

VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK
BOARD OF TRUSTEES
REGULAR MEETING
DECEMBER 1, 2009

A Regular Meeting was held by the Board of Trustees on Tuesday, December 1, 2009 at 7:48 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

PRESENT: Mayor Peter Swiderski, Trustee Bruce Jennings, Trustee Jeremiah Quinlan, Trustee Meg Walker, Trustee Nicola Armacost, Village Manager Francis A. Frobels, Village Attorney Marianne Stecich, and Village Clerk Susan Maggiotto.

CITIZENS: Three (3).

PRESENTATION - Auditor Susan Barossi re 2008-09 Village Audit

Susan Barossi, O'Connor Davies Munns & Dobbins, LLP: I am here with Marc Traina who was the manager on the Village audit. We performed the audit the week of July 4, and we are here now to present the financial statements.

The Village is a pretty complex entity in its business. There is a general fund, a capital fund, a pool fund, a special purpose fund, a debt service fund, and a public library fund. Our agenda today is to go over the scope and focus of the audit, the reports to be issued and some financial statement highlights, and present some management comments and communications that we are required to present, as well.

We audited the financial statements of the Village and issued an unqualified opinion. That unqualified opinion is the best opinion that any village or any business can get. We also reviewed the Justice Court's financial statements. We had team of five people here during that 4th of July week consisting of a partner, a manager, and senior and junior staff in order to audit the financial statements of the Village and of the Justice Court. As part of the audit process, we issued some management comments as a result of that.

The newest item on the balance sheet of the Village is Government Accounting Standards Board #45. That is the accrual of what is called "other post employment benefit" liability. Every governmental entity has two financial statements, which is very different than if you have a commercial entity or not-for-profit entity. There is what they call the "fund level statement," which is what your budget is based on, and then an entity-wide level. What happened this year, the fund level is what they call the modified accrual basis, which is near-term cash inflows and outflows, and the entity-wide level is the full accrual level. The full accrual level is supposed to portray the Village for accrual basis. So we have all the assets, including capital assets, and all the liabilities, including bonds payable on the full accrual method.

The Village uses the fund level in order to arrive at its budget, as do all governmental entities. However, these other post-employment benefits, this is the accrual. What happens now, retirees receive their other post-employment benefits. Their healthcare premiums are paid for as an incentive. They are paid for by the Village on a cash basis. Therefore, they are an expense on the cash basis on the fund level. This, in the past, was to encourage employees to work for governments because when they retired that would be a benefit they would receive. That was on the cash basis and still continues to be on the cash basis on the fund level. But now it is required on the entity-wide level to accrue this liability.

The Village has 67 active and 36 retired employees. This liability that had to be put on the books for the first year, in accordance with this standard, at the present value today is \$14.4 million. That seems very alarming, but there are similar villages which have the same size liability. It depends on your employee population. However, this \$14 million goes on the books over 30 years, in accordance with the standard. It is not picked up as a one-time liability. Right now, in New York State, it is not legal to fund this liability. Therefore, it is on the entity-wide level more for disclosure and labor negotiation purposes. It is to alert the public that this liability is here. It was not intended to be hidden on the fund level, but it was not required to be disclosed. That is a liability as of May 31, 2009. However, the covered payroll, the active plan members, is \$6.1 million this year. Therefore, this liability is 235% of the covered payroll. That cost is not a straight line over the 30 years. But approximately \$1 million per year is being put on as a liability. The contributions paid for employees this year was \$420,000. Therefore, on what we call the entity-wide balance sheet there is a liability of \$590,000 as of May 31. Every year the liability will grow, and right now it cannot be funded. But, as I said, this is to alert the reader that the liability exists.

Mayor Swiderski: When we speak of retired Village employees, are they not paid out of a state pension fund?

