

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
MAY 31, 2012**

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MAY 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members
of the Village Board
Village of Hastings-on-Hudson
Hastings-on-Hudson, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
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Jennifer L. Capicchioni, CPA
Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Brent T. Napoleon, CPA
Justin B. Wood, CPA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Village of Hastings-on-Hudson, as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village of Hastings-on-Hudson's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the fiduciary funds of the Village of Hastings-on-Hudson, as of May 31, 2012, and the respective changes in financial position thereof 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 August 6, 2012 on our consideration of the Village of Hastings-on-Hudson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

The management's discussion and analysis and the required supplementary information on pages 3 through 16 and 55 through 59 respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Hastings-on-Hudson's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in cursive script that reads "Nugent & Haeussler, P.C.".

August 6, 2012

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2012**

The following is a discussion and analysis of the Village of Hastings-on-Hudson's financial performance for the year ended May 31, 2012. The Village of Hastings-on-Hudson discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Hastings-on-Hudson exceeded its liabilities at the close of the fiscal years 2012 and 2011 by \$8,385,855 and \$9,019,392 (net assets) respectively.
- Revenue, as reflected in the governmental funds statement, decreased by \$135,497. This decrease is primarily attributable to miscellaneous funds received in the Capital Fund last year that was not received in the current year.
- The General Fund ended the year with actual revenues exceeding the budget by \$146,919.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$748,240 at 5.9% of the total general fund expenditures.
- During the year the fund balance of the General Fund increased by \$470,525.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
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OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Village's most significant funds.
- The *government fund statements* tell how basic services were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the Village acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village's budget for the year.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2012**

Figure A-1

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as general support, police protection, building code enforcement, planning and zoning, and various other services	Instances in which the Village administrators resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All asset and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital asset or long-term liabilities are included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**VILLAGE OF HASTINGS-ON-HUDSON
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Village's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net assets and how they have changed. Net assets, the difference between the Village's assets and liabilities, are one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Village's overall health, you need to consider additional non-financial factors such as changes in the Village's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Village's activities are shown as governmental activities. Most of the Village's basic services are included here, such as home and community services, road maintenance, and administration costs. Property taxes and charges for services finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on its most significant or "major" funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Village establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

**VILLAGE OF HASTINGS-ON-HUDSON
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The Village has two kinds of funds:

- **Governmental Funds:** Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciling statements (Statement 4 and Statement 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Agency Funds:** The Village acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Village excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net assets at the fiscal year end are \$8,385,855. This is a \$633,537 decrease over last year's net assets of \$9,019,392. The following table provides a summary of the Village's net assets:

Figure A-2

Condensed Statement of Net Assets	2012	2011	Total Dollar Change
Current Assets	\$ 2,887,708	\$ 2,829,674	\$ 58,034
Non-Current Assets	22,128,747	22,844,255	(715,508)
Total Assets	25,016,455	25,673,929	(657,474)
Current Liabilities	4,028,233	4,389,383	(361,150)
Non-Current Liabilities	12,602,367	12,265,154	337,213
Total Liabilities	16,630,600	16,654,537	(23,937)
Investment in Capital Assets, Net of Debt	9,770,682	9,453,190	317,492
Restricted	1,000,590	1,035,732	(35,142)
Unrestricted Net Assets	(2,385,417)	(1,469,530)	(915,887)
Total Net Assets	\$ 8,385,855	\$ 9,019,392	\$ (633,537)

**VILLAGE OF HASTINGS-ON-HUDSON
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The schedule on the following page and supporting graphs provides a summary of revenues, expenses and changes in net assets for the fiscal years ended May 31, 2012 and 2011:

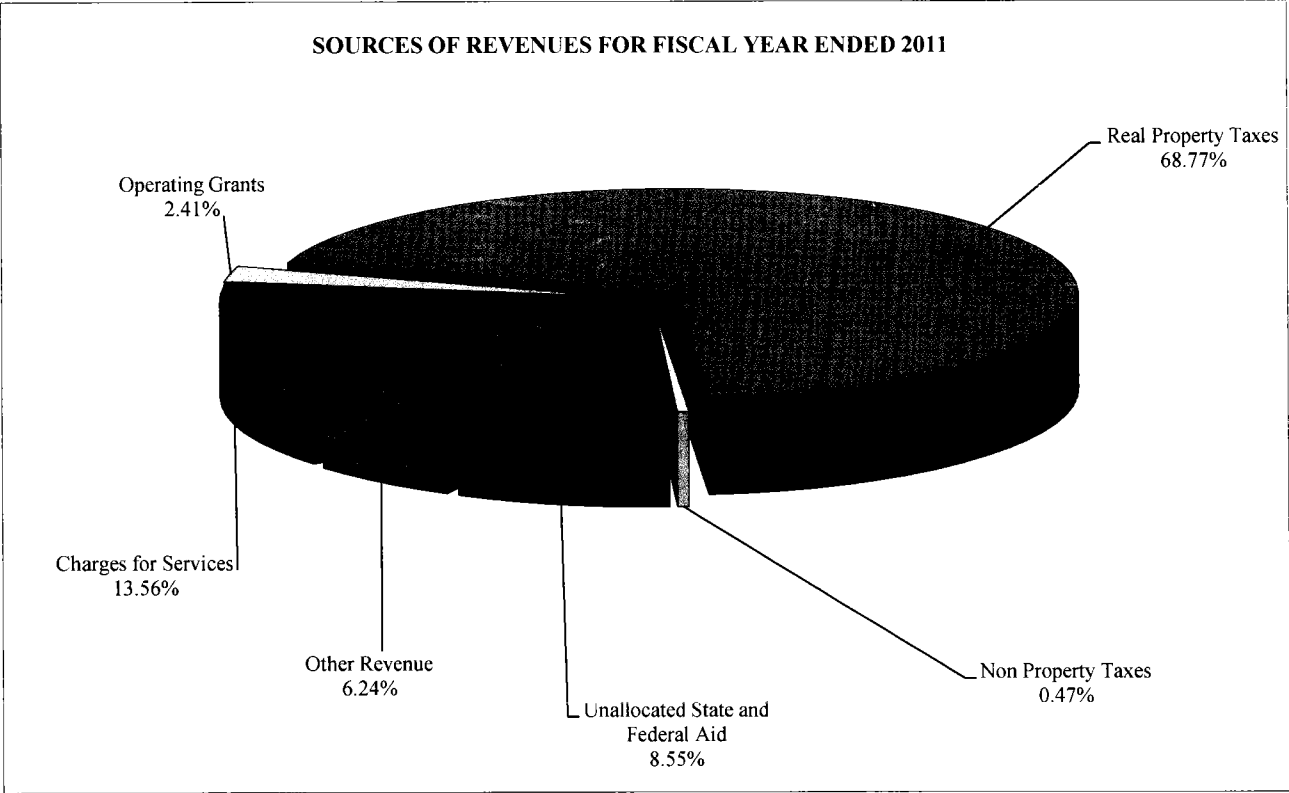
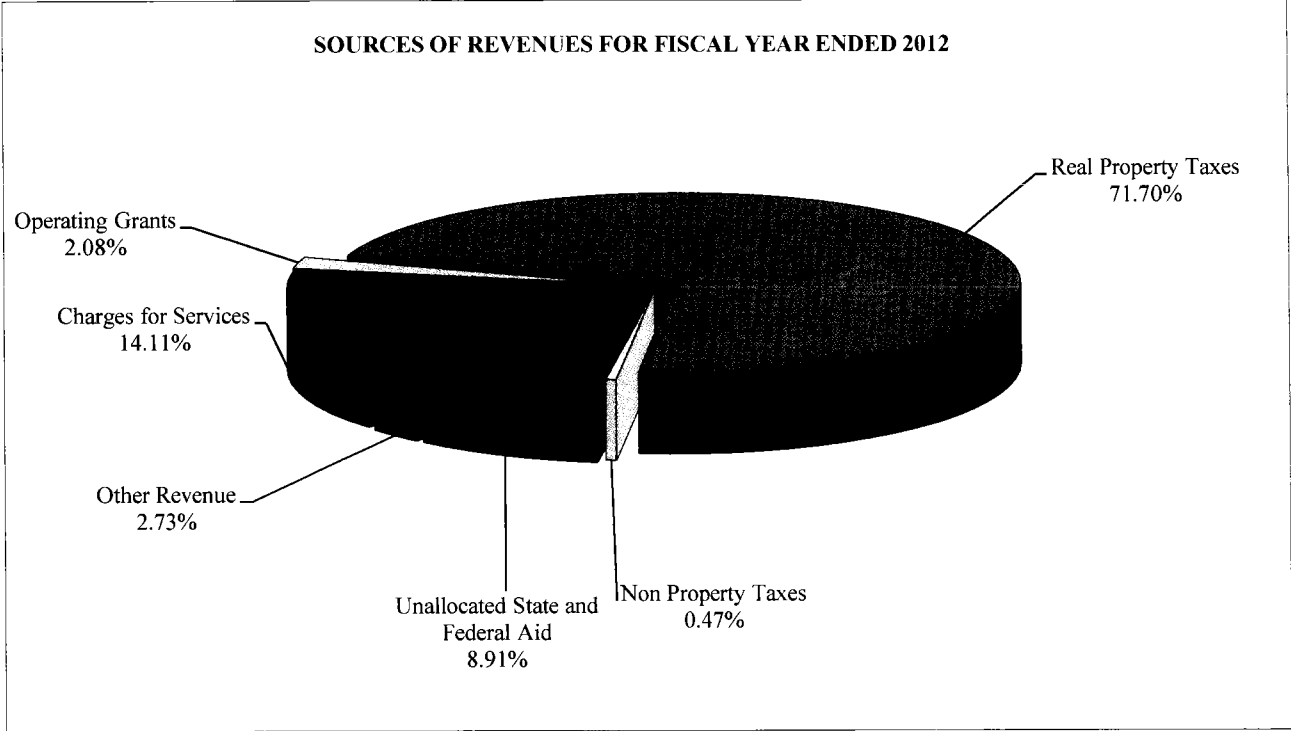
**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-3

