998	259,948	1,613,389
Earnings on investments	50,000	50,000	32,482	(17,518)	64,303
Rentals of real property	66,000	66,000	81,986	15,986	67,880
	116,000	116,000	114,468	(1,532)	132,183

LICENSES AND PERMITS

Street opening permits	60,000	60,000	59,170	(830)	72,663
Building permits	1,600,000	1,600,000	1,716,444	116,444	1,743,329
Wetlands permits	-	-	25,007	25,007	300
Bingo licenses	300	300	80	(220)	463
Dog license fund apportionment	3,500	3,500	5,050	1,550	3,516
Other licenses and permits	8,000	8,000	44,102	36,102	17,734
	<u>1,671,800</u>	<u>1,671,800</u>	<u>1,849,853</u>	<u>178,053</u>	<u>1,838,005</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,275,311</u>	<u>225,311</u>	<u>983,692</u>
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SALE OF PROPERTY AND
COMPENSATION FOR LOSS

Insurance recoveries	-	12,045	12,042	(3)	5,424
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STATE AID

Per capita	115,000	115,000	113,852	(1,148)	116,175
Mortgage tax	500,000	500,000	554,841	54,841	542,088
Youth programs	-	-	14,136	14,136	-
Archive grant	-	-	-	-	22,764
Bus shelters	18,000	18,000	35,589	17,589	31,520
Disaster assistance	-	-	-	-	9,786
Other	-	-	-	-	10,000
	<u>633,000</u>	<u>633,000</u>	<u>718,418</u>	<u>85,418</u>	<u>732,333</u>

FEDERAL AID

COPS grant	-	-	-	-	5,828
Emergency management agency	-	-	-	-	58,839

	-	-	-	-	64,667
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TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
MISCELLANEOUS					
Refunds of prior year's expenditures	\$ 130,000	\$ 130,000	\$ 203,134	\$ 73,134	\$ 148,183
Gifts and donations	-	13,661	13,661	-	29,445
Medicare Part D reimbursement	230,000	230,000	177,140	(52,860)	267,787
Unclassified	32,708	32,708	49,325	16,617	139,782
	<u>392,708</u>	<u>406,369</u>	<u>443,260</u>	<u>36,891</u>	<u>585,197</u>
TOTAL REVENUES	<u>33,624,596</u>	<u>33,656,302</u>	<u>34,979,497</u>	<u>1,323,195</u>	<u>33,310,099</u>
OTHER FINANCING SOURCES					
New York State loans issued	700,000	700,000	-	(700,000)	-
Sale of real property	-	-	78,738	78,738	235,043
	<u>700,000</u>	<u>700,000</u>	<u>78,738</u>	<u>(621,262)</u>	<u>235,043</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 34,324,596</u>	<u>\$ 34,356,302</u>	<u>\$ 35,058,235</u>	<u>\$ 701,933</u>	<u>\$ 33,545,142</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2011

(With Comparative Actuals for 2010)

GENERAL GOVERNMENT SUPPORT	Original	Final	Actual	Variance with	2010
	Budget	Budget	Actual	Final Budget Positive (Negative)	Actual
Town Board	\$ 72,335	\$ 72,334	\$ 72,323	\$ 11	\$ 51,639
Town Justice Supervisor	559,582	607,224	604,896	2,328	516,425
Finance	290,821	290,821	289,379	1,442	291,023
Auditor	368,987	368,987	366,127	2,860	343,310
Receiver of Taxes	36,725	36,725	34,725	2,000	34,970
Purchasing	211,898	211,898	210,854	1,044	203,080
Assessor	138,925	138,925	137,345	1,580	125,050
Town Clerk	196,706	192,711	187,431	5,280	187,240
Archive Grant	214,778	192,010	189,580	2,430	210,031
Town Attorney	5,400	6,017	6,017	-	29,265
Engineer	313,115	912,019	734,367	177,652	288,048
Elections	339,718	359,718	355,441	4,277	374,424
Commissioner of Public Works	46,000	46,009	36,512	9,497	37,134
Central services	281,661	281,661	279,013	2,648	272,205
Buildings	240,906	245,906	234,199	11,707	203,210
Central garage	1,733,210	1,733,210	1,438,429	294,781	1,683,432
Central data processing	678,874	678,874	673,600	5,274	666,479
Special items:	300,686	300,426	289,333	11,093	267,179
Special services	158,888	209,799	142,627	67,172	92,944
Master plan update	37,524	18,762	-	18,762	-
Appraisals	15,000	-	-	-	-
Senior lunch program	28,000	-	-	-	19,902
Legal notices	6,000	-	-	-	532
Professional fees	275,000	-	-	-	283,772
General code	6,000	6,000	5,593	407	4,288
Children's Center	20,000	-	-	-	20,000
Youth Council	57,950	46	-	46	57,000
Council for the Arts	5,500	-	-	-	5,500
Unallocated insurance	521,209	94,697	94,697	-	377,860
Taxes and assessments on property	105,750	100,097	100,096	1	96,317
Metropolitan commuter transportation					
mobility tax	27,628	27,628	26,557	1,071	29,073
Membership dues	-	750	-	750	-
Contingent account	600,000	100,000	-	100,000	-
	7,894,776	7,233,254	6,509,141	724,113	6,771,332

