

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
MAY 31, 2013**

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MAY 31, 2013**

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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

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hastings-on-Hudson, as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with accounting principles 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hastings-on-Hudson, as of May 31, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 55 through 59 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Village of Hastings-on-Hudson's internal control over financial reporting.



October 4, 2013

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

The following is a discussion and analysis of the Village of Hastings-on-Hudson's financial performance for the year ended May 31, 2013. 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 2013 and 2012 by \$7,211,687 and \$8,385,855 (net position) respectively.
- Revenue, as reflected in the governmental funds statement, increased by \$258,583. This increase is primarily attributable to an increase in Federal and State Aid due to FEMA aid received during the 2012/2013 year.
- The General Fund ended the year with actual revenues exceeding the budget by \$85,357.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$938,585 at 8.25% of the total general fund expenditures.
- During the year the fund balance of the General Fund increased by \$126,952.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

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, 2013**

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 Position • 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 position • Statement of changes in fiduciary net position |
| 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/deferred outflows of resources/ liability/deferred inflows of resources information | All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term | Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long term liabilities included | All assets, deferred outflows of resources(if any) 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
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

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 position 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 position and how it has changed. Net Position, 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 position is 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
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

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 position at the fiscal year end is \$7,211,687. This is a \$1,174,168 decrease from last year's net position of \$8,385,855. The following table provides a summary of the Village's net position:

Figure A-2

| Condensed Statement of Net Position | 2013 | 2012 | Total Dollar Change |
|--|---------------------|---------------------|--------------------------------|
| Current Assets | \$ 3,480,316 | \$ 2,887,708 | \$ 592,608 |
| Non-Current Assets | 21,895,371 | 22,128,747 | (233,376) |
| Total Assets | 25,375,687 | 25,016,455 | 359,232 |
| Current Liabilities | 5,225,627 | 4,028,233 | 1,197,394 |
| Non-Current Liabilities | 12,938,373 | 12,602,367 | 336,006 |
| Total Liabilities | 18,164,000 | 16,630,600 | 1,533,400 |
| Investment in Capital Assets, Net of Debt | 9,253,371 | 9,770,682 | (517,311) |
| Restricted | 959,755 | 1,000,590 | (40,835) |
| Unrestricted | (3,001,439) | (2,385,417) | (616,022) |
| Total Net Position | \$ 7,211,687 | \$ 8,385,855 | \$ (1,174,168) |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The schedule on the following page and supporting graphs provides a summary of revenues, expenses and changes in net position for the fiscal years ended May 31, 2013 and 2012:

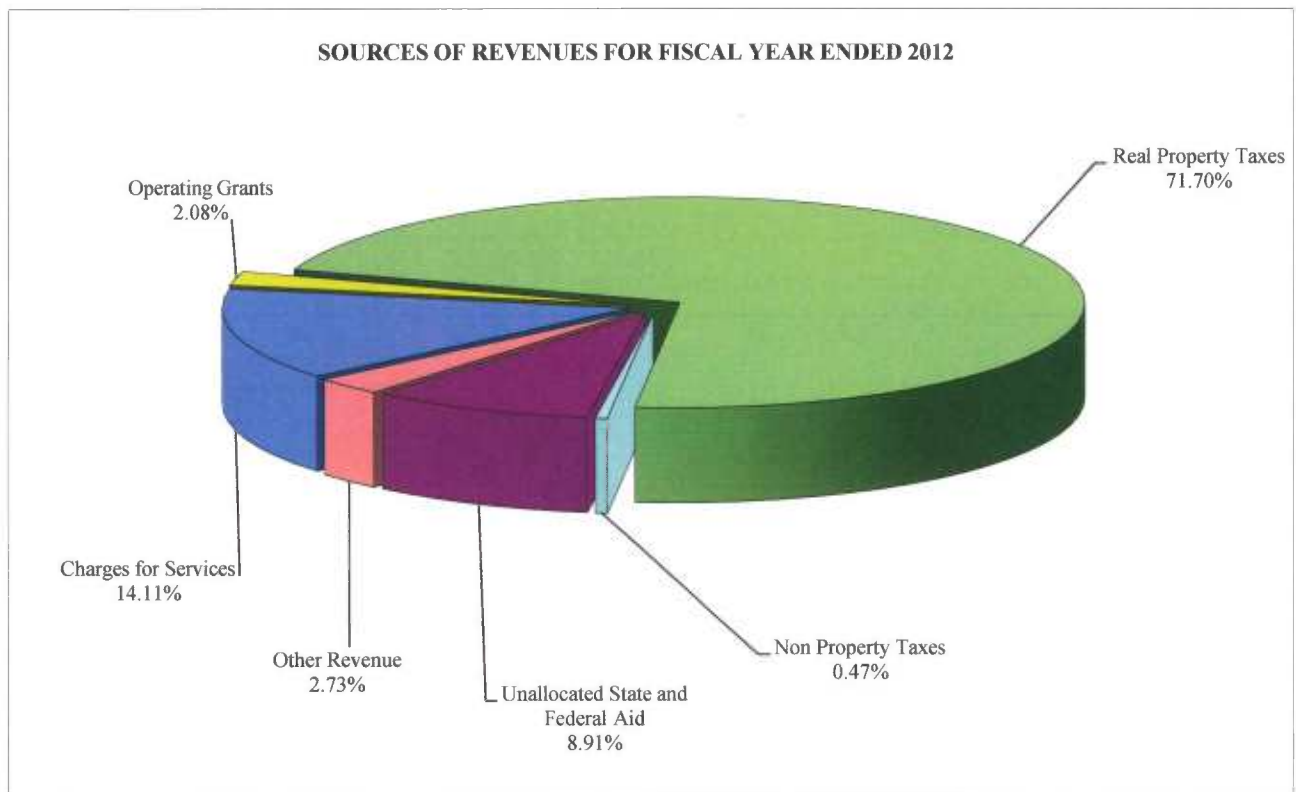
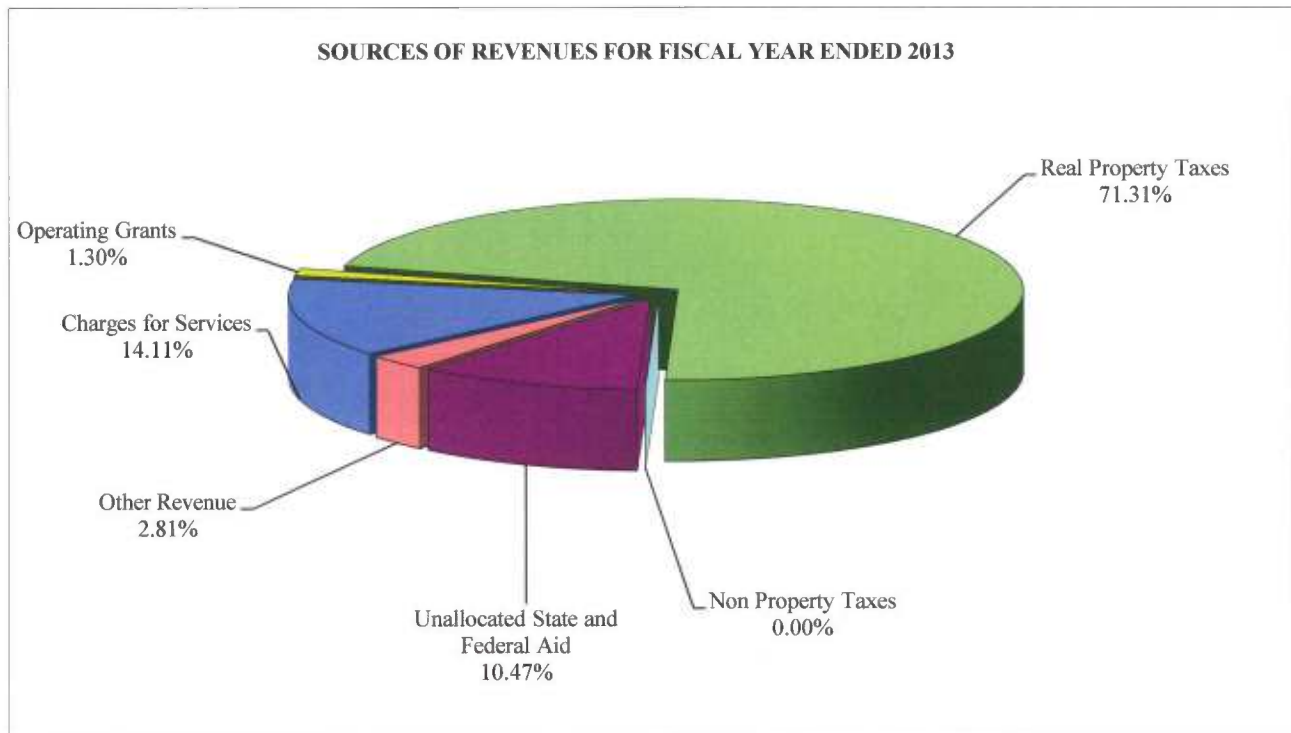
**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-3

| | | 2013 | | 2012 | |
|--|---------------------------|-----------------------|----------------|---------------------|----------------|
| | | Amount | % | Amount | % |
| REVENUES | (Chart Figure A-4) | | | | |
| PROGRAM REVENUES | | | | | |
| Charges for Services | | \$ 1,970,759 | 14.11% | \$ 1,933,918 | 14.11% |
| Operating Grants | | 181,061 | 1.30% | 285,113 | 2.08% |
| GENERAL REVENUES | | | | | |
| Real Property Taxes | | 9,957,333 | 71.31% | 9,824,993 | 71.70% |
| Non Property Taxes | | 0 | 0.00% | 65,000 | 0.47% |
| Unallocated State and Federal Aid | | 1,461,716 | 10.47% | 1,220,451 | 8.91% |
| Other Revenues | | 392,748 | 2.81% | 374,197 | 2.73% |
| | | <u>13,963,617</u> | <u>100.00%</u> | <u>13,703,672</u> | <u>100.00%</u> |
| EXPENDITURES | (Chart Figure A-5) | | | | |
| General Government | | 1,764,258 | 11.65% | 1,531,247 | 10.68% |
| Public Safety | | 3,889,713 | 25.70% | 3,682,953 | 25.69% |
| Health | | 29,309 | 0.19% | 25,764 | 0.18% |
| Transportation | | 1,125,472 | 7.43% | 958,536 | 6.69% |
| Economic Assistance and Opportunity | | 37,138 | 0.25% | 36,225 | 0.25% |
| Culture and Recreation | | 1,274,352 | 8.42% | 1,280,477 | 8.93% |
| Home and Community Services | | 2,079,609 | 13.74% | 2,116,030 | 14.76% |
| Interest on Debt | | 434,805 | 2.87% | 459,439 | 3.20% |
| Employee Benefits | | 3,340,391 | 22.07% | 3,133,894 | 21.86% |
| Depreciation | | 1,162,738 | 7.68% | 1,112,644 | 7.76% |
| | | <u>15,137,785</u> | <u>100.00%</u> | <u>14,337,209</u> | <u>100.00%</u> |
| INCREASE (DECREASE) IN NET POSITION | | <u>\$ (1,174,168)</u> | | <u>\$ (633,537)</u> | |