		2012		2011	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
REVENUES	(Chart Figure A-4)				
PROGRAM REVENUES					
Charges for Services		\$ 1,933,918	14.11%	\$ 1,872,705	13.56%
Operating Grants		285,113	2.08%	333,270	2.41%
GENERAL REVENUES					
Real Property Taxes		9,824,993	71.70%	9,500,036	68.77%
Non Property Taxes		65,000	0.47%	65,000	0.47%
Unallocated State and Federal Aid		1,220,451	8.91%	1,181,586	8.55%
Other Revenues		<u>374,197</u>	<u>2.73%</u>	<u>862,331</u>	<u>6.24%</u>
		<u>13,703,672</u>	<u>100.00%</u>	<u>13,814,928</u>	<u>100.00%</u>
EXPENDITURES	(Chart Figure A-5)				
General Government		1,531,248	10.68%	1,669,171	12.24%
Public Safety		3,682,953	25.69%	3,381,249	24.80%
Health		25,764	0.18%	25,612	0.19%
Transportation		958,536	6.69%	1,072,122	7.86%
Economic Assistance and Opportunity		36,225	0.25%	17,253	0.13%
Culture and Recreation		1,280,477	8.93%	1,182,252	8.67%
Home and Community Services		2,116,030	14.76%	1,874,010	13.74%
Interest on Debt		459,439	3.20%	491,552	3.61%
Employee Benefits		3,133,894	21.86%	2,902,053	21.29%
Depreciation		<u>1,112,644</u>	<u>7.76%</u>	<u>1,018,956</u>	<u>7.47%</u>
		<u>14,337,209</u>	<u>100.00%</u>	<u>13,634,230</u>	<u>100.00%</u>
INCREASE (DECREASE) IN NET ASSETS		<u>\$ (633,537)</u>		<u>\$ 180,698</u>	