PUBLIC SAFETY

Police	8,558,515	8,581,578	8,516,700	64,878	8,222,886
Employee benefits - Police	6,788,776	7,163,691	7,163,262	429	5,749,741
Youth forum	83,528	83,529	83,257	272	83,214
Traffic control	156,856	162,159	161,365	794	162,458
Fire inspection	116,509	116,509	94,555	21,954	85,863
Control of animals	45,000	45,000	41,403	3,597	40,858
Safety inspection	660,746	660,746	657,472	3,274	644,679
	<u>16,409,930</u>	<u>16,813,212</u>	<u>16,718,014</u>	<u>95,198</u>	<u>14,989,699</u>

HEALTH

Ambulance	532,800	532,800	526,761	6,039	529,693
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TRANSPORTATION

Street lighting	431,950	439,814	393,637	46,177	383,584
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ECONOMIC ASSISTANCE AND OPPORTUNITY

Community services	100,331	100,331	95,393	4,938	95,687
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CULTURE AND RECREATION

Parks, playgrounds and recreation	3,062,411	3,096,411	2,962,454	133,957	3,099,898
Celebrations	2,000	15,661	15,661	-	9,500
Historian	-	220	219	1	284
Public library	208,000	208,000	208,000	-	245,977
	<u>3,272,411</u>	<u>3,320,292</u>	<u>3,186,334</u>	<u>133,958</u>	<u>3,355,659</u>

HOME AND COMMUNITY SERVICES

Zoning	2,860	2,640	109	2,531	1,276
Planning	120,257	139,019	115,186	23,833	114,900
Council for the arts	-	82,500	82,500	-	-
ETPA administrative charge	3,100	3,100	2,950	150	2,970
	<u>126,217</u>	<u>227,259</u>	<u>200,745</u>	<u>26,514</u>	<u>119,146</u>

(Continued)

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - TOWN
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 1,339,537	\$ 1,131,575	\$ 1,131,573	\$ 2	\$ 802,983
Social security	621,632	616,428	612,806	3,622	664,751
Workers' compensation benefits	275,000	312,962	312,961	1	357,009
Disability benefits	10,856	8,856	8,599	257	8,930
Unemployment benefits	25,000	20,000	15,326	4,674	19,910
Welfare benefits	32,000	32,000	28,263	3,737	7,838
Health, dental and life insurance	3,306,288	2,951,040	2,674,666	276,374	2,702,411
	<u>5,610,313</u>	<u>5,072,861</u>	<u>4,784,194</u>	<u>288,667</u>	<u>4,563,832</u>
TOTAL EXPENDITURES	<u>34,378,728</u>	<u>33,739,823</u>	<u>32,414,219</u>	<u>1,325,604</u>	<u>30,808,632</u>
OTHER FINANCING USES					
Transfers out:					
General Fund - Village	-	670,611	670,611	-	-
Debt Service Fund	-	-	-	-	175,017
TOTAL OTHER FINANCING USES	<u>-</u>	<u>670,611</u>	<u>670,611</u>	<u>-</u>	<u>175,017</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 34,378,728</u>	<u>\$ 34,410,434</u>	<u>\$ 33,084,830</u>	<u>\$ 1,325,604</u>	<u>\$ 30,983,649</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - VILLAGE
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 7,759,537	\$ 5,196,047
Investments	24,939	24,926
Taxes Receivable, net of allowance for uncollectible taxes of \$121,740 in 2011 and \$115,319 in 2010	34,671,884	33,134,544
Receivables:		
Accounts	149,939	157,048
Due from component unit	475,000	475,000
Due from other funds	1,369,612	3,933,101
Due from other governments	10,219	1,873
	<u>2,004,770</u>	<u>4,567,022</u>
Prepaid Expenditures	58,986	156,270
Total Assets	<u>\$ 44,520,116</u>	<u>\$ 43,078,809</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 250,960	\$ 362,916
Due to other governments	10,734	13,090
Due to school district	42,582,848	41,882,378
Deferred tax revenues	1,157,320	807,349
Bond anticipation notes payable	600,000	600,000
Deferred revenues	1,145	2,245
Total Liabilities	<u>44,603,007</u>	<u>43,667,978</u>
Fund Balance (Deficit):		
Nonspendable	533,986	631,270
Restricted	6,609	3,643
Unassigned	(623,486)	(1,224,082)
Total Fund Deficit	<u>(82,891)</u>	<u>(589,169)</u>
Total Liabilities and Fund Deficit	<u>\$ 44,520,116</u>	<u>\$ 43,078,809</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - VILLAGE
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 9,180,326	\$ 9,180,326	\$ 8,827,816	\$ (352,510)
Other tax items	1,839,473	1,839,473	1,977,425	137,952
Departmental income	320,000	320,000	387,022	67,022
Use of money and property	40,000	40,000	11,435	(28,565)
Fines and forfeitures	25,000	25,000	41,800	16,800
Sale of property and compensation for loss	3,500	3,500	6,324	2,824
State aid	566,900	566,900	621,044	54,144
Miscellaneous	130,065	130,065	98,532	(31,533)
Total Revenues	12,105,264	12,105,264	11,971,398	(133,866)
Expenditures:				
Current:				
General government support	753,788	1,469,788	1,388,943	80,845
Culture and recreation	-	-	-	-
Home and community services	2,862,507	2,862,507	2,809,143	53,364
Employee benefits	2,588,156	2,606,767	2,378,875	227,892
Debt service -				
Bond anticipation notes:				
Principal	586,550	1,681,000	1,681,000	-
Interest	120,885	126,408	126,408	-
Total Expenditures	6,911,886	8,746,470	8,384,369	362,101
Excess of Revenues Over Expenditures	5,193,378	3,358,794	3,587,029	228,235
Other Financing Sources (Uses):				
Bonds issued	-	1,521,000	1,521,000	-
Transfers in	-	670,611	670,611	-
Transfers out	(5,203,372)	(5,560,399)	(5,272,362)	288,037
Total Other Financing Uses	(5,203,372)	(3,368,788)	(3,080,751)	288,037
Net Change in Fund Balance	(9,994)	(9,994)	506,278	516,272
Fund Balance (Deficit) - Beginning of Year	9,994	9,994	(589,169)	(599,163)
Fund Deficit - End of Year	\$ -	\$ -	\$ (82,891)	\$ (82,891)