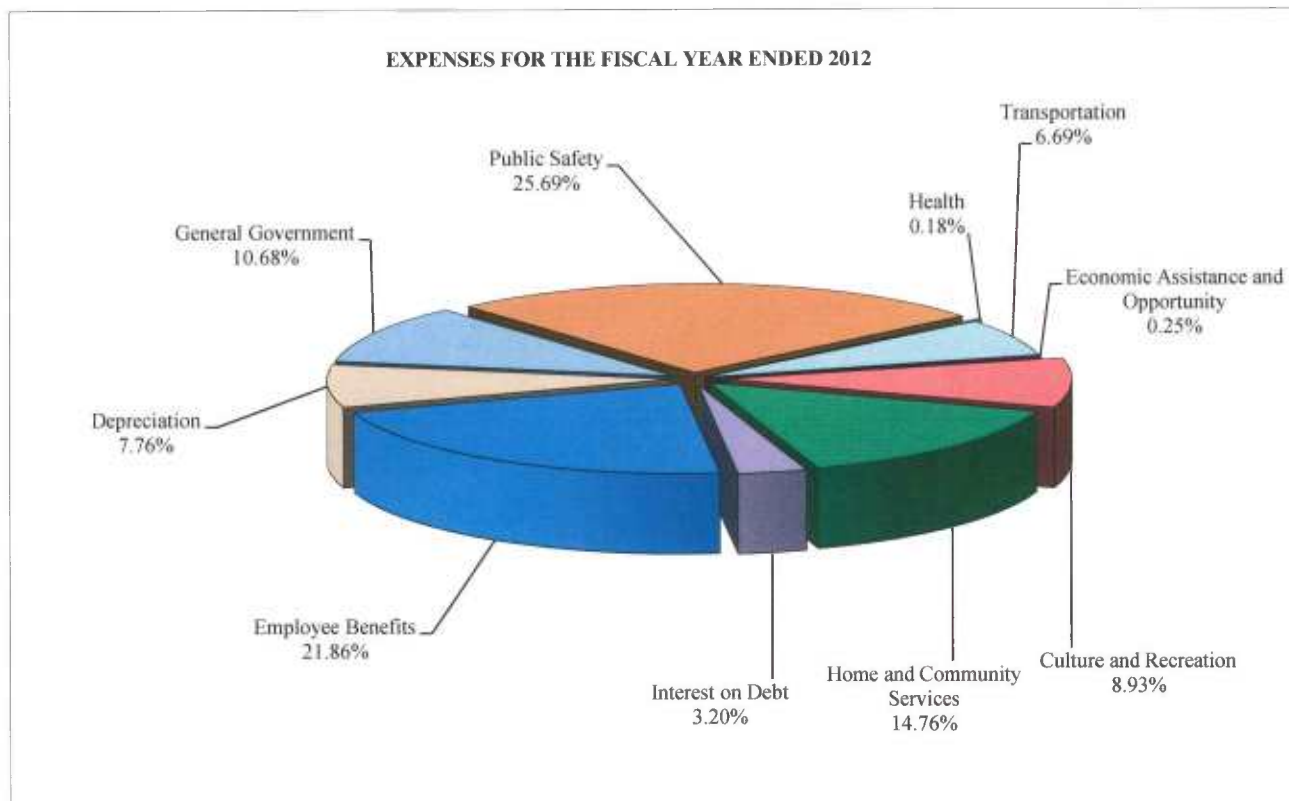
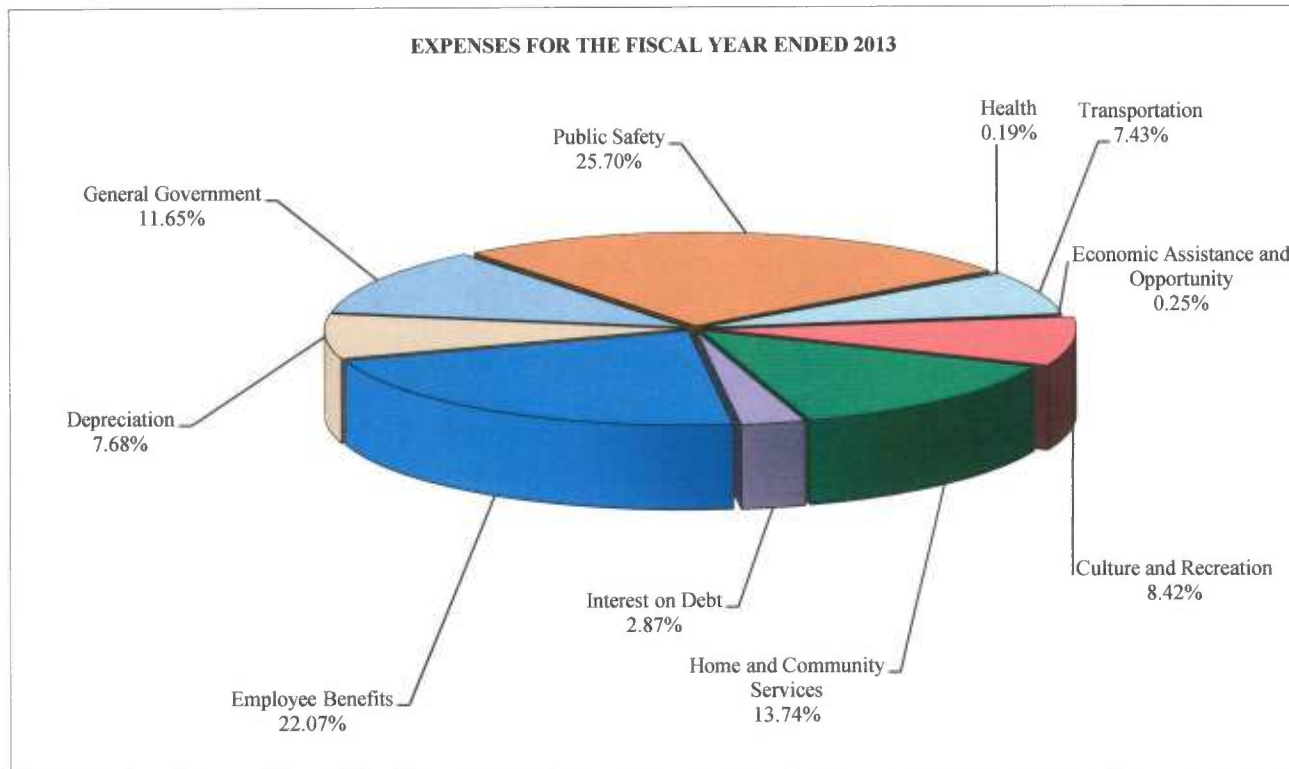
**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-4



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

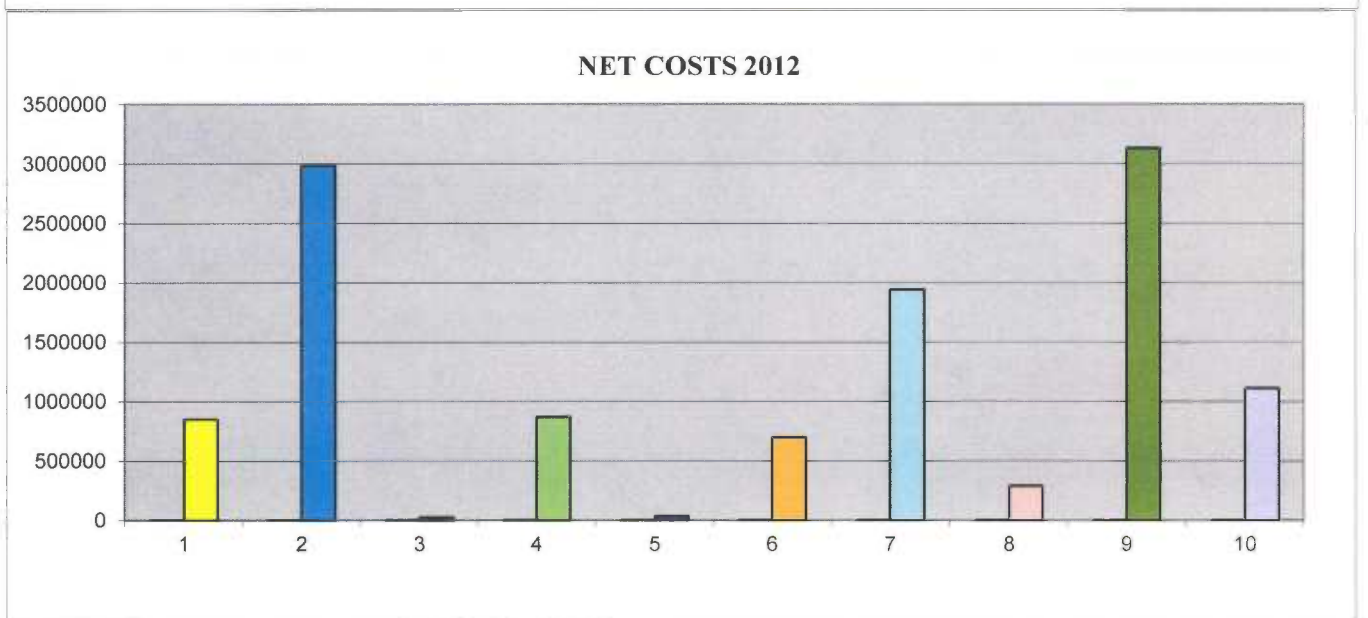
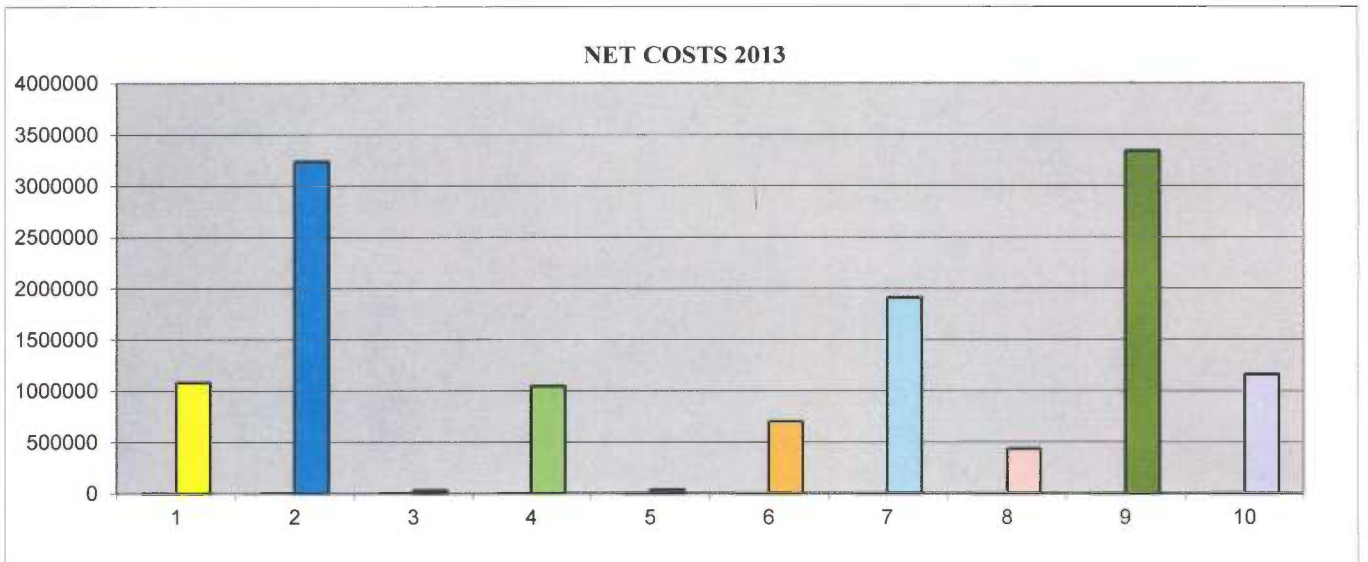
Figure A-5