Ms. Barossi: That is pension, but we are talking about the healthcare premiums. This year \$420,000 was paid for premiums for retirees. Every year, for the active employees, there is a contribution to the employee retirement system, which is a percentage of their salary deposited to the employees' retirement system. That is a current year expense. On the fund level the \$420,000 is the value of the healthcare premiums for the retirees. The state is paying the pensions to the retirees. In the private sector when you are a retiree, most likely your healthcare premiums are not being paid for unless you have a very generous corporation. That is the point of this. However, this liability is for the retirees, but it also includes present value of the future for the active employees.

Mayor Swiderski: So we should be funding an additional \$590,000 to the side in preparation for the eventual retirement of the current group of active employees.

Ms. Barossi: Exactly.

Mayor Swiderski: But we are not allowed to.

Ms. Barossi: Not allowed. And the way the economy is, I do not see that it is going to be allowed in the future. But there has been much discussion, when the bond rating agencies come in, that there have been some counties where there has been a designation of the fund balance that says although we are not allowed to fund this liability, we are going to designate a piece of our fund balance. Every year we are going to increase the designation of that fund balance to set aside for the future. We are going to recognize that that liability, at some point, will be allowed. And there will be a question why we are not funding it. This is on the entity-wide so you would not see it on your fund level. What it is saying is that this liability, at some point, you will be allowed. And it is only getting bigger. So when you are planning your budgets, you are going to be alerted, in the future, that this liability is there. Now, that \$14.4 million: a lot of villages and towns ask how they compare to others. It is very difficult to compare to others. An actuary came in and prepared the calculation and came up with a liability. It is based on the pool of employees, the mortality rates, and a lot of other factors that come into that.

Mayor Swiderski: And we are responsible for the payment of medical insurance for all employees, or the subset?

Ms. Barossi: Pertaining to your labor contracts. So therefore, in the future, as everybody is suffering in this economy, things might change in those labor contracts when you are renegotiating them.

Trustee Walker: If these people are over the age of 65, does Medicare just cover them?

Ms. Barossi: These are all retirees, but this liability pertains to active employees, as well. You are funding for that future, setting up that liability for the future recognition that each year a person is active they are closer to their retirement, closer to being paid.

Trustee Jennings: We are now paying for private health insurance that continues beyond age 65 for our retirees. So after age 65 they have double coverage, with Medicare.

Ms. Barossi: No.

Village Manager Frobel: You are eligible for this benefit after 20 years of service. So you could be considerably younger than 65 and be drawing the healthcare.

Trustee Armacost: But I think Bruce is trying to work out if there is a double-dipping situation.

Trustee Jennings: No, I am just trying to figure out whether those 36 people are all between the age of retirement and age 65. Or are some of them over age 65?

Ms. Barossi: We, as the auditor, looked at the actuarial report. The actuary took the population and has that detailed in the report. We looked at the assumptions we utilized in order to calculate the liability. I do not have the details here of the employees, but it is detailed in the actuarial report. As part of that, there were mortality tables for the active, as well as the retired, employees. I do not know if that answered your question.

Trustee Quinlan: It does not answer the question. The question is, are we paying health insurance for people over the age of 65? Either yes, no, or do not know.

Ms. Barossi: I do not have the report. I did not perform the actuarial evaluation.

Trustee Quinlan: The answer is, I do not know, which is fine. So can you find out and let us know if we are paying for people that are over 65 for their health benefits?

Ms. Barossi: We can look at the report.

Village Manager Frobel: I provided that report to you in the late summer/early fall, but I will send out another copy.

Trustee Quinlan: And the question is, if we are, why are we if they are going to be covered by the government?

Deputy Village Treasurer Zaratian: We do not pay them directly. We reimburse them for Medicare costs. Remember those checks you sign? That is the 36.

Trustee Quinlan: But is that for costs over and above what the government gives them?

Deputy Village Treasurer Zaratian: The Medicare cost, either by a single person if there is just one person alive, or if it is a spouse and an employee, then it is twice as much, is done by rules of Medicare. Ellen McQuaid gets that information every year, and that is the reimbursement we send them.

Trustee Jennings: So we are paying for our retirees' Medicare premiums. We are not purchasing private insurance over the top of Medicare.

Deputy Village Treasurer Zaratzian: That is what we are doing.