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 8,768,374	\$ 8,768,374	\$ 8,853,427	\$ 85,053
1,672,000	1,672,000	1,734,088	62,088
253,000	253,000	336,057	83,057
75,000	75,000	43,892	(31,108)
50,000	50,000	25,700	(24,300)
750	750	4,637	3,887
691,900	691,900	609,642	(82,258)
130,065	136,995	181,835	44,840
<u>11,641,089</u>	<u>11,648,019</u>	<u>11,789,278</u>	<u>141,259</u>
834,181	1,266,334	1,129,251	137,083
-	7,500	7,500	-
2,925,299	2,925,299	2,735,772	189,527
2,609,460	2,174,914	2,057,378	117,536
152,000	152,000	152,000	-
94,204	98,204	104,179	(5,975)
<u>6,615,144</u>	<u>6,624,251</u>	<u>6,186,080</u>	<u>438,171</u>
<u>5,025,945</u>	<u>5,023,768</u>	<u>5,603,198</u>	<u>579,430</u>
-	-	-	-
-	-	-	-
<u>(5,039,814)</u>	<u>(5,037,637)</u>	<u>(5,037,637)</u>	<u>-</u>
<u>(5,039,814)</u>	<u>(5,037,637)</u>	<u>(5,037,637)</u>	<u>-</u>
(13,869)	(13,869)	565,561	579,430
<u>13,869</u>	<u>13,869</u>	<u>(1,154,730)</u>	<u>(1,168,599)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (589,169)</u>	<u>\$ (589,169)</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - VILLAGE
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
REAL PROPERTY TAXES	\$ 9,180,326	\$ 9,180,326	\$ 8,827,816	\$ (352,510)	\$ 8,853,427
OTHER TAX ITEMS					
Payments in lieu of taxes	654,473	654,473	658,036	3,563	495,519
Interest and penalties on real property taxes	450,000	450,000	579,480	129,480	504,425
Utilities gross receipts taxes	735,000	735,000	739,909	4,909	734,144
	1,839,473	1,839,473	1,977,425	137,952	1,734,088
DEPARTMENTAL INCOME					
Public works fees	65,000	65,000	115,976	50,976	78,656
Commercial garbage fees	247,000	247,000	259,750	12,750	247,250
Composting fees	8,000	8,000	11,296	3,296	10,151
	320,000	320,000	387,022	67,022	336,057
USE OF MONEY AND PROPERTY					
Earnings on investments	40,000	40,000	11,435	(28,565)	43,892
FINES AND FORFEITURES					
Fines and forfeited bail	25,000	25,000	41,800	16,800	25,700
SALE OF PROPERTY AND COMPENSATION FOR LOSS					
Sale of recycled materials	3,500	3,500	6,324	2,824	4,637

STATE AID

Per capita	66,900	66,900	66,203	(697)	67,554
Mortgage tax	500,000	500,000	554,841	54,841	542,088
	<u>566,900</u>	<u>566,900</u>	<u>621,044</u>	<u>54,144</u>	<u>609,642</u>

MISCELLANEOUS

Refunds of prior year's expenditures	125,000	125,000	87,856	(37,144)	169,998
Miscellaneous	5,065	5,065	10,676	5,611	11,837
	<u>130,065</u>	<u>130,065</u>	<u>98,532</u>	<u>(31,533)</u>	<u>181,835</u>

TOTAL REVENUES

	<u>12,105,264</u>	<u>12,105,264</u>	<u>11,971,398</u>	<u>(133,866)</u>	<u>11,789,278</u>
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OTHER FINANCING SOURCES

Bonds issued	-	1,521,000	1,521,000	-	-
Transfers in - Town General Fund	-	670,611	670,611	-	-
	<u>-</u>	<u>2,191,611</u>	<u>2,191,611</u>	<u>-</u>	<u>-</u>

TOTAL OTHER FINANCING SOURCES

	<u>-</u>	<u>2,191,611</u>	<u>2,191,611</u>	<u>-</u>	<u>-</u>
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TOTAL REVENUES AND
OTHER FINANCING SOURCES

	<u>\$ 12,105,264</u>	<u>\$ 14,296,875</u>	<u>\$ 14,163,009</u>	<u>\$ (133,866)</u>	<u>\$ 11,789,278</u>
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TOWN/VILLAGE OF HARRISON, NEW YORK