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

Figure A-6

| PROGRAMS | Total Costs of Services 2013 | Net Costs of Services 2013 | Total Costs of Services 2012 | Net Costs of Services 2012 |
|---------------------------------------|---|---|---|---|
| 1 General Government | \$ 1,764,258 | \$ 1,082,220 | \$ 1,531,247 | \$ 848,987 |
| 2 Public Safety | 3,889,713 | 3,238,575 | 3,682,953 | 2,987,410 |
| 3 Health | 29,309 | 29,309 | 25,764 | 25,764 |
| 4 Transportation | 1,125,472 | 1,047,394 | 958,536 | 869,675 |
| 5 Economic Assistance and Opportunity | 37,138 | 37,138 | 36,225 | 36,225 |
| 6 Culture and Recreation | 1,274,352 | 703,667 | 1,280,477 | 699,908 |
| 7 Home and Community Services | 2,079,609 | 1,909,728 | 2,116,030 | 1,944,232 |
| 8 Interest on Debt | 434,805 | 434,805 | 294,439 | 294,439 |
| 9 Employee Benefits | 3,340,391 | 3,340,391 | 3,133,894 | 3,133,894 |
| 10 Depreciation | 1,162,738 | 1,162,738 | 1,112,644 | 1,112,644 |
| Total Costs | \$ 15,137,785 | \$ 12,985,965 | \$ 14,172,209 | \$ 11,953,178 |



**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

Figure A-6 (Continued)

Total costs of services provided by the Village (Figure A-6) for the fiscal years ended May 31, 2013 and 2012 were \$15,137,785 and \$14,172,209, respectively. These charges were offset by charges and services of \$1,970,759, and grants and contributions of \$181,061, resulting in net cost of services of \$12,985,965. This is a \$1,032,787 increase over last year's total net costs of \$11,953,178.

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 restricted, assigned, and unassigned fund balance for each of these funds is as follows:

Figure A-7

| | May 31, 2013 | | |
|------------------|--------------|------------|-------------|
| | Restricted | Assigned | Unassigned |
| General | \$ 0 | \$ 130,114 | \$ 938,585 |
| Capital Projects | 0 | 0 | (3,024,789) |
| Pool | 0 | 75,779 | 0 |
| Library | 0 | 0 | (16,759) |
| Special Purpose | 771,759 | 0 | 0 |
| Debt Service | 187,996 | 0 | 0 |

| | 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 |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Village revised the general fund budgets to reflect additional changes in budgeted revenues and expenditures. Actual revenues exceeded revised budget estimates by \$85,357 and actual expenditures were lower than budgeted expenditures by \$50,743. Figure A-8 summarizes the general funds original and revised budgets, actual expenditures and the variances for the year ended May 31, 2013.

Figure A-8

| Condensed Budgetary Comparison General Funds 2013 | Original Budget | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------------------|---------------------------|----------------------|---|
| REVENUES | | | | |
| Real property taxes | \$ 9,914,061 | \$ 9,914,061 | \$ 9,914,061 | \$ 0 |
| Real property tax items | 30,000 | 30,000 | 36,140 | 6,140 |
| State and Federal Aid | 1,598,000 | 1,598,000 | 1,623,294 | 25,294 |
| Departmental income | 992,470 | 1,185,977 | 1,209,978 | 24,001 |
| All other | 645,500 | 645,500 | 675,422 | 29,922 |
| Total Revenues | \$ 13,180,031 | \$ 13,373,538 | \$ 13,458,895 | \$ 85,357 |
| Other financing Sources | \$ 186,213 | \$ 186,213 | \$ 177,065 | \$ 9,148 |
| EXPENDITURES | | | | |
| General government support | \$ 1,707,083 | \$ 1,661,908 | \$ 1,657,022 | \$ 4,886 |
| Public safety | 3,396,822 | 3,383,618 | 3,367,875 | 15,743 |
| Transportation | 1,006,972 | 1,028,929 | 1,020,862 | 8,067 |
| Culture & recreation | 996,084 | 1,054,140 | 1,049,023 | 5,117 |
| Home & community service | 966,070 | 1,058,565 | 1,057,552 | 1,013 |
| Employee benefits | 3,301,998 | 3,231,998 | 3,216,081 | 15,917 |
| Total Expenditures | \$ 11,375,029 | \$ 11,419,158 | \$ 11,368,415 | \$ 50,743 |
| Other financing uses | \$ 1,991,215 | \$ 2,140,593 | \$ 2,140,593 | \$ 0 |

The New York State Legislature enacted legislation, Chapter 97 of the Laws of 2011 that establishes a "property tax cap" or more appropriately "voter approval threshold" on the amount a Village's property tax levy can increase each year. This new legislation specifies that property taxes levied by a village generally cannot increase by more than two percent, or the rate of inflation, whichever is less. This legislation has taken effect beginning with the 2012-2013 fiscal year.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

CAPITAL ASSETS

The Village records expenditures for land, buildings, equipment, machinery and infrastructures (roads) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Village's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in Notes 1 and 5 in the Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Village is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Village has maintained detailed, separate records of infrastructure additions since 2003. The Village has elected to include infrastructure additions since 2003 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Village's investment in capital resources.

In 2013, the Village expended \$929,362 on capital additions. Figure A-9 reflects the changes in net capital assets.

Figure A-9

| Changes in Net Capital Assets | Governmental Activities | | Total Dollar Change |
|-------------------------------|-------------------------|----------------------|------------------------|
| | 2013 | 2012 | |
| Land | \$ 6,332,206 | \$ 6,332,206 | \$ 0 |
| Land Improvements | 1,549,506 | 1,662,220 | (112,714) |
| Building Improvements | 9,373,780 | 9,690,018 | (316,238) |
| Machinery & Equipment | 2,190,266 | 1,807,667 | 382,599 |
| Infrastructure | 2,449,612 | 2,636,636 | (187,024) |
| Total | \$ 21,895,371 | \$ 22,128,747 | \$ (233,376) |

Major additions in 2013 included:

| | |
|--------------------------|--------------------------|
| Infrastructure | \$ 126,319 |
| Buildings & Improvements | 24,580 |
| Machinery and Equipment | 778,463 |
| Total | <u><u>\$ 929,362</u></u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2013**

DEBT ADMINISTRATION

Debt, both short-term and long-term, increased by \$283,935 during 2013.

Other Postemployment Benefits increased by \$1,150,000 during 2013.

The Village's liability for compensated absences increased by \$21,006 during 2013.

Detailed information regarding the Village's short and long-term liabilities are presented in more detail in Notes 6B, 6C, and 6D in the current year's notes to the financial statements. Figure A-10 reflects the changes in the Village's debt for 2013.