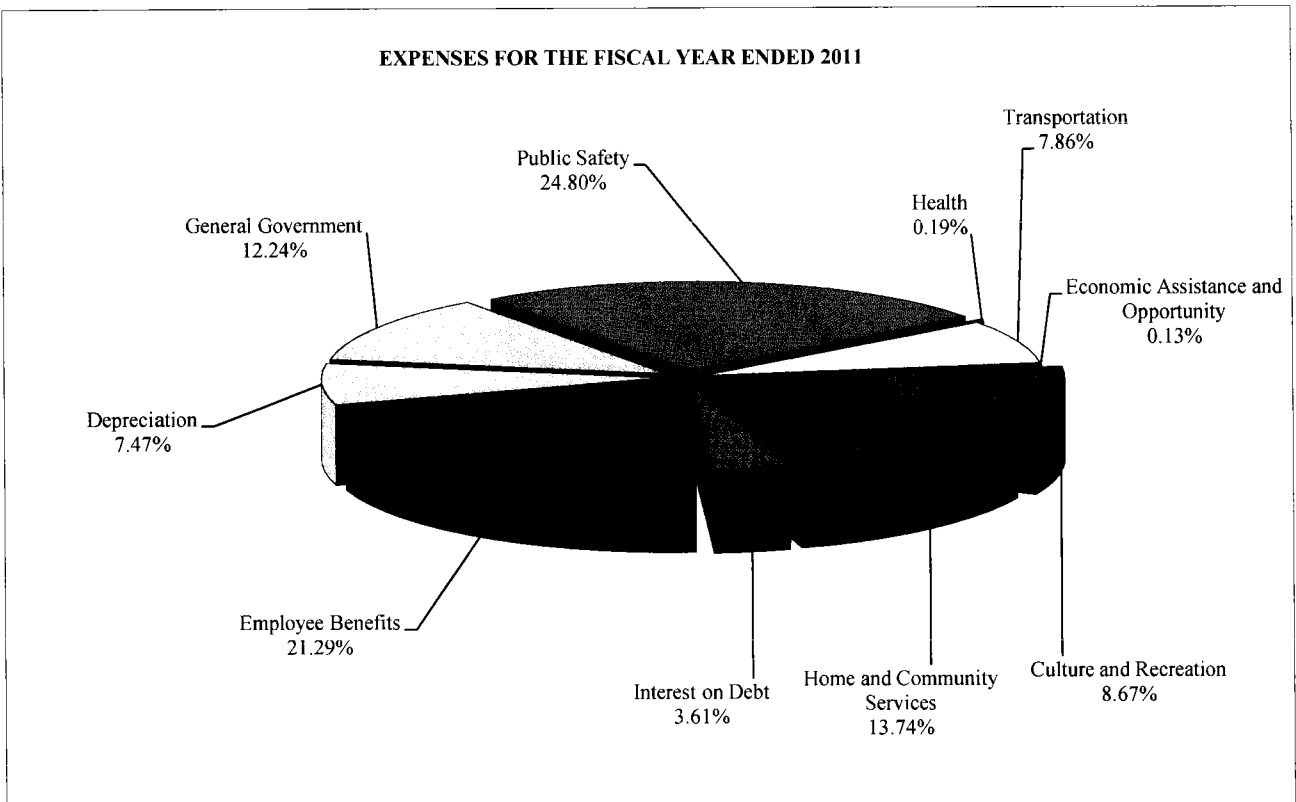
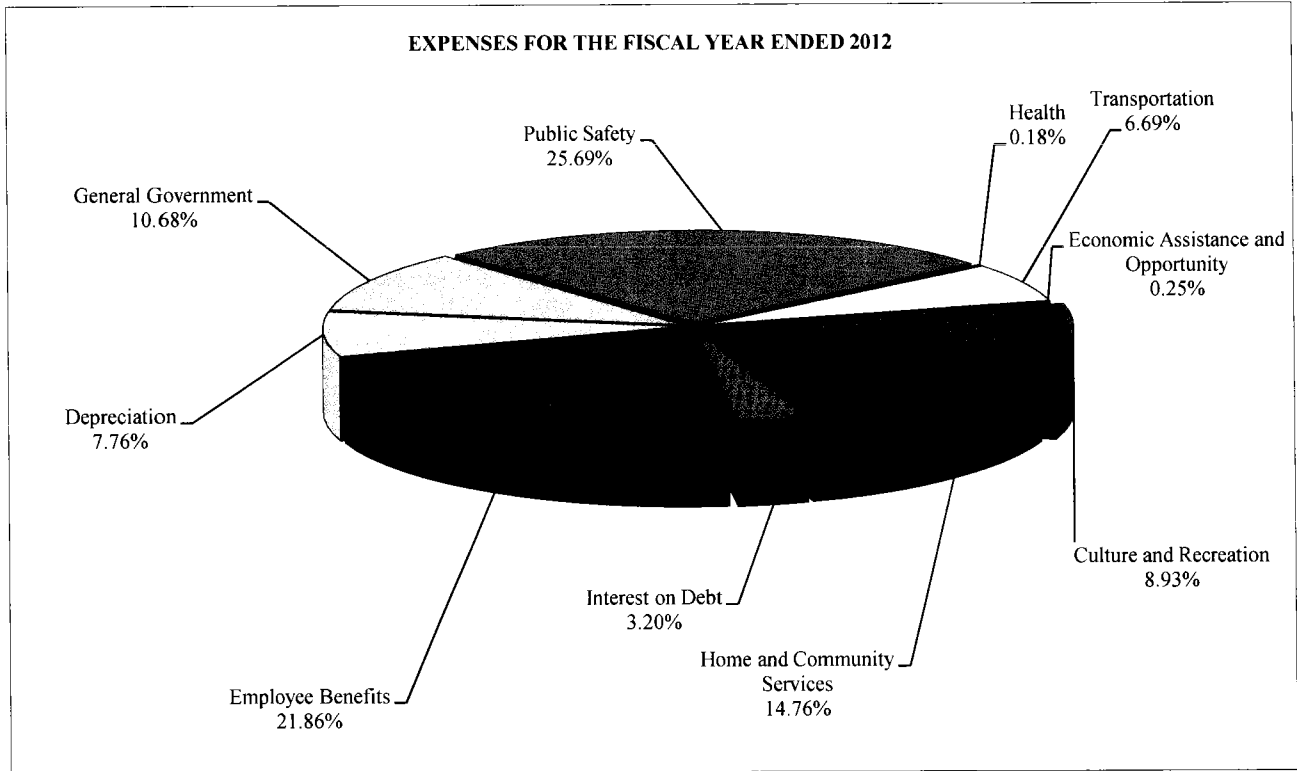
VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-4