GENERAL FUND - VILLAGE
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Actuals for 2010)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2010 Actual
GENERAL GOVERNMENT SUPPORT					
Auditor	\$ 19,775	\$ 19,775	\$ 19,775	\$ -	\$ 18,830
Law	137,914	137,914	125,305	12,609	136,598
Special items:					
Special services	1,500	2,310	2,310	-	3,000
Stormwater management plan	24,983	9,764	1,950	7,814	1,800
Bond and note issuance costs	3,000	6,494	6,493	1	3,016
Unallocated insurance	56,337	56,337	46,947	9,390	76,288
Taxes and assessments on property	102,000	99,633	98,925	708	95,176
Judgments and claims	350,000	1,079,282	1,079,281	1	786,722
Metropolitan commuter transportation mobility tax	8,279	8,279	7,957	322	7,821
Contingency	50,000	50,000	-	50,000	-
	<u>753,788</u>	<u>1,469,788</u>	<u>1,388,943</u>	<u>80,845</u>	<u>1,129,251</u>
CULTURE AND RECREATION					
Celebrations	-	-	-	-	7,500
HOME AND COMMUNITY SERVICES					
Refuse and garbage collection	2,862,507	2,862,507	2,809,143	53,364	2,735,772
EMPLOYEE BENEFITS					
State retirement	417,942	417,942	354,543	63,399	285,338
Social security	186,280	186,280	179,517	6,763	181,800
Workers' compensation benefits	600,000	522,000	383,718	138,282	336,552
Disability benefits	4,168	4,168	3,020	1,148	3,020
Unemployment benefits	54,682	24,682	15,833	8,849	47,467
Welfare benefits	31,000	31,000	29,450	1,550	7,600
Health, dental and life insurance	1,294,084	1,420,695	1,412,794	7,901	1,195,601
	<u>2,588,156</u>	<u>2,606,767</u>	<u>2,378,875</u>	<u>227,892</u>	<u>2,057,378</u>

DEBT SERVICE

Bond anticipation notes:

Principal	1,681,000	1,681,000	-	152,000
Interest	126,408	126,408	-	104,179
	<u>1,807,408</u>	<u>1,807,408</u>	<u>-</u>	<u>256,179</u>
TOTAL EXPENDITURES	6,911,886	8,384,369	362,101	6,186,080

OTHER FINANCING USES

Transfers out:

Debt Service Fund	5,126,849	4,838,812	288,037	4,721,137
Capital Projects Fund	7,000	433,550	-	316,500
	<u>5,203,372</u>	<u>5,272,362</u>	<u>288,037</u>	<u>5,037,637</u>

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND OTHER FINANCING USES

	\$ 12,115,258	\$ 14,306,869	\$ 650,138	\$ 11,223,717
	<u><u>12,115,258</u></u>	<u><u>14,306,869</u></u>	<u><u>650,138</u></u>	<u><u>11,223,717</u></u>

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TOWN/VILLAGE OF HARRISON, NEW YORK

DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 881,380	\$ 1,117,294
Accounts Receivable	<u>76,680</u>	<u>76,857</u>
Total Assets	<u>\$ 958,060</u>	<u>\$ 1,194,151</u>
<u>FUND BALANCE</u>		
Fund Balance:		
Restricted	\$ 647,161	\$ 879,756
Assigned	<u>310,899</u>	<u>314,395</u>
Total Fund Balance	<u>\$ 958,060</u>	<u>\$ 1,194,151</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

DEBT SERVICE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ -	\$ -	\$ 18,504	\$ 18,504
Miscellaneous	-	-	166,323	166,323
Total Revenues	-	-	184,827	184,827
Expenditures -				
Debt service:				
Refunding bond issuance costs	-	97,607	97,607	-
Advance refunding escrow	-	-	-	-
	-	97,607	97,607	-
Principal:				
Bonds	4,617,632	4,632,632	4,632,632	-
State loans	-	-	-	-
	4,617,632	4,632,632	4,632,632	-
Interest:				
Bonds	1,987,461	1,952,343	1,781,618	170,725
State loans	-	-	-	-
	1,987,461	1,952,343	1,781,618	170,725
Total Expenditures	6,605,093	6,682,582	6,511,857	170,725
Deficiency of Revenues Over Expenditures	(6,605,093)	(6,682,582)	(6,327,030)	355,552
Other Financing Sources:				
Refunding bonds issued	-	10,280,000	10,280,000	-
Issuance premium	-	455,718	455,718	-
Payment to refunded bond escrow agent	-	(10,638,111)	(10,638,111)	-
Transfers in	6,290,698	6,270,580	5,993,332	(277,248)
Total Other Financing Sources	6,290,698	6,368,187	6,090,939	(277,248)
Net Change in Fund Balance	(314,395)	(314,395)	(236,091)	78,304
Fund Balance - Beginning of Year	314,395	314,395	1,194,151	879,756
Fund Balance - End of Year	\$ -	\$ -	\$ 958,060	\$ 958,060

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 67,530	\$ 67,530
-	-	172,626	172,626
-	-	240,156	240,156
-	-	-	-
-	304,868	304,868	-
-	304,868	304,868	-
4,506,320	4,506,320	4,461,320	45,000
-	131,203	131,203	-
4,506,320	4,637,523	4,592,523	45,000
2,188,978	2,188,978	2,177,593	11,385
-	45,637	45,637	-
2,188,978	2,234,615	2,223,230	11,385
6,695,298	7,177,006	7,120,621	56,385
(6,695,298)	(7,177,006)	(6,880,465)	296,541
-	235,132	235,132	-
-	-	-	-
-	(235,132)	(235,132)	-
6,219,660	6,701,368	6,654,429	(46,939)
6,219,660	6,701,368	6,654,429	(46,939)
(475,638)	(475,638)	(226,036)	249,602
475,638	475,638	1,420,187	944,549
\$ -	\$ -	\$ 1,194,151	\$ 1,194,151