Figure A-10

| Outstanding Debt | Governmental Activities | | Total Dollar Change |
|-------------------------------|--------------------------------|----------------------|--------------------------------|
| | 2013 | 2012 | |
| Bond Anticipation Notes | \$ 3,662,000 | \$ 2,573,065 | \$ 1,088,935 |
| Serial Bonds | 8,980,000 | 9,785,000 | (805,000) |
| Other Postemployment Benefits | 4,060,000 | 2,910,000 | 1,150,000 |
| Compensated Absences | 733,373 | 712,367 | 21,006 |
| Total | \$ 17,435,373 | \$ 15,980,432 | \$ 1,454,941 |

FINANCIAL CONTACT

The Village's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Village's finances and to demonstrate the Village's accountability. If you have questions about the report or need additional financial information, contact Francis A. Frobel, Village Manager, Village of Hastings-on-Hudson, 7 Maple Avenue, Hastings-on-Hudson, New York 10706.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2013**

ASSETS

| | |
|--|--------------------------|
| Cash and Cash Equivalents | \$ 2,893,092 |
| Accounts Receivable | 124,306 |
| State and Federal Aid Receivable | 462,918 |
| Capital Assets (Net of Accumulated Depreciation) | 21,895,371 |
| TOTAL ASSETS | <u>25,375,687</u> |

LIABILITIES

| | |
|--|--------------------------|
| Current Liabilities: | |
| Accounts Payable | 143,874 |
| Due to Employees' Retirement System | 198,809 |
| Unearned Revenues - Other | 300,827 |
| Accrued Interest Payable | 85,117 |
| Bond Anticipation Notes Payable | 3,662,000 |
| Long-Term Liabilities: | |
| Due and Payable Within One Year: | |
| Bonds Payable | 835,000 |
| Due and Payable More Than One Year: | |
| Bonds Payable | 8,145,000 |
| Other Post Retirement Benefits Payable | 4,060,000 |
| Compensated Absences | 733,373 |
| TOTAL LIABILITIES | <u>18,164,000</u> |

NET POSITION

| | |
|---|----------------------------|
| Investment in Capital Assets, Net of Related Debt | 9,253,371 |
| Restricted | 959,755 |
| Unrestricted | (3,001,439) |
| TOTAL NET POSITION | <u>\$ 7,211,687</u> |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2013**

| | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|-------------------------------------|------------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities: | | | | |
| General Government | \$ (2,274,949) | \$ 682,038 | \$ 0 | \$ (1,592,911) |
| Public Safety | (5,896,453) | 651,138 | 0 | (5,245,315) |
| Health | (43,708) | 0 | 0 | (43,708) |
| Transportation | (1,527,751) | 6,766 | 71,312 | (1,449,673) |
| Economic Assistance and Opportunity | (179,951) | 0 | 0 | (179,951) |
| Culture and Recreation | (2,140,859) | 570,685 | 0 | (1,570,174) |
| Home and Community Services | (2,639,310) | 60,132 | 109,749 | (2,469,429) |
| Interest on Debt | (434,805) | 0 | 0 | (434,805) |
| TOTAL PRIMARY GOVERNMENT | \$ (15,137,785) | \$ 1,970,759 | \$ 181,061 | (12,985,965) |

GENERAL REVENUES

| | |
|--|-----------|
| Real Property Taxes | 9,921,193 |
| Real Property Tax Items | 36,140 |
| Departmental Income | 163,506 |
| Use of Money and Property | 133,613 |
| Unallocated State and Federal Aid | 1,461,716 |
| Sale of Property and Compensation for Loss | 23,861 |
| Miscellaneous | 71,768 |

TOTAL GENERAL REVENUES**CHANGE IN NET POSITION**

NET POSITION - BEGINNING

NET POSITION - ENDING

| | |
|----|-------------|
| | 11,811,797 |
| | (1,174,168) |
| | 8,385,855 |
| \$ | 7,211,687 |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2013**

| | General | Capital Projects | Pool | Library | Special Purpose | Debt Service | Total Governmental Funds |
|--|---------------------|---------------------|-------------------|------------------|--------------------|-------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 754,050 | \$ 868,078 | \$ 362,957 | \$ 2,045 | \$ 905,962 | \$ 0 | \$ 2,893,092 |
| Accounts Receivable, Net | 123,907 | 0 | 309 | 90 | 0 | 0 | 124,306 |
| Due from Other Funds | 302,007 | 4,291 | 26,764 | 38,171 | 0 | 187,996 | 559,229 |
| State and Federal Aid Receivable | 462,918 | 0 | 0 | 0 | 0 | 0 | 462,918 |
| TOTAL ASSETS | \$ 1,642,882 | \$ 872,369 | \$ 390,030 | \$ 40,306 | \$ 905,962 | \$ 187,996 | \$ 4,039,545 |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 137,679 | \$ 0 | \$ 770 | \$ 5,425 | \$ 0 | \$ 0 | \$ 143,874 |
| Due to Other Funds | 31,055 | 235,158 | 112,403 | 46,410 | 134,203 | 0 | 559,229 |
| Due to Employees' Retirement System | 193,579 | 0 | 0 | 5,230 | 0 | 0 | 198,809 |
| Unearned Revenues - Taxes | 112,121 | 0 | 0 | 0 | 0 | 0 | 112,121 |
| Unearned Revenues - Other | 99,749 | 0 | 201,078 | 0 | 0 | 0 | 300,827 |
| Bond Anticipation Notes Payable | 0 | 3,662,000 | 0 | 0 | 0 | 0 | 3,662,000 |
| TOTAL LIABILITIES | 574,183 | 3,897,158 | 314,251 | 57,065 | 134,203 | 0 | 4,976,860 |
| FUND BALANCES | | | | | | | |
| Restricted | 0 | 0 | 0 | 0 | 771,759 | 187,996 | 959,755 |
| Assigned | 130,114 | 0 | 75,779 | 0 | 0 | 0 | 205,893 |
| Unassigned | 938,585 | (3,024,789) | 0 | (16,759) | 0 | 0 | (2,102,963) |
| TOTAL FUND BALANCES | 1,068,699 | (3,024,789) | 75,779 | (16,759) | 771,759 | 187,996 | (937,315) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,642,882 | \$ 872,369 | \$ 390,030 | \$ 40,306 | \$ 905,962 | \$ 187,996 | \$ 4,039,545 |

See notes to financial statements.

VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
MAY 31, 2013

| | Total Governmental Funds | Long-Term Assets Liabilities | Reclassifications and Eliminations | Statement of Net Position Totals |
|---|--------------------------------|------------------------------------|--|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 2,893,092 | \$ 0 | \$ 0 | \$ 2,893,092 |
| State & Federal Aid Receivable | 462,918 | 0 | 0 | 462,918 |
| Due from Other Funds | 559,229 | 0 | (559,229) | 0 |
| Other Receivables, Net | 124,306 | 0 | 0 | 124,306 |
| Capital Assets, Net | 0 | 21,895,371 | 0 | 21,895,371 |
| TOTAL ASSETS | \$ 4,039,545 | \$ 21,895,371 | \$ (559,229) | \$ 25,375,687 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 143,874 | \$ 0 | \$ 0 | \$ 143,874 |
| Accrued Interest Payable | 0 | 85,117 | 0 | 85,117 |
| Bond Anticipation Notes Payable | 3,662,000 | 0 | 0 | 3,662,000 |
| Bond Payable | 0 | 8,980,000 | 0 | 8,980,000 |
| Due to Other Funds | 559,229 | 0 | (559,229) | 0 |
| Due to Employees' Retirement System | 198,809 | 0 | 0 | 198,809 |
| Other Post Retirement Benefits Payable | 0 | 4,060,000 | 0 | 4,060,000 |
| Compensated Absences Payable | 0 | 733,373 | 0 | 733,373 |
| Unearned Revenues- Other | 300,827 | 0 | 0 | 300,827 |
| Unearned Revenues- Taxes | 112,121 | (112,121) | 0 | 0 |
| TOTAL LIABILITIES | 4,976,860 | 13,746,369 | (559,229) | 18,164,000 |
| TOTALS FUND EQUITY/NET POSITION | (937,315) | 8,149,002 | 0 | 7,211,687 |
| TOTAL LIABILITIES AND FUND EQUITY/NET POSITION | \$ 4,039,545 | \$ 21,895,371 | \$ (559,229) | \$ 25,375,687 |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2013**

| | General | Capital Projects | Pool | Library | Special Purpose | Debt Service | Total Governmental Funds |
|--|---------------------|-----------------------|------------------|--------------------|--------------------|-------------------|--------------------------------|
| REVENUES | | | | | | | |
| Real Property Taxes | \$ 9,914,061 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 9,914,061 |
| Real Property Tax Items | 36,140 | 0 | 0 | 0 | 0 | 0 | 36,140 |
| Departmental Income | 1,209,978 | 0 | 447,130 | 14,363 | 0 | 0 | 1,671,471 |
| Use of Money and Property | 116,999 | 0 | 270 | 8 | 15,667 | 669 | 133,613 |
| Licences and Permits | 214,322 | 0 | 0 | 0 | 0 | 0 | 214,322 |
| Fines and Forfeitures | 248,472 | 0 | 0 | 0 | 0 | 0 | 248,472 |
| Sale of Property and Compensation for Loss | 23,861 | 0 | 0 | 0 | 0 | 0 | 23,861 |
| Miscellaneous | 71,768 | 0 | 0 | 0 | 0 | 0 | 71,768 |
| State and Federal Aid | 1,623,294 | 17,500 | 0 | 1,983 | 0 | 0 | 1,642,777 |
| TOTAL REVENUES | 13,458,895 | 17,500 | 447,400 | 16,354 | 15,667 | 669 | 13,956,485 |
| EXPENDITURES | | | | | | | |
| General Government Support | 1,657,022 | 0 | 0 | 0 | 0 | 0 | 1,657,022 |
| Public Safety | 3,367,875 | 0 | 0 | 0 | 0 | 0 | 3,367,875 |
| Transportation | 1,020,862 | 0 | 0 | 0 | 0 | 0 | 1,020,862 |
| Culture and Recreation | 1,049,023 | 0 | 0 | 0 | 0 | 0 | 1,049,023 |
| Home and Community Service | 1,057,552 | 0 | 240,702 | 576,258 | 59,551 | 0 | 1,934,063 |
| Employee Benefits | 3,216,081 | 0 | 272 | 124,038 | 0 | 0 | 3,340,391 |
| Capital Outlay | 0 | 929,362 | 0 | 0 | 0 | 0 | 929,362 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 1,530,241 | 1,530,241 |
| TOTAL EXPENDITURES | 11,368,415 | 929,362 | 240,974 | 700,296 | 59,551 | 1,530,241 | 14,828,839 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| BANS Redeemed from Appropriations | 177,065 | 119,000 | 0 | 0 | 0 | 0 | 296,065 |
| Operating Transfers In | 0 | 70,000 | 0 | 750,656 | 0 | 1,530,241 | 2,350,897 |
| Operating Transfers Out | (2,140,593) | 0 | (126,831) | (83,473) | 0 | 0 | (2,350,897) |
| TOTAL FINANCING SOURCES (USES) | (1,963,528) | 189,000 | (126,831) | 667,183 | 0 | 1,530,241 | 296,065 |
| CHANGE IN FUND BALANCE | 126,952 | (722,862) | 79,595 | (16,759) | (43,884) | 669 | (576,289) |
| FUND BALANCE - BEGINNING | 941,747 | (2,301,927) | (3,816) | 0 | 815,643 | 187,327 | (361,026) |
| FUND BALANCE - ENDING | \$ 1,068,699 | \$ (3,024,789) | \$ 75,779 | \$ (16,759) | \$ 771,759 | \$ 187,996 | \$ (937,315) |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2013**