**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

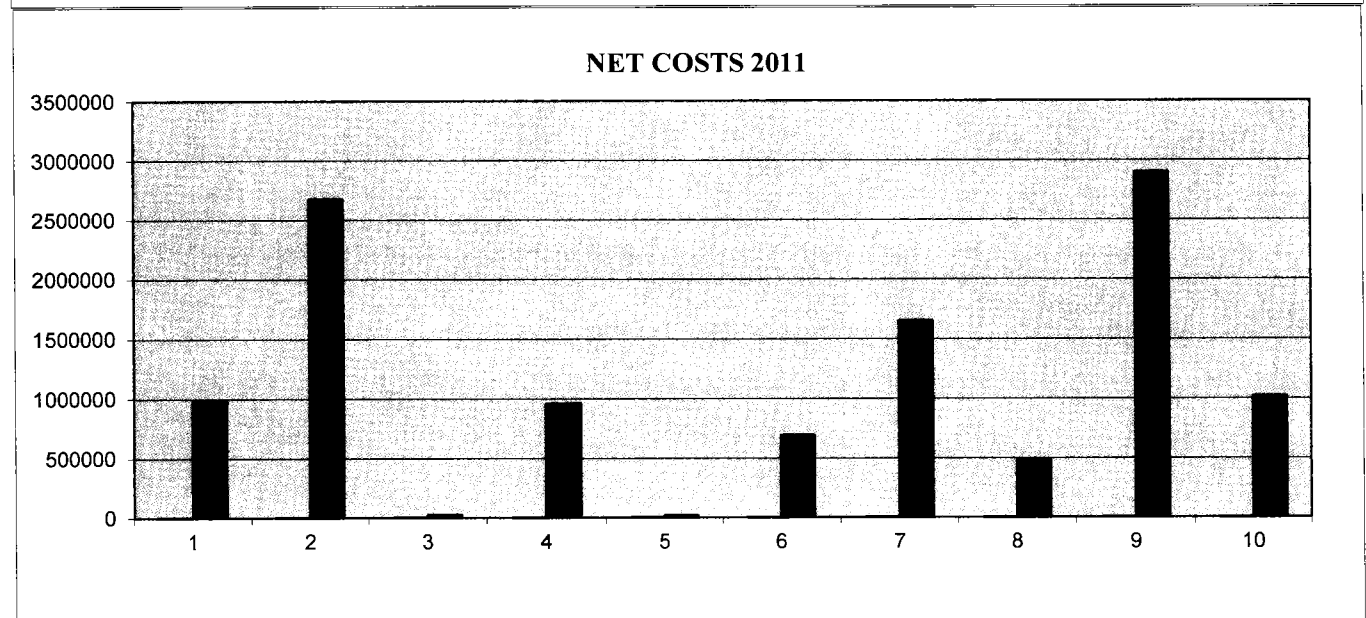
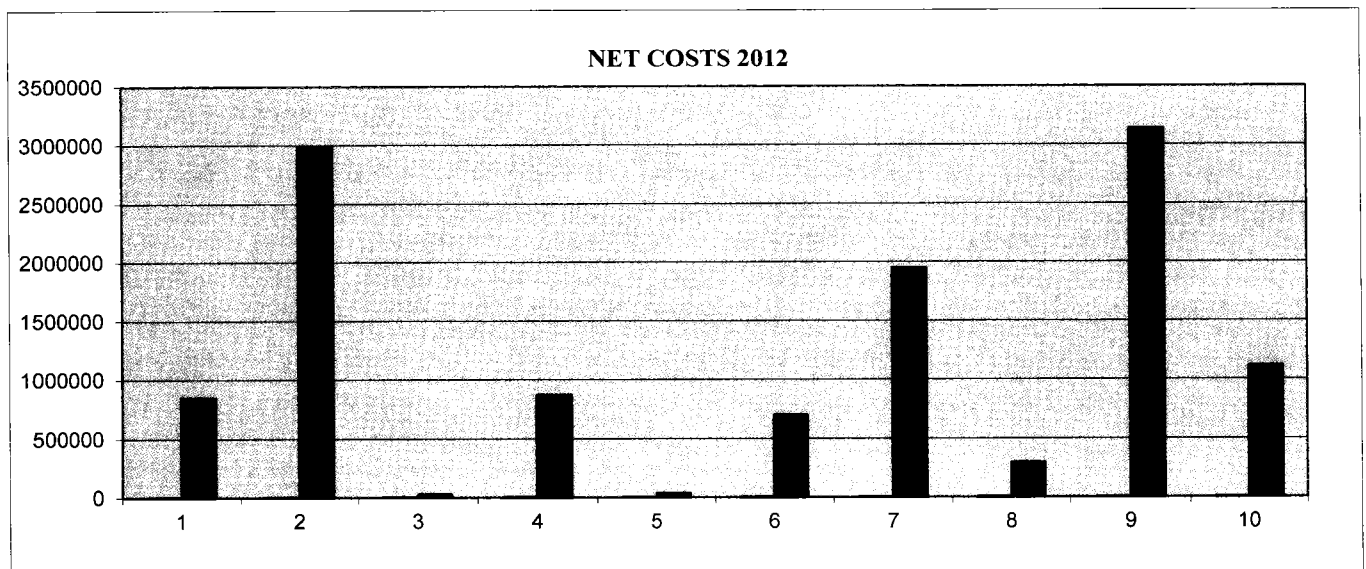
Figure A-5