TOWN/VILLAGE OF HARRISON, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 8,192,596	\$ 5,046,663
State and Federal aid Receivable	524,904	391,991
Prepaid Expenditures	-	2,788
Total Assets	<u>\$ 8,717,500</u>	<u>\$ 5,441,442</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 192,916	\$ 39,916
Retainages payable	97,761	128,276
Deferred revenues	102,754	102,754
Bond anticipation notes payable	9,707,520	14,666,040
Total Liabilities	<u>10,100,951</u>	<u>14,936,986</u>
Fund Balance (Deficit):		
Nonspendable	-	2,788
Unassigned	(1,383,451)	(9,498,332)
Total Fund Deficit	<u>(1,383,451)</u>	<u>(9,495,544)</u>
Total Liabilities and Fund Deficit	<u>\$ 8,717,500</u>	<u>\$ 5,441,442</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
State aid	\$ 284,768	\$ 134,554
Federal aid	553,063	1,198
Miscellaneous	125,050	10,045
Total Revenues	962,881	145,797
Expenditures -		
Capital outlay	3,115,635	1,537,654
Deficiency of Revenues Over Expenditures	(2,152,754)	(1,391,857)
Other Financing Sources (Uses):		
Bonds issued	9,175,070	-
Transfers in	1,111,741	632,500
Transfers out	(21,964)	(304,868)
Total Other Financing Sources	10,264,847	327,632
Net Change in Fund Balance	8,112,093	(1,064,225)
Fund Deficit - Beginning of Year	(9,495,544)	(8,431,319)
Fund Deficit - End of Year	\$ (1,383,451)	\$ (9,495,544)

TOWN/VILLAGE OF HARRISON, NEW YORK

SPECIAL DISTRICTS FUND
 COMBINING BALANCE SHEET - SUB FUNDS
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Water District No. 2	Sewer Districts	
		No. 1	Maintenance
<u>ASSETS</u>			
Cash - Demand deposits	\$ -	\$ 9,001	\$ 170,224
Receivables:			
Accounts	2,005,289	-	-
State and Federal aid	-	-	-
	<u>2,005,289</u>	<u>-</u>	<u>-</u>
Prepaid Expenditures	-	-	36,736
Total Assets	<u>\$ 2,005,289</u>	<u>\$ 9,001</u>	<u>\$ 206,960</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>			
Liabilities:			
Accounts payable	\$ 200	\$ -	\$ 7,918
Due to other funds	1,369,195	-	-
Deferred revenues	1,002,644	-	-
Total Liabilities	<u>2,372,039</u>	<u>-</u>	<u>7,918</u>
Fund Balances (Deficits):			
Nonspendable	-	-	36,736
Assigned	(366,750)	9,001	162,306
Total Fund Balances (Deficits)	<u>(366,750)</u>	<u>9,001</u>	<u>199,042</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,005,289</u>	<u>\$ 9,001</u>	<u>\$ 206,960</u>

Fire Protection Districts				Totals	
No. 1	No. 2	No. 3	No. 5	2011	2010
\$ 590,604	\$ 970,288	\$ 328	\$ -	\$ 1,740,445	\$ 1,783,958
-	1,203	-	-	2,006,492	1,790,827
-	-	-	-	-	51,821
-	1,203	-	-	2,006,492	1,842,648
99,116	99,404	-	-	235,256	123,254
<u>\$ 689,720</u>	<u>\$ 1,070,895</u>	<u>\$ 328</u>	<u>\$ -</u>	<u>\$ 3,982,193</u>	<u>\$ 3,749,860</u>
\$ 313,143	\$ 58,340	\$ -	\$ -	\$ 379,601	\$ 436,900
-	-	-	417	1,369,612	1,990,646
-	-	-	-	1,002,644	895,413
313,143	58,340	-	417	2,751,857	3,322,959
99,116	99,404	-	-	235,256	123,254
277,461	913,151	328	(417)	995,080	303,647
376,577	1,012,555	328	(417)	1,230,336	426,901
<u>\$ 689,720</u>	<u>\$ 1,070,895</u>	<u>\$ 328</u>	<u>\$ -</u>	<u>\$ 3,982,193</u>	<u>\$ 3,749,860</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

SPECIAL DISTRICTS FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - SUB FUNDS
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Water District No. 2	Sewer Districts	
		No. 1	Maintenance
Revenues:			
Real property taxes	\$ 57,137	\$ 2,797	\$ 594,092
Departmental income	1,898,058	-	-
Use of money and property	-	-	1,309
State aid	-	-	-
Federal aid	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>1,955,195</u>	<u>2,797</u>	<u>595,401</u>
Expenditures:			
Current:			
General government support	-	-	-
Public safety	-	-	-
Home and community services	161,597	-	464,088
Employee benefits	1,859	-	139,105
Debt service - Interest - Bond anticipation notes	29,653	-	9,510
Total Expenditures	<u>193,109</u>	<u>-</u>	<u>612,703</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,762,086</u>	<u>2,797</u>	<u>(17,302)</u>
Other Financing Sources (Uses):			
Insurance recoveries	-	-	-
Transfers out	(1,027,449)	(2,797)	(13,291)
Total Other Financing Uses	<u>(1,027,449)</u>	<u>(2,797)</u>	<u>(13,291)</u>
Net Change in Fund Balances	734,637	-	(30,593)
Fund Balances (Deficits) - Beginning of Year	<u>(1,101,387)</u>	<u>9,001</u>	<u>229,635</u>
Fund Balances (Deficits) - End of Year	<u>\$ (366,750)</u>	<u>\$ 9,001</u>	<u>\$ 199,042</u>