Ms. Barossi: What has happened here is recognizing this liability. In the past, when it was not on the financial statements, this question may have never come up. However, when you are renegotiating new labor agreements, perhaps this clause is going to be looked at more closely because you are seeing the cost of it.

Trustee Quinlan: You bet. What I do not understand, though, Raf, is that so I am 65 and I have a health plan. My understanding is that the government pays for my health problems, my Medicare, and there are no premiums.

Trustee Jennings: No, that is not true, Jerry.

Trustee Quinlan: I pay for my own premiums when I turn 65?

Ms. Barossi: Yes.

Trustee Quinlan: So then whatever that is?

Ms. Barossi: Yes.

Trustee Quinlan: So we are paying for their premiums.

Ms. Barossi: And they are not cheap.

Trustee Quinlan: I guess I will learn all that in a couple years.

Ms. Barossi: And as I said, the actuary determined this. The actuary is not associated with our firm. This actuary was hired by the Board and the actuary reported to the Board. It is not an actuary within the firm because that actuary has to be independent of us.

Next, let us bring you to the line "net change in fund balance." A budget is always balanced. What that net change in fund balance represents is that in the prior year an amount was carried forward of \$200,000 to balance the '09 budget of fund balance. And also there were encumbrances. Encumbrances are purchase orders issued and outstanding in which invoices have not been received. They were budgeted in the prior year, the invoices were not

received, so you have to hold fund balance in the next year for that. You did not budget a decrease in the fund balance. That is just the amount you had planned, in the prior year, to balance this budget, which is the \$200,000 plus \$102,000 in encumbrances. The final budget, there was no change to the budget. You plan to use the same amount of fund balance. Actually, there was only use of \$168,000 in fund balance. Therefore, in governmental terms, we call this a “budgetary surplus.” Because instead of using \$302,000 of fund balance, the Village used \$168,000 in fund balance to come up with the budgetary surplus of \$134,000.

There were revenues of \$12.1 million. Go to the actual column: expenditures of \$10.4 million, therefore excess of revenue over expenditures of \$1.7 million. But there were other financing uses for transfers to the debt service fund. As I said, there were other funds. Debt service pays your debt, transfers to the capital project fund, transfers to the library fund. Therefore, there was a decrease in the fund balance of \$168,000. Add that to the beginning fund balance of \$516,000, and you had an ending fund balance of \$348,000, which is the net equity of the Village. Marc is going to go over how we came about that.

Marc Traina, O'Connor Davies Munns & Dobbins, LLP: First, in the final budget, at the top, for revenues, \$12.2 million. The actual came out to \$12.1 million, giving you a budget variance of \$20,000 of what you did not receive, but expected to budget. For the expenditures, you will see the total is \$10.6 million, but you actually spent only \$10.4. Therefore, you had a positive savings of \$154,000. Later I will go into these each individually for what makes them up.

If you turn to the next slide you will see the financial statement highlights of the general fund. I just want to give you a synopsis of your major revenue sources. One would be your real property taxes, which make up 74%, or \$8.9 million, this year. The other one is your non-property taxes, which make up \$1.3 million, or 9%. Departmental income was your next biggest, which was \$957,000, or 7% of your revenue source. State aid was \$474,000, which makes up 3.5% of your revenue source.

As we talked about variances, you had a negative variance from final budget revenues of \$20,343. You would see that on the financial statement on Pages 51 and 53. The main reason for these variances, number one, was non-property taxes and sales tax decrease from what you originally budgeted for. Departmental income, you received in excess of what you budgeted for. But in the current year, your state aid had a negative \$98,000 budget variance due to the lack of mortgage tax.

You are going to see a positive variance from final budget expenditures of \$504,000 from Pages 54 to 57. The reason for this was your general government support, which consisted

of \$41,792. These were just due to various departments that had savings. Public safety was \$34,851, due to a savings in the fire department of around \$23,000. Home and community service had a savings of \$31,405. This was a savings in the refuse and garbage department. Your employee benefits had a savings of \$28,000, which came from your hospital and medical insurance.