| | Total Governmental Funds | Long-Term Revenue and Expenses | Capital Related Items | Long-Term Debt Transactions | Reclassifications and Eliminations | Statement of Activities Totals |
|--|--------------------------------|--------------------------------------|-----------------------------|-----------------------------------|--|--------------------------------------|
| REVENUES | | | | | | |
| Real Property Taxes | \$ 9,914,061 | \$ 7,132 | \$ 0 | \$ 0 | \$ 0 | \$ 9,921,193 |
| Real Property Tax Items | 36,140 | 0 | 0 | 0 | 0 | 36,140 |
| Departmental Income | 1,671,471 | 0 | 0 | 0 | 0 | 1,671,471 |
| Use of Money and Property | 133,613 | 0 | 0 | 0 | 0 | 133,613 |
| Licences and Permits | 214,322 | 0 | 0 | 0 | 0 | 214,322 |
| Fines and Forfeitures | 248,472 | 0 | 0 | 0 | 0 | 248,472 |
| Sale of Property and Compensation for Loss | 23,861 | 0 | 0 | 0 | 0 | 23,861 |
| Miscellaneous | 71,768 | 0 | 0 | 0 | 0 | 71,768 |
| State and Federal Aid | 1,642,777 | 0 | 0 | 0 | 0 | 1,642,777 |
| TOTAL REVENUES | 13,956,485 | 7,132 | 0 | 0 | 0 | 13,963,617 |
| EXPENDITURES | | | | | | |
| General Government Support | 1,631,457 | 2,382 | 131,864 | 0 | 509,246 | 2,274,949 |
| Public Safety | 3,367,875 | 9,361 | 518,154 | 0 | 2,001,063 | 5,896,453 |
| Health | 25,565 | 67 | 3,718 | 0 | 14,358 | 43,708 |
| Transportation | 1,020,862 | 1,877 | 103,871 | 0 | 401,141 | 1,527,751 |
| Economic Assistance and Opportunity | 0 | 666 | 36,876 | 0 | 142,410 | 179,951 |
| Culture and Recreation | 1,049,023 | 4,042 | 223,738 | 0 | 864,056 | 2,140,859 |
| Home and Community Service | 1,934,063 | 2,611 | 144,519 | 0 | 558,117 | 2,639,310 |
| Employee Benefits | 3,340,391 | 1,150,000 | 0 | 0 | (4,490,391) | 0 |
| Capital Outlay | 929,362 | 0 | (929,362) | 0 | 0 | 0 |
| Debt Service | 1,530,241 | 5,629 | 0 | (1,101,065) | 0 | 434,805 |
| TOTAL EXPENDITURES | 14,828,839 | 1,176,635 | 233,376 | (1,101,065) | 0 | 15,137,785 |
| Excess (Deficiency) of Revenues Over Expenditures | (872,354) | (1,169,503) | (233,376) | 1,101,065 | 0 | (1,174,168) |
| OTHER SOURCES (USES): | | | | | | |
| Operating Transfers In | 2,350,897 | 0 | 0 | 0 | (2,350,897) | 0 |
| Operating Transfers Out | (2,350,897) | 0 | 0 | 0 | 2,350,897 | 0 |
| Bond Anticipation Notes Redeemed from Appropriations | 296,065 | 0 | 0 | (296,065) | 0 | 0 |
| TOTAL OTHER SOURCES (USES) | 296,065 | 0 | 0 | (296,065) | 0 | 0 |
| NET CHANGE FOR THE YEAR | \$ (576,289) | \$ (1,169,503) | \$ (233,376) | \$ 805,000 | 0 | \$ (1,174,168) |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
MAY 31,2013**

| | AGENCY FUNDS | PENSION TRUST FUND |
|---|-------------------------|--------------------------|
| ASSETS | | |
| Cash | \$ 32,340 | \$ 0 |
| Investments at Fair Value | <u>0</u> | <u>674,853</u> |
| TOTAL ASSETS | <u><u>\$ 32,340</u></u> | <u><u>\$ 674,853</u></u> |
| LIABILITIES | | |
| Guarantee & Bid Deposits | <u>\$ 32,340</u> | <u>\$ 0</u> |
| TOTAL LIABILITIES | <u>32,340</u> | <u>0</u> |
| NET POSITION | | |
| Held in Trust for Pension Benefits | <u>0</u> | <u>674,853</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 32,340</u></u> | <u><u>\$ 674,853</u></u> |

See notes to financial statements.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED MAY 31, 2013**

| | PENSION TRUST FUND |
|---|------------------------------|
| ADDITIONS | |
| Earnings on Investment | \$ 27,713 |
| Pension Contributions | <u>131,178</u> |
| TOTAL ADDITIONS | <u>\$ 158,891</u> |
| DEDUCTIONS | |
| Pension Benefits | <u>134,030</u> |
| TOTAL DEDUCTIONS | <u>134,030</u> |
| CHANGE IN PLAN POSITION | 24,861 |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR | <u>649,992</u> |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR | <u><u>\$ 674,853</u></u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village of Hastings-on-Hudson have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Village's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Financial Reporting Entity

The Village of Hastings-on-Hudson, which was incorporated in 1879, is governed by the laws of the State of New York and various local laws and ordinances. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as Chief Executive Officer and the Village Manager serves as Chief Fiscal Officer.

The Village provides the following principal services: general administration, police protection, transportation (streets and highways), recreation, planning and zoning, public improvements, library and other home and community services.

All governmental activities and functions performed for the Village of Hastings-on-Hudson are its direct responsibility. No other governmental organization has been included or excluded from the reporting entity.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Village of Hastings-on-Hudson.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Government activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major Governmental Funds, each displayed in a separate column.

The Village of Hastings-on-Hudson reports the following major Governmental Funds:

- **General Fund:** This is the Village's primary operating fund. It accounts for all financial transactions that are not required by law or other provision to be accounted for in other funds.
- **Library Fund:** The Library fund is used to account for the operations of the Village's Library.
- **Special Revenue Funds:** Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for defined purposes. The special revenue funds of the Village are as follows:

Pool Fund – The Pool fund is used to account for the operations of the Village's swimming pool.

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

- **Capital Projects Fund:** Established to account for capital improvements financed from current monies transferred from other funds, federal and state grants and proceeds of obligations.
- **Debt Service Fund:** The Debt Service fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

The Village reports the following fiduciary funds:

- **Agency Fund:** The Agency fund accounts for employee payroll tax withholdings and deposits that are payable to other jurisdictions or individuals.
- **Pension Trust Fund:** The Pension Trust fund account for the Village's Fire Service Awards Program.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

Village real property taxes are levied annually no later than June 1st, and become a lien on November 1st. Taxes are collected during the period June 1 to October 31.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Data

1. Budget Policies - The budget policies are as follows:

- a. No later than March 20, the budget officer submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except for capital projects fund and community development fund.
- b. After public hearings are conducted to obtain taxpayer comments, no later than April 15, the Village Board adopts the budget by May 1.
- c. All modifications of the budget must be approved by specific action of the Village Board.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Budgetary controls for special grant funds are established in accordance with the applicable grant agreements which cover, in most cases, a period other than the Village's fiscal year.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

The Village of Hastings-on-Hudson's investment policies are governed by State statutes. In addition, the Village of Hastings-on-Hudson has its own written investment policy. Village of Hastings-on-Hudson's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

Deposits and investments at year-end were entirely covered by Federal Insurance or by collateral held by the Village's custodial bank in the Village's name.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventoriable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the government-wide statements.

Prepaid items represent payments made by the Village for which benefits extend beyond year-end.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets are reported at historical costs. The Village depreciates capital assets using the straight-line method over the estimated useful life of the assets. Capitalization thresholds (the dollar value above which capital asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------------|
| Land Improvements | \$ 5,000 | 20 years |
| Buildings and Improvements | 5,000 | 20-50 years |
| Machinery & Equipment | 5,000 | 5-30 years |
| Infrastructure | 5,000 | 15-65 years |

K. Infrastructure

The Village includes long-lived improvements to roads and other infrastructure as capital assets in the government-wide statements. Infrastructures are reported at historical costs and are depreciated using the straight-line method over their estimated useful lives.

Under the implementation standards of GASB 34, the Village is considered a small government, and as such is required only to recognize infrastructures on a prospective basis. Therefore, since the adoption of GASB 34, the Village has not retroactively reported infrastructures.

L. Vested Employee Benefits

The various collective bargain agreements provide for the payment of accumulated vacation and sick time upon separation of service. The liability for such accumulated time is reflected in the government-wide Statement of Net Position as a long-term liability. 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.

The Village's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement Systems.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Vested Employee Benefits (Continued)

In addition to providing pension benefits, the Village of Hastings-on-Hudson provides health insurance coverage for retired employees. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the community. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

M. Unemployment Insurance

Village employees are covered by unemployment insurance. The Village is exempt for federal unemployment insurance tax.

N. Equity Classification

1. Government-wide Statements

In the government-wide statements there are three classes of net position:

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classification (Continued)

2. Funds Statements

The following is a brief description on the five fund balance classifications that the Village can utilize:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.

Assigned: Includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Trustees at its annual reorganizational meeting pursuant to the Village's purchasing policy. This assignment is made when the tax levy is set by the Board of Trustees pursuant to the Village's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Village's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements

P. Interfund Transfers

The operations of the Village gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long term assets.

R. New Accounting Standards

The Village has adopted all Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At May 31, 2013 the Village implemented Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

**NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the government funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

| | |
|---------------------------------|----------------------|
| Original Cost of Capital Assets | \$ 36,207,599 |
| Accumulated Depreciation | <u>(14,312,228)</u> |
| Capital Assets, Net | <u>\$ 21,895,371</u> |

2. Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

| | |
|----------------------------------|------------------|
| Interest Payable at May 31, 2013 | <u>\$ 85,117</u> |
|----------------------------------|------------------|

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

**NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)**

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental
Activities: (Continued)**

3. Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

| | |
|-------------------------------|----------------------|
| Bonds and Notes Payable | \$ 8,980,000 |
| Other Postemployment Benefits | 4,060,000 |
| Compensated Absences | <u>733,373</u> |
| | <u>\$ 13,773,373</u> |

**B. Explanation of Difference between Governmental Funds Operating Statement and
the Statement of Activities:**

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent these differences as follows:

- Long-term revenue differences arise because Governmental Funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

B. Explanation of Difference between Governmental Funds Operating Statement and the Statement of Activities: (Continued)

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Governmental Fund Statements and the change in net position reported in the Statement of Activities.