Fire Protection Districts				Totals	
No. 1	No. 2	No. 3	No. 5	2011	2010
\$ 822,051	\$ 3,764,149	\$ 32,273	\$ 32,850	\$ 5,305,349	\$ 5,322,129
32,850	1,936	-	-	1,932,844	1,732,640
2,256	7,573	26	-	11,164	19,137
-	-	-	-	-	7,256
-	-	-	-	-	44,567
-	99,490	-	-	99,490	15,652
<u>857,157</u>	<u>3,873,148</u>	<u>32,299</u>	<u>32,850</u>	<u>7,348,847</u>	<u>7,141,381</u>
10,664	111,976	517	-	123,157	72,280
567,697	2,241,864	31,625	33,368	2,874,554	2,824,829
-	-	-	-	625,685	435,270
8,878	1,305,805	-	-	1,455,647	1,282,881
-	-	-	-	39,163	47,235
<u>587,239</u>	<u>3,659,645</u>	<u>32,142</u>	<u>33,368</u>	<u>5,118,206</u>	<u>4,662,495</u>
<u>269,918</u>	<u>213,503</u>	<u>157</u>	<u>(518)</u>	<u>2,230,641</u>	<u>2,478,886</u>
389,191	-	-	-	389,191	-
(575,737)	(197,123)	-	-	(1,816,397)	(1,439,407)
<u>(186,546)</u>	<u>(197,123)</u>	<u>-</u>	<u>-</u>	<u>(1,427,206)</u>	<u>(1,439,407)</u>
83,372	16,380	157	(518)	803,435	1,039,479
293,205	996,175	171	101	426,901	(612,578)
<u>\$ 376,577</u>	<u>\$ 1,012,555</u>	<u>\$ 328</u>	<u>\$ (417)</u>	<u>\$ 1,230,336</u>	<u>\$ 426,901</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011
 (With Comparative Totals for 2010)

<u>ASSETS</u>	<u>Highway</u>	<u>Public Library</u>	<u>Special Purpose</u>
Cash:			
Demand deposits	\$ 402,022	\$ 226,266	\$ 1,016,560
Petty cash	-	125	-
	<u>402,022</u>	<u>226,391</u>	<u>1,016,560</u>
Investments	-	-	-
Receivables:			
Accounts	-	619	4,755
State and Federal aid	24,308	-	-
	<u>24,308</u>	<u>619</u>	<u>4,755</u>
Prepaid Expenditures	141,836	38,622	-
Total Assets	<u>\$ 568,166</u>	<u>\$ 265,632</u>	<u>\$ 1,021,315</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 153,768	\$ 52,543	\$ 1,850
Fund Balances:			
Nonspendable	141,836	38,622	-
Restricted	-	-	1,019,465
Assigned	272,562	174,467	-
Total Fund Balances	<u>414,398</u>	<u>213,089</u>	<u>1,019,465</u>
Total Liabilities and Fund Balances	<u>\$ 568,166</u>	<u>\$ 265,632</u>	<u>\$ 1,021,315</u>

Total Non-Major
Governmental Funds

2011	2010
\$ 1,644,848	\$ 1,585,493
125	125
<u>1,644,973</u>	<u>1,585,618</u>
-	95,000
5,374	14,337
<u>24,308</u>	<u>71,021</u>
<u>29,682</u>	<u>85,358</u>
<u>180,458</u>	<u>156,617</u>
<u>\$ 1,855,113</u>	<u>\$ 1,922,593</u>
<u>\$ 208,161</u>	<u>\$ 235,096</u>
180,458	156,617
1,019,465	930,548
<u>447,029</u>	<u>600,332</u>
<u>1,646,952</u>	<u>1,687,497</u>
<u>\$ 1,855,113</u>	<u>\$ 1,922,593</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

	Highway	Public Library	Special Purpose
Revenues:			
Real property taxes	\$ 4,916,283	\$ 2,203,707	\$ -
Departmental income	-	32,474	-
Use of money and property	7,522	3,371	5,478
State aid	114,223	13,513	-
Federal aid	-	-	-
Miscellaneous	33,277	1,115	457,244
Total Revenues	<u>5,071,305</u>	<u>2,254,180</u>	<u>462,722</u>
Expenditures -			
Current:			
Transportation	3,694,688	-	-
Culture and recreation	-	1,344,845	-
Home and community services	-	-	379,455
Employee benefits	1,557,859	857,555	-
Total Expenditures	<u>5,252,547</u>	<u>2,202,400</u>	<u>379,455</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(181,242)</u>	<u>51,780</u>	<u>83,267</u>
Other Financing Sources (Uses):			
Transfers in	-	-	5,650
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,650</u>
Net Change in Fund Balances	(181,242)	51,780	88,917
Fund Balances - Beginning of Year	<u>595,640</u>	<u>161,309</u>	<u>930,548</u>
Fund Balances - End of Year	<u>\$ 414,398</u>	<u>\$ 213,089</u>	<u>\$ 1,019,465</u>