**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-6

PROGRAMS	Total Costs of Services 2012	Net Costs of Services 2012	Total Costs of Services 2011	Net Costs of Services 2011
1 General Government	\$ 1,531,248	\$ 848,988	\$ 1,669,171	\$ 986,331
2 Public Safety	3,682,953	2,987,410	3,381,249	2,678,231
3 Health	25,764	25,764	25,612	25,612
4 Transportation	958,536	869,675	1,072,122	959,357
5 Economic Assistance and Opportunity	36,225	36,225	17,253	17,253
6 Culture and Recreation	1,280,477	699,908	1,182,252	694,705
7 Home and Community Services	2,116,030	1,944,232	1,874,010	1,654,205
8 Interest on Debt	294,439	294,439	491,552	491,552
9 Employee Benefits	3,133,894	3,133,894	2,902,053	2,902,053
10 Depreciation	1,112,644	1,112,644	1,018,956	1,018,956
Total Costs	\$ 14,172,209	\$ 11,953,178	\$13,634,230	\$ 11,428,255



**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Figure A-6 (Continued)

Total costs of services provided by the Village (Figure A-6) for the fiscal years ended May 31, 2012 and 2011 were \$14,337,209 and \$13,634,230, respectively. These charges were offset by charges and services of \$1,933,918, and grants and contributions of \$285,113, resulting in net cost of services of \$12,118,178. This is a \$689,923 increase over last year's total net costs of \$11,428,255.

The Village's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Village consist of the General Fund, Capital Fund, Pool Fund, Library Fund, Special Purpose Fund, and Debt Service Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

Figure A-7

	May 31, 2012		
	Restricted	Assigned	Unassigned
General	\$ 0	\$ 193,507	\$ 748,240
Capital Projects	0	0	(2,301,927)
Pool	0	9,786	(13,602)
Library	0	500	(500)
Special Purpose	813,263	2,380	0
Debt Service	187,327	0	0
	May 31, 2011		
	Restricted	Assigned	Unassigned
General	\$ 0	\$ 0	\$ 471,222
Capital Projects	0	0	(2,136,573)
Pool	0	0	(101,569)
Library	0	0	(42,917)
Special Purpose	849,519	0	0
Debt Service	186,213	0	0