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities and Changes in Net Position

Total Revenue and other Funding Sources:

| | |
|---|-----------------------------|
| Total revenues and other sources governmental funds (Statement 5) | \$ 14,252,550 |
| Unearned Tax Revenue | 7,132 |
| BAN's redeemed from appropriations | <u>(296,065)</u> |
| Total Revenue of Governmental Activities (Statement 2) | <u><u>\$ 13,963,617</u></u> |

Total Expenditures/Expenses:

| | |
|---|---------------|
| Total expenditures reported in governmental funds (Statement 5) | \$ 14,828,839 |
|---|---------------|

In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The liability for compensated absences increased during the year. Other postemployment benefits earned exceeded the amount paid by \$1,150,000.

1,171,006

When purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$929,362 is less than depreciation of \$1,162,738 in the current year.

233,376

Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable for the current year is more than the interest payable for the prior year.

5,629

Repayment of debt service principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not affect the Statement of Activities.

(1,101,065)

| | |
|--|-----------------------------|
| Total Expenses and Government Activities (Statement 2) | <u><u>\$ 15,137,785</u></u> |
|--|-----------------------------|

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 3. CASH

The Village of Hastings-on-Hudson's investment policies are governed by State statutes, as previously described in these notes. Deposits are valued at cost or cost plus interest and are categorized as either:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized

| | <u>1</u> | <u>2</u> | <u>3</u> |
|-----------------------------|---------------------|-------------|-------------|
| Governmental & Agency Funds | <u>\$ 3,040,027</u> | <u>\$ 0</u> | <u>\$ 0</u> |

NOTE 4. INTERFUND ACTIVITY

Interfund receivables and payables at May 31, 2013, were as follows:

| <u>Fund Type</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------|---------------------------------|------------------------------|
| General | \$ 302,007 | \$ 31,055 |
| Capital Project | 4,291 | 235,158 |
| Pool | 26,764 | 112,403 |
| Library | 38,171 | 46,410 |
| Special Purpose | 0 | 134,203 |
| Debt Service | 187,996 | 0 |
| Trust & Agency | 0 | 0 |
| Total | <u>\$ 559,229</u> | <u>\$ 559,229</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2013, were as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals and Reclass- ifications</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|--|---------------------------|
| Capital Assets that are not Depreciated: | | | | |
| Land | 6,332,206 | 0 | 0 | 6,332,206 |
| Total Non-Depreciable Historical Cost | <u>6,332,206</u> | <u>0</u> | <u>0</u> | <u>6,332,206</u> |
| Capital Assets that are being Depreciated: | | | | |
| Land Improvements | 2,464,405 | 0 | 0 | 2,464,405 |
| Buildings and Improvements | 13,642,155 | 24,580 | 0 | 13,666,735 |
| Machinery & Equipment | 6,289,961 | 778,463 | 0 | 7,068,424 |
| Infrastructure | 6,549,510 | 126,319 | 0 | 6,675,829 |
| Total Depreciable Historical Cost | <u>28,946,031</u> | <u>929,362</u> | <u>0</u> | <u>29,875,393</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 802,185 | 112,714 | 0 | 914,899 |
| Buildings and Improvements | 3,952,137 | 340,818 | 0 | 4,292,955 |
| Machinery & Equipment | 4,482,294 | 395,864 | 0 | 4,878,158 |
| Infrastructure | 3,912,874 | 313,343 | 0 | 4,226,217 |
| Total Accumulated Depreciation | <u>13,149,490</u> | <u>1,162,738</u> | <u>0</u> | <u>14,312,228</u> |
| Total Historical Cost, Net | <u>\$ 22,128,747</u> | <u>\$ (233,376)</u> | <u>\$ 0</u> | <u>\$ 21,895,371</u> |

Depreciation was charged to governmental functions as follows:

| | |
|-----------------------------------|---------------------|
| General Government Support | \$ 131,864 |
| Public Safety | 518,154 |
| Transportation | 103,871 |
| Economic Assistance & Opportunity | 36,876 |
| Culture and Recreation | 223,738 |
| Health | 3,718 |
| Home and Community Services | 144,519 |
| Total Depreciation Expense | <u>\$ 1,162,738</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES

A. Pension Plans

Plan Description

The Village of Hastings-on-Hudson 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). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. Chapter 126 adds Article 19 "Benefits Enhancements" of the New York State and Local Employees Retirement System. An Eligible Tier III or IV member with ten or more years of membership or ten years credited service, will not be required to contribute to the Retirement System.

The Village of Hastings-on-Hudson is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

| | ERS | PFRS |
|------|------------|------------|
| 2013 | \$ 522,978 | \$ 669,753 |
| 2012 | \$ 388,011 | \$ 443,464 |
| 2011 | \$ 278,279 | \$ 313,970 |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

A. Pension Plans (Continued)

Village contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on May 31, 2011) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Village elected to prepay this liability.

B. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's 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. These temporary funds were borrowed to assist with financing the renovation and construction of various projects.

The following is a summary of Village of Hastings-on-Hudson's outstanding bond anticipation notes for the year ended May 31, 2013.

| <u>Description</u> | <u>Original Date of Issue</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Amount Outstanding at Year End</u> |
|---------------------|---------------------------------------|----------------------------|--------------------------|-----------------------------|---|
| Various Projects | 09/29/10 | 3,662,000 | 1.25% | 09/27/13 | 3,662,000 |
| Total BAN's Payable | | | | | <u>\$ 3,662,000</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

B. Short-Term Debt (Continued)

Interest on short-term debt paid during the year:

| | |
|------------------------------------|------------------|
| Interest paid | 38,596 |
| Less: Interest accrued-prior year | (23,385) |
| Add: Interest accrued-current year | <u>31,025</u> |
| Total Short-Term Interest | <u>\$ 46,236</u> |

C. Long-Term Debt

Bonds: The Village of Hastings-on-Hudson borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers.

The following is a list of outstanding bonds at the Village of Hastings-on-Hudson for the year ending May 31, 2013.

| <u>Description</u> | <u>Original Date of Issue</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Amount Outstanding at Year End</u> |
|---------------------|---------------------------------------|----------------------------|--------------------------|-----------------------------|---|
| 2003 Refunding 1994 | 7/1/2003 | \$ 1,790,000 | 3.00% | 7/1/2014 | \$ 200,000 |
| Various 2000 | 10/15/2001 | 2,774,000 | 4.75% | 10/15/2015 | 545,000 |
| Various 2005 | 11/1/2006 | 8,377,000 | 4.00% | 11/1/2026 | 6,300,000 |
| Various 2006 | 8/15/2007 | 2,400,000 | 4.75% | 8/15/2028 | <u>1,935,000</u> |
| Total Bonds Payable | | | | | <u>\$ 8,980,000</u> |

Interest on long-term debt paid during the year was:

| | |
|------------------------------------|-------------------------|
| | <u>Serial Bonds</u> |
| Interest paid | \$ 390,580 |
| Less: Interest accrued-prior year | (56,103) |
| Add: Interest accrued-current year | <u>54,092</u> |
| Total Long-Term Interest | <u>\$ 388,569</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

C. Long-Term Debt (Continued)

Long-term liability balances and activity for the year are summarized below:

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|--|----------------------|---------------------|-------------------|----------------------|
| <u>Governmental Activities</u> | | | | |
| Serial Bonds | \$ 9,785,000 | \$ 0 | \$ 805,000 | \$ 8,980,000 |
| Other liabilities: | | | | |
| Other Post Retirement Benefits Payable | 2,910,000 | 1,150,000 | 0 | 4,060,000 |
| Compensated Absences | 712,367 | 21,006 | 0 | 733,373 |
| Total Long-Term Liabilities | <u>\$ 13,407,367</u> | <u>\$ 1,171,006</u> | <u>\$ 805,000</u> | <u>\$ 13,773,373</u> |

Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

| | Governmental Activities | |
|-----------|-------------------------|---------------------|
| Year | Principal | Interest |
| 2014 | 835,000 | 354,012 |
| 2015 | 880,000 | 312,810 |
| 2016 | 500,000 | 279,982 |
| 2017 | 530,000 | 258,120 |
| 2018 | 560,000 | 237,620 |
| 2019-2023 | 3,145,000 | 846,092 |
| 2024-2028 | <u>2,530,000</u> | <u>204,324</u> |
| Total | <u>\$ 8,980,000</u> | <u>\$ 2,492,960</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

D. Postemployment Benefits

The Village had implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the year ended May 31, 2009. This required the Village to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended May 31, 2013, the Village recognized \$550,000 for its share of insurance premiums for currently enrolled retirees.

The Village has obtained an actuarial valuation report as of May 31, 2013 which indicates that the total liability for other post-employment benefits is \$4,060,000.

Plan Description:

Medical Benefits Program:

The Plan is a fully insured plan. Current retiree premium rates provided by the Village include:

- | | |
|----------------------------|---|
| a) Individual Pre-age 65: | Generally \$592 per month. |
| b) Family Pre-age 65: | Generally \$1,259 per month. |
| c) Individual Post-age 65: | Generally \$360 per month. |
| d) Family Post-age 65: | Generally either \$1,027 per month(one person on Medicare) or \$795 per month (two people on Medicare). |

For GASB #45 purposes, the plan is deemed “community-rated”. Therefore, adjustments to the premium rates to reflect the difference between the pre-age 65 active/retiree group (for which the current premium rates were based on) and the pre-age 65 retiree group, were not required, due to the “community-rated” exception under ASOP 6.

Medicare Part B Premiums:

Paid by the Village at \$96.40/mo.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

D. Postemployment Benefits (Continued)

Retiree Eligibility Requirements:

- a) Non-Uniformed: An employee must retire after age 55 with at least 20 years of service.
- b) Police Officers: An employee must retire with at least 20 years of service (no age requirement)
- c) Spousal benefit upon retiree's death:
Coverage continued; spouse pays full current premium rate.
- d) Active service death benefit: N/A
- e) Active service disability benefit: N/A

Village Subsidy:

The Village will contribute 100% of the NYSHIP/State Empire medical premium amounts for both individual and family (dependent) coverage.

Funding Policy:

The employer's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., pay as you go). Current New York State law prohibits municipalities from pre-funding retiree medical benefit obligations in a Trust, although pre-funding moneys can arguably be "set aside" on the municipality's balance sheet.