Total Non-Major
Governmental Funds

2011	2010
\$ 7,119,990	\$ 7,056,580
32,474	30,103
16,371	25,179
127,736	136,913
-	175,507
491,636	377,142
<u>7,788,207</u>	<u>7,801,424</u>
3,694,688	3,393,322
1,344,845	1,331,042
379,455	183,901
2,415,414	1,996,422
<u>7,834,402</u>	<u>6,904,687</u>
<u>(46,195)</u>	<u>896,737</u>
5,650	-
-	(330,000)
<u>5,650</u>	<u>(330,000)</u>
(40,545)	566,737
<u>1,687,497</u>	<u>1,120,760</u>
<u>\$ 1,646,952</u>	<u>\$ 1,687,497</u>

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TOWN/VILLAGE OF HARRISON, NEW YORK

HIGHWAY FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 402,022	\$ 608,940
Receivables:		
Accounts	-	14,337
State and Federal aid	24,308	71,021
	<u>24,308</u>	<u>85,358</u>
Prepaid Expenditures	<u>141,836</u>	<u>103,012</u>
Total Assets	<u>\$ 568,166</u>	<u>\$ 797,310</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Accounts payable	\$ 153,768	\$ 201,670
Fund Balance:		
Nonspendable	141,836	103,012
Assigned	272,562	492,628
Total Fund Balance	<u>414,398</u>	<u>595,640</u>
Total Liabilities and Fund Balance	<u>\$ 568,166</u>	<u>\$ 797,310</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

HIGHWAY FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 4,916,283	\$ 4,916,283	\$ 4,916,283	\$ -
Use of money and property	12,000	12,000	7,522	(4,478)
State aid	106,916	106,916	114,223	7,307
Federal aid	-	-	-	-
Miscellaneous	14,530	14,530	33,277	18,747
Total Revenues	<u>5,049,729</u>	<u>5,049,729</u>	<u>5,071,305</u>	<u>21,576</u>
Expenditures -				
Current:				
Transportation	3,507,203	3,681,855	3,694,688	(12,833)
Employee benefits	<u>1,543,426</u>	<u>1,559,967</u>	<u>1,557,859</u>	<u>2,108</u>
Total Expenditures	<u>5,050,629</u>	<u>5,241,822</u>	<u>5,252,547</u>	<u>(10,725)</u>
Excess (Deficiency) of Revenues Over Expenditures	(900)	(192,093)	(181,242)	10,851
Fund Balance -				
Beginning of Year	<u>900</u>	<u>192,093</u>	<u>595,640</u>	<u>403,547</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,398</u>	<u>\$ 414,398</u>

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,882,804	\$ 4,882,804	\$ 4,882,804	\$ -
15,000	15,000	11,851	(3,149)
106,916	136,008	134,942	(1,066)
-	175,507	175,507	-
24,060	36,277	44,968	8,691
<u>5,028,780</u>	<u>5,245,596</u>	<u>5,250,072</u>	<u>4,476</u>
3,585,308	3,802,124	3,393,322	408,802
1,443,472	1,443,472	1,273,621	169,851
<u>5,028,780</u>	<u>5,245,596</u>	<u>4,666,943</u>	<u>578,653</u>
-	-	583,129	583,129
-	-	12,511	12,511
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,640</u>	<u>\$ 595,640</u>

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TOWN/VILLAGE OF HARRISON, NEW YORK

PUBLIC LIBRARY FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 226,266	\$ 141,005
Petty cash	<u>125</u>	<u>125</u>
	226,391	141,130
Accounts Receivable	619	-
Prepaid Expenditures	<u>38,622</u>	<u>53,605</u>
Total Assets	<u>\$ 265,632</u>	<u>\$ 194,735</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities -		
Accounts payable	<u>\$ 52,543</u>	<u>\$ 33,426</u>
Fund Balance:		
Nonspendable	38,622	53,605
Assigned	<u>174,467</u>	<u>107,704</u>
Total Fund Balance	<u>213,089</u>	<u>161,309</u>
Total Liabilities and Fund Balance	<u>\$ 265,632</u>	<u>\$ 194,735</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

PUBLIC LIBRARY FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 2,203,707	\$ 2,203,707	\$ 2,203,707	\$ -
Departmental income	45,000	45,000	32,474	(12,526)
Use of money and property	5,000	5,000	3,371	(1,629)
State aid	8,000	8,000	13,513	5,513
Miscellaneous	-	-	1,115	1,115
Total Revenues	<u>2,261,707</u>	<u>2,261,707</u>	<u>2,254,180</u>	<u>(7,527)</u>
Expenditures -				
Current:				
Culture and recreation	1,408,733	1,388,446	1,344,845	43,601
Employee benefits	852,974	873,261	857,555	15,706
Total Expenditures	<u>2,261,707</u>	<u>2,261,707</u>	<u>2,202,400</u>	<u>59,307</u>
Excess of Revenues Over Expenditures	-	-	51,780	51,780
Fund Balance -				
Beginning of Year	-	-	161,309	161,309
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,089</u>	<u>\$ 213,089</u>

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,173,776	\$ 2,173,776	\$ 2,173,776	\$ -
30,000	30,000	30,103	103
10,000	10,000	5,272	(4,728)
8,000	8,000	1,971	(6,029)
-	-	15	15
<u>2,221,776</u>	<u>2,221,776</u>	<u>2,211,137</u>	<u>(10,639)</u>
1,396,892	1,396,892	1,331,042	65,850
824,884	824,884	722,801	102,083
<u>2,221,776</u>	<u>2,221,776</u>	<u>2,053,843</u>	<u>167,933</u>
-	-	157,294	157,294
-	-	4,015	4,015
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,309</u>	<u>\$ 161,309</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

SPECIAL PURPOSE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 1,016,560	\$ 835,548
Investments	-	95,000
Accounts Receivable	<u>4,755</u>	<u>-</u>
Total Assets	<u>\$ 1,021,315</u>	<u>\$ 930,548</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities -		
Accounts payable	\$ 1,850	\$ -
Fund Balance - Restricted	<u>1,019,465</u>	<u>930,548</u>
Total Liabilities and Fund Balance	<u>\$ 1,021,315</u>	<u>\$ 930,548</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

SPECIAL PURPOSE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Use of money and property	\$ 5,478	\$ 8,056
Miscellaneous	457,244	332,159
	<u>462,722</u>	<u>340,215</u>
Expenditures - Current -		
Home and community services	379,455	183,901
	<u>83,267</u>	<u>156,314</u>
Excess of Revenues Over Expenditures		
	<u>5,650</u>	<u>-</u>
Other Financing Sources (Uses):		
Transfers in	5,650	-
Transfers out	-	(330,000)
	<u>5,650</u>	<u>(330,000)</u>
Total Other Financing Sources (Uses)		
	<u>88,917</u>	<u>(173,686)</u>
Net Change in Fund Balance		
	<u>930,548</u>	<u>1,104,234</u>
Fund Balance - Beginning of Year		
	<u>\$ 1,019,465</u>	<u>\$ 930,548</u>
Fund Balance - End of Year		

TOWN/VILLAGE OF HARRISON, NEW YORK

INTERNAL SERVICE FUND - HEALTH BENEFITS FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 895,031	\$ 852,597
Accounts Receivable	<u>201,680</u>	<u>35,023</u>
Total Assets	<u>\$ 1,096,711</u>	<u>\$ 887,620</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	118,885	108,936
Accrued liabilities	<u>814,510</u>	<u>778,684</u>
Total Liabilities	<u>933,395</u>	<u>887,620</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 163,316</u>	<u>\$ -</u>

TOWN/VILLAGE OF HARRISON, NEW YORK

INTERNAL SERVICE FUND - HEALTH BENEFITS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues - Charges for services	<u>\$ 10,811,857</u>	<u>\$ 9,052,292</u>
Operating Expenses:		
Insurance	292,503	235,975
Employee benefits	10,057,856	8,526,245
Contractual	<u>298,182</u>	<u>290,072</u>
Total Operating Expenses	<u>10,648,541</u>	<u>9,052,292</u>
Income from Operations	163,316	-
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>
Net Assets - End of Year	<u><u>\$ 163,316</u></u>	<u><u>\$ -</u></u>

TOWN/VILLAGE OF HARRISON, NEW YORK

INTERNAL SERVICE FUND - HEALTH BENEFITS FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Cash received from charges for services	\$ 10,645,200	\$ 9,031,532
Cash payments to vendors	(298,182)	(290,072)
Cash payments to insurance carriers and claimants	<u>(10,304,584)</u>	<u>(8,568,045)</u>
Net Cash Provided by Operating Activities	42,434	173,415
Cash - Beginning of Year	<u>852,597</u>	<u>679,182</u>
Cash - End of Year	<u>\$ 895,031</u>	<u>\$ 852,597</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 163,316	\$ -
Adjustments to reconcile income from operations to net cash provided by operating activities -		
Changes in assets and liabilities:		
Accounts receivable	(166,657)	(20,760)
Accounts payable	9,949	(8,712)
Accrued liabilities	<u>35,826</u>	<u>202,887</u>
Net Cash Provided by Operating Activities	<u>\$ 42,434</u>	<u>\$ 173,415</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Supervisor/Mayor and Town/Village Board
of the Town/Village of Harrison, New York:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town/Village of Harrison, New York ("Town/Village") as of and for the year ended December 31, 2011, which collectively comprise the Town/Village's basic financial statements and have issued our report thereon dated April 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town/Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town/Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town/Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town/Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town/Village's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the Mayor, Town/Village Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 16, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town/Village Board
of the Town/Village of Harrison, New York:

Compliance

We have audited the Town/Village of Harrison, New York's ("Town/Village") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town/Village's major federal programs for the year ended December 31, 2011. The Town/Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town/Village's management. Our responsibility is to express an opinion on the Town/Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town/Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town/Village's compliance with those requirements.

In our opinion, the Town/Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Town/Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town/Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town/Village's internal control over compliance.

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

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

This report is intended solely for the information of the Mayor, Town/Village Board, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 16, 2012

TOWN/VILLAGE OF HARRISON, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Homeland Security</u>		
Direct Program -		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 462,859
Indirect Program - Passed through New York State Office of Emergency Management:		
Hazard Mitigation Grant	97.039	<u>77,075</u>
Total U.S. Department of Homeland Security		539,934
<u>U.S Department of Justice</u>		
Indirect Program - Passed through Westchester County		
Public Safety Partnership and Community Policing Grants	16.710	<u>13,129</u>
Total		<u>\$ 553,063</u>

(1) Catalog of Federal Domestic Assistance number.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal awards programs for the year ended December 31, 2011. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Summary of Significant Accounting Policies*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The Town/Village's fund financial statements are presented using the modified accrual basis of accounting.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011

NONE

TOWN/VILLAGE OF HARRISON, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
Auditee qualified as low-risk auditee? Yes No

TOWN/VILLAGE OF HARRISON, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