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

| | |
|--|---------------------|
| Annual required contribution | \$ 1,740,000 |
| Interest on net OPEB obligation | 130,000 |
| Adjustment to annual required contribution | 170,000 |
| Annual OPEB cost (expense) | <u>1,700,000</u> |
| Contributions made | <u>550,000</u> |
| Increase in net OPEB obligation | 1,150,000 |
| Net OPEB obligation - beginning of year | <u>2,910,000</u> |
| Net OPEB obligation - end of year | <u>\$ 4,060,000</u> |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

D. Postemployment Benefits (Continued)

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

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------|-------------------------|---|--------------------------------|
| 5/31/2013 | \$1,700,000 | 32.35% | \$4,060,000 |
| 5/31/2012 | \$1,620,000 | 33.33% | \$2,910,000 |
| 5/31/2011 | \$1,100,000 | 47.27% | \$1,830,000 |

Funded Status and Funding Progress:

As of June 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$19,470,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,470,000. The covered payroll (annual payroll of active employees covered by the plan) was \$5,920,000, and the ratio of the UAAL to the covered payroll was 329%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following assumptions were made:

Valuation Date: June 1, 2012

Mortality: Life expectancies were based on the RP-2007 Mortality Table.

Discount Rate: 4.5% compounded annually.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

D. Postemployment Benefits (Continued)

Marital - Actives: Wife is assumed to be same age as the husband. 60% are assumed to be married.

Participation Rate: 100% of eligible retirees expected to participate.

Asset Valuation Method: Market Value.

Amortization Period: Level dollar basis/open; over 30 years. The remaining amortization period at May 31, 2013 is 25 years.

E. Pension Trust Service Award Program

The Village pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Award Program ("Program") for 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 upon 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. The Program also provides disability and death benefits. The trustees of the Program, which are members of the Village's Board, are authorized to invest the funds in other 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>May 31, 2013</u> |
|---|---------------------|
| Active - Vested | 66 |
| Active - Non-vested | 33 |
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 40 |

The Village is required to contribute the amounts necessary to finance the plan as actuarially determined using the entry age normal frozen initial liability cost method. The Plan was established effective June 1, 1993. The Plan was amended January 1, 2007 to allow participants to earn service credit after entitlement age. The balance of the unfunded actuarial accrued liability is \$529,007, which resulted from the prior years' service cost when the plan was initially adopted. The remaining amortization period is 18 years. The assumed investment rate of return is 5.5% and there are no cost of living adjustments.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 6. LIABILITIES (Continued)

E. Pension Trust Service Award Program (Continued)

The 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 | (Increase) Decrease in Net Pension Obligation |
|------|------------------------------------|------------------------|--|------------------------------|---|
| 2012 | \$ 150,640 | \$ 150,640 | 100% | \$ 0 | \$ 0 |
| 2011 | 147,168 | 147,168 | 100% | 0 | 0 |
| 2010 | 125,744 | 125,774 | 100% | 0 | 0 |

The above information is based on the LOSAP actuarial report for May 31, 2013, which is the most recent available report.

NOTE 7. DEFICIT FUND BALANCES

The Library Fund has a deficit fund balances of \$16,759 at May 31, 2013. Management will continue to eliminate the deficit in subsequent years. The Capital Projects Fund also has a deficit fund balance of \$3,024,789. The Capital Fund deficit will be eliminated through permanent financing.

NOTE 8. RISK MANAGEMENT

The Village is exposed to various risks of loss including, but not limited to, torts, thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured loss. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2013**

NOTE 9. CONTINGENCIES

A. Grant Program

The Village has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Village administration believes disallowances, if any, will be immaterial

B. Litigation

The Village is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. While the outcome cannot be predicted, due to the insurance coverage maintained, the Village believes that any settlement not covered by insurance would not have a material adverse effect on the financial condition of the Village.



Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Members
of the Village Board
Village of Hastings-on-Hudson
Hastings-on-Hudson, N.Y.

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA

Patrick M. Bullis, CPA
Jennifer L. Capicchioni, CPA
Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Maureen K. Lyon, CPA
Brent T. Napoleon, CPA
Justin B. Wood, CPA

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Village of Hastings-on-Hudson, as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Hastings-on-Hudson's basic financial statements and have issued our report thereon dated October 4, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Hastings-on-Hudson's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Hastings-on-Hudson's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Hastings-on-Hudson's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We consider the deficiencies described in the accompanying schedule of findings and responses, identified as findings 2013-1, 2013-2, and 2013-3, to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Hastings-on-Hudson'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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nugent & Haeussler, P.C.

October 4, 2013

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2013**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-1 Limited Segregation of Duties

| | |
|-----------------|---|
| Condition: | The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight. Through interviews with management and staff we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities. |
| Criteria: | Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both commit and conceal errors, irregularities or fraud. |
| Cause: | Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure. |
| Effect: | The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities. |
| Recommendation: | We recommend that the management review the responsibilities of business staff, as well as the duties actually being performed currently. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire additional staff. |

Finding 2013-2 Management Oversight and Monitoring

| | |
|------------|--|
| Condition: | The Auditor found instances where oversight and monitoring by management were not documented. Through interviews with management and related personnel we were able to satisfy ourselves that the necessary oversight and monitoring was performed. |
| Criteria: | Effective internal control over financial reporting requires management oversight and monitoring to establish reasonable assurance that financial reporting is being reliably and accurately completed. Documentation of this oversight and monitoring is necessary to insure that this criteria is met. |

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Cause: These activities are often informal and performed as a part of the overall management of the entity's operations. Management's close involvement in operations will typically identify inaccuracies in financial data.

Effect: The financial statements could have been significantly misstated without adequate documentation and performance of oversight functions.

Recommendation: We recommend that management formally document its review of all elements of the financial data reflected in the financial reporting. This would include but not be limited to ledger account reconciliations, journal entries, trial balances, revenue status and budget status reports.

Finding 2013-3 Preparing Financial Statements and Disclosures

Condition: The auditor is currently making significant adjustments to properly record certain complex transactions and preparing the financial statements for external reporting purposes.

Criteria: The auditor cannot function as part of the Village's internal control system over financial reporting. The auditor's preparation of the financial statements and disclosures would not be reported as a significant deficiency if the Village had internal controls in place to prevent, detect, and correct a potential misstatement in the financial statements or notes.

Cause: Newly revised audit standards state that if the Village does not implement procedures to prevent, detect, or correct a potential misstatement in the financial statements or notes, this deficiency constitutes a significant deficiency in internal control. The Village relies on the external auditor to prepare the financial statements and related disclosures, and to assist with properly recording certain transactions.

Effect: The financial statements could have been significantly misstated without audit adjustment.

Recommendation: Although the independent auditor cannot be a part of the Village's internal control, relying on the auditor to assist with preparation of the Village's financial statements and help guide management through complex accounting standards is acceptable under current prescribed standards.

Management has not completed a response to the above findings as of the date of this report. Government Auditing Standards requires management's responses and planned corrective action to be included in this report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2013**

| | Original Budget | Adjusted Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------------|----------------------|----------------------|--|
| REVENUES | | | | |
| Real Property Taxes | \$ 9,914,061 | \$ 9,914,061 | \$ 9,914,061 | \$ 0 |
| Real Property Tax Items | 30,000 | 30,000 | 36,140 | 6,140 |
| Departmental Income | 992,470 | 1,185,977 | 1,209,978 | 24,001 |
| Use of Money and Property | 112,000 | 112,000 | 116,999 | 4,999 |
| Licences and Permits | 220,000 | 220,000 | 214,322 | (5,678) |
| Fines and Forfeitures | 240,000 | 240,000 | 248,472 | 8,472 |
| Sale of Property and Compensation for Loss | 8,500 | 8,500 | 23,861 | 15,361 |
| Miscellaneous | 65,000 | 65,000 | 71,768 | 6,768 |
| State and Federal Aid | 1,598,000 | 1,598,000 | 1,623,294 | 25,294 |
| TOTAL REVENUES | 13,180,031 | 13,373,538 | 13,458,895 | \$ 85,357 |
| OTHER SOURCES | | | | |
| BANS Redeemed from Appropriations | 0 | 0 | 177,065 | |
| Interfund Transfers | 186,213 | 186,213 | 0 | |
| TOTAL REVENUES AND OTHER SOURCES | \$ 13,366,244 | \$ 13,559,751 | \$ 13,635,960 | |
| EXPENDITURES | | | | |
| General Government Support | \$ 1,707,083 | \$ 1,661,908 | 1,657,022 | \$ 4,886 |
| Public Safety | 3,396,822 | 3,383,618 | 3,367,875 | 15,743 |
| Transportation | 1,006,972 | 1,028,929 | 1,020,862 | 8,067 |
| Culture and Recreation | 996,084 | 1,054,140 | 1,049,023 | 5,117 |
| Home and Community Services | 966,070 | 1,058,565 | 1,057,552 | 1,013 |
| Employee Benefits | 3,301,998 | 3,231,998 | 3,216,081 | 15,917 |
| TOTAL EXPENDITURES | 11,375,029 | 11,419,158 | 11,368,415 | 50,743 |
| OTHER USES | | | | |
| Operating Transfers Out | 1,991,215 | 2,140,593 | 2,140,593 | 0 |
| TOTAL EXPENDITURES AND OTHER USES | \$ 13,366,244 | \$ 13,559,751 | \$ 13,509,008 | \$ 50,743 |

See paragraph on supplemental schedules in auditor's report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES COMPARED TO BUDGET
POOL FUND
FOR THE YEAR ENDED MAY 31, 2013**

| | Original Budget | Adjusted Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|-------------------|--|
| REVENUES | | | | |
| Departmental Income | \$ 359,800 | \$ 369,586 | \$ 447,130 | \$ 77,544 |
| Use of Money and Property | 200 | 200 | 270 | 70 |
| TOTAL REVENUES | <u>\$ 360,000</u> | <u>\$ 369,786</u> | <u>\$ 447,400</u> | <u>\$ 77,614</u> |
| EXPENDITURES | | | | |
| Home and Community Service | \$ 221,569 | \$ 241,355 | \$ 240,702 | \$ 653 |
| Employee Benefits | 11,600 | 1,600 | 272 | 1,328 |
| TOTAL EXPENDITURES | <u>233,169</u> | <u>242,955</u> | <u>240,974</u> | <u>653</u> |
| OTHER USES | | | | |
| Operating Transfers Out | 126,831 | 126,831 | 126,831 | 0 |
| TOTAL EXPENDITURES AND OTHER USES | <u>\$ 360,000</u> | <u>\$ 369,786</u> | <u>\$ 367,805</u> | <u>\$ 653</u> |

See paragraph on supplemental schedule in auditor's report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES COMPARED TO BUDGET
LIBRARY FUND
FOR THE YEAR ENDED MAY 31, 2013**

| | Original Budget | Adjusted Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|--------------------|-------------------|--|
| REVENUES | | | | |
| Departmental Income | \$ 18,000 | \$ 18,000 | \$ 14,363 | \$ (3,637) |
| Use of Money and Property | 10 | 10 | 8 | (2) |
| State Aid | 1,790 | 1,790 | 1,983 | 193 |
| TOTAL REVENUES | <u>19,800</u> | <u>19,800</u> | <u>16,354</u> | <u>(3,446)</u> |
| OTHER SOURCES | | | | |
| Operating Transfers In | 764,234 | 764,234 | 750,656 | (13,578) |
| TOTAL REVENUES AND OTHER SOURCES | <u>\$ 784,034</u> | <u>\$ 784,034</u> | <u>\$ 767,010</u> | <u>\$ (17,024)</u> |
| EXPENDITURES | | | | |
| Home and Community Services | \$ 584,061 | \$ 576,523 | \$ 576,258 | \$ 265 |
| Employee Benefits | 116,500 | 124,038 | 124,038 | 0 |
| TOTAL EXPENDITURES | <u>700,561</u> | <u>700,561</u> | <u>700,296</u> | <u>265</u> |
| OTHER USES | | | | |
| Operating Transfers Out | 83,473 | 83,473 | 83,473 | 0 |
| TOTAL EXPENDITURES AND OTHER USES | <u>\$ 784,034</u> | <u>\$ 784,034</u> | <u>\$ 783,769</u> | <u>\$ 265</u> |

See paragraph on supplemental schedules in auditor's report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
MAY 31, 2013**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|-----------------------------|---|
| 6/1/2012 | \$0 | \$ 19,470,000 | \$ 19,470,000 | 0% | \$ 5,920,000 | 329% |
| 6/1/2011 | \$0 | \$ 18,520,000 | \$ 18,520,000 | 0% | \$ 5,910,000 | 313% |
| 6/1/2010 | \$0 | \$ 15,470,000 | \$ 15,470,000 | 0% | \$ 5,730,000 | 270% |
| 6/1/2009 | \$0 | \$ 14,710,000 | \$ 14,710,000 | 0% | \$ 5,960,000 | 247% |
| 6/1/2008 | \$0 | \$ 14,440,000 | \$ 14,440,000 | 0% | \$ 6,140,000 | 235% |

See paragraph on supplemental schedules in auditor's report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR THE SERVICE AWARD PROGRAM
MAY 31, 2013**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Annual Required Contribution | Percentage Contributed |
|--------------------------------|--|--|--------------------------------------|--------------------------|------------------------------------|---------------------------|
| 2012 | 674,853 | 1,203,860 | 529,007 | 56.06% | 150,640 | 100% |
| 2011 | 649,992 | 1,195,657 | 545,665 | 54.36% | 147,168 | 100% |
| 2010 | 636,005 | 1,269,964 | 633,959 | 50.08% | 125,744 | 100% |
| 2009 | 541,622 | 1,162,378 | 620,756 | 46.60% | 110,798 | 100% |
| 2008 | 459,714 | 1,367,382 | 907,668 | 33.62% | 107,935 | 100% |
| 2007 | 376,376 | 1,288,978 | 912,602 | 29.20% | 106,319 | 100% |
| 2006 | \$ 283,618 | \$ 1,213,796 | \$ 930,178 | 23.37% | \$ 106,764 | 100% |

See paragraph on supplemental schedules in auditor's report.

VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
CAPITAL FUND BALANCE SCHEDULE BY PROJECT
MAY 31, 2013

| Project | Authorization | Expenditures and Transfers | Unexpended Balance | Methods of Financing | | | | | Fund Balance (Deficit) May 31, 2013 | BAN's Outstanding May 31, 2013 |
|------------------------------------|---------------------|----------------------------|--------------------|-------------------------|-----------------------|---------------------|-------------------|-------------------|-------------------------------------|--------------------------------|
| | | | | Proceeds of Obligations | State and Federal Aid | Interfund Transfers | Miscellaneous | Totals | | |
| Municipal Building Plaza | \$ 125,000 | \$ 108,670 | \$ 16,330 | \$ 125,000 | \$ 0 | \$ 0 | \$ 0 | \$ 125,000 | \$ 16,330 | \$ 0 |
| Sidewalks and Related Areas | 153,000 | 149,706 | 3,294 | 153,000 | 0 | 0 | 0 | 153,000 | 3,294 | 0 |
| Purchase of Sanitation Truck | 170,000 | 169,685 | 315 | 22,666 | 0 | 0 | 19,000 | 41,666 | (128,019) | 128,000 |
| Purchase of Fire Truck | 575,000 | 557,316 | 17,684 | 57,500 | 0 | 0 | 41,000 | 98,500 | (458,816) | 476,000 |
| Purchase of Ambulance | 150,000 | 147,993 | 2,007 | 30,000 | 0 | 0 | 30,000 | 60,000 | (87,993) | 90,000 |
| Street Resurfacing 2009-2010 | 675,000 | 238,743 | 436,257 | 20,834 | 75,000 | 0 | 0 | 95,834 | (142,909) | 144,166 |
| Street Resurfacing 2009-2010 | 275,000 | 241,378 | 33,622 | 20,000 | 0 | 75,000 | 59,000 | 154,000 | (87,378) | 156,834 |
| Aerial Fire Ladder | 1,000,000 | 948,483 | 51,517 | 0 | 0 | 0 | 32,000 | 32,000 | (916,483) | 968,000 |
| Washington and Maple Ave Sidewalk | 268,000 | 140,184 | 127,816 | 0 | 101,500 | 0 | 16,487 | 117,987 | (22,197) | 114,000 |
| Street Resurfacing 2010 | 275,000 | 199,803 | 75,197 | 0 | 0 | 0 | 0 | 0 | (199,803) | 200,000 |
| Justice Court | 4,960 | 5,074 | (114) | 0 | 0 | 4,960 | 0 | 4,960 | (114) | 0 |
| IMPACT | 10,000 | 0 | 10,000 | 0 | 27,500 | 0 | 0 | 27,500 | 27,500 | 0 |
| Street Resurfacing 2011-2012 | 200,000 | 198,419 | 1,581 | 0 | 0 | 0 | 0 | 0 | (198,419) | 200,000 |
| Hudson River Improvements | 5,000 | 0 | 5,000 | 0 | 0 | 0 | 5,000 | 5,000 | 5,000 | 0 |
| Street Resurfacing 2012-2013 | 275,000 | 126,319 | 148,681 | 0 | 0 | 70,000 | 0 | 70,000 | (56,319) | 400,000 |
| Emergency Services Radio Equipment | 310,000 | 310,000 | 0 | 0 | 0 | 0 | 0 | 0 | (310,000) | 310,000 |
| DPW Trucks 2012-2013 | 475,000 | 468,463 | 6,537 | 0 | 0 | 0 | 0 | 0 | (468,463) | 475,000 |
| | <u>\$ 4,945,960</u> | <u>\$ 4,010,236</u> | <u>\$ 935,724</u> | <u>\$ 429,000</u> | <u>\$ 204,000</u> | <u>\$ 149,960</u> | <u>\$ 202,487</u> | <u>\$ 985,447</u> | <u>\$ (3,024,789)</u> | <u>\$ 3,662,000</u> |

See paragraph on supplemental schedules in auditor's report.

VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
SCHEDULE OF INDEBTEDNESS
MAY 31, 2013

| | Interest Rate | Date of Original Issue | Maturity | Outstanding Beginning of Fiscal Year | Issued During Year | Paid During Year | Outstanding End of Year | Amount of Interest Paid During Year | Amount of Accrued Int @ 5/31/13 | Due Within Next Year |
|--------------------------------|------------------|------------------------------|------------|--|--------------------------|------------------------|-------------------------------|---|---------------------------------------|-------------------------|
| BOND ANTICIPATION NOTES | | | | | | | | | | |
| Various Projects | 1.25% | 9/27/2013 | 9/27/2013 | \$ 2,573,065 | \$ 1,385,000 | \$ 296,065 | \$ 3,662,000 | \$ 38,596 | \$ 31,025 | \$ 3,662,000 |
| TOTAL NOTES | | | | 2,573,065 | 1,385,000 | 296,065 | 3,662,000 | 38,596 | 31,025 | 3,662,000 |
| SERIAL BONDS | | | | | | | | | | |
| 2003 Refunding 1994 | 3.00% | 7/1/2003 | 7/1/2014 | 315,000 | 0 | 115,000 | 200,000 | 8,494 | 2,482 | 100,000 |
| Various 2000 | 4.75% | 10/15/2001 | 10/15/2015 | 795,000 | 0 | 250,000 | 545,000 | 33,780 | 3,263 | 265,000 |
| Various 2005 | 4.00% | 11/1/2006 | 11/1/2026 | 6,650,000 | 0 | 350,000 | 6,300,000 | 267,700 | 21,403 | 375,000 |
| Various 2006 | 4.75% | 8/15/2007 | 8/15/2028 | 2,025,000 | 0 | 90,000 | 1,935,000 | 80,606 | 26,944 | 95,000 |
| TOTAL SERIAL BONDS | | | | 9,785,000 | 0 | 805,000 | 8,980,000 | 390,580 | 54,092 | 835,000 |
| TOTAL INDEBTEDNESS | | | | \$ 12,358,065 | \$ 1,385,000 | \$ 1,101,065 | \$ 12,642,000 | \$ 429,176 | \$ 85,117 | \$ 4,497,000 |

See paragraph on supplemental schedules in auditor's report.

**VILLAGE OF HASTINGS-ON-HUDSON
HASTINGS-ON-HUDSON, NEW YORK
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
MAY 31, 2013**

| | | |
|--|------------------|----------------------------|
| Capital Assets, Net | | \$ 21,895,371 |
| Deduct: | | |
| Bond Anticipation Notes | \$ 3,662,000 | |
| Short-Term Portion of Bonds Payable | 835,000 | |
| Long-Term Portion of Bonds Payable | <u>8,145,000</u> | |
| | | <u>12,642,000</u> |
| Investments in Capital Assets, Net of Related Debt | | <u><u>\$ 9,253,371</u></u> |

See paragraph on supplemental schedules in auditor's report.