The next slide, this is a synopsis of your balance sheet. You'll see this is in summary form in the financial statements on Page 48, I believe, where it is detailed. Just to give you a synopsis, your cash in 2009 was \$35,000; in 2008 it was \$193,000. Same with your investments: it was at \$460,000 in the current year, and \$289,000 in 2008. Tax receivable in the current year, \$117,000; last year it was comparable, at \$116,000. Your other receivables, made of various accounts receivable and other types of receivables, were \$1.8 million; last year, \$1.8 million.

Liabilities and fund balance, you'll see your liabilities were \$1.6 million this year; last year, \$1.9 million, which shows you the \$300,000 decrease. Your fund balance was \$348,000 in the current year. Last year, \$516,000, as we explained before, for a decrease of \$168,000, a net of your revenues and expenses.

On the next slide, it was pointed out that it is not \$2,478,851 million. You can take the millions out. Your asset decreased in total by \$475,000. It was \$2.4 million in prior years, and now \$2 million. The main decrease was use of your investments and cash. But you will see that the decrease in cash and investments had two effects. One is in liabilities, which decreased \$300,000. Money was used to pay off part of your liabilities, which was why the liabilities went down \$300,000. Also, you had a negative change in fund balance of \$168,000, which we explained further on Page 49. You had an excess of expenses over revenues, causing your fund balance to decrease.

Ms. Barossi: This year, as I stated, there were several funds. Fund balance is a very popular topic, especially this year with where the economy stands. It used to be a sin to have a fund balance. It used to be like, How could you have a fund balance?, How could you raise it?, That means that you are overtaxing people. Now, those who have had a fund balance find it to be a privilege. The rule used to be 10% of your subsequent year's budget was just enough to have in fund balance. Now the rule is the more you have, the better you are. Because remember, your fund balance is a cushion for the future. So I am just going to highlight some of the fund balances here.

The general fund, as I said, is the operational fund. Just to point out, I was here two weeks ago and had a very productive meeting with the Mayor, management, and the Village Manager to discuss the fund balances and the financial status of the Village itself. But as you

can see, the general fund has \$348,000 in fund balance; \$218,000 is reserved for what we call those encumbrances, those purchase orders issued and outstanding for which invoices have not been received. Basically, that has been pre-spent. It is going to roll into the next year. There is only \$129,000 of free fund balance, which is less than 1% of your subsequent year's budget of about \$13 million. So you know what? You are not in that 20% range, and not even in the 10% range.

I think the goal basically should be now to start building fund balance. The capital projects fund, which all projects of the Village are run through, has a deficit of 1.5. But what happens in government accounting is, when bonds are issued to fund projects the bonds are treated as revenue and will therefore wash out the deficits. We had a very lengthy discussion about all these capital projects out there for which financing has to be obtained.

The pool is something Village residents use, love, and enjoy. However, the pool has been having a deficit for a few years. Basically, if that pool deficit continues, remember: the general fund is really advancing money to keep that pool operating because the fees for the pool are not increasing high enough to cover pool costs. The biggest cost of the pool is the debt service to pay off the bonds for refurbishing in the past. Therefore, in the future, if that deficit does not disappear the general fund has got to reserve their fund balance. Remember, the general fund has a receivable from the pool which, basically, it is not collecting. Really, I guess you could say the general fund has to bite the bullet and get rid of that receivable; meaning writing off that receivable, and saying the pool is not debt anymore because you cannot continually operate that way. How can you operate a business with a continual deficit?

The special purpose fund is monies coming in for special purposes. There is a debt service of \$123,000 for future payments of debt service. What we call the non-major governmental fund is the library fund. That does not mean the library is not important. It just means that because of different thresholds certain funds are called "major" because they are separately disclosed and others are "non-major."

Mayor Swiderski: If you could go back to that slide, I just want to make a clarification. In the case of both the library and the pool, those are not operating deficits. They are effectively the overhang of debt that was used to renovate both the pool and library.

Ms. Barossi: Exactly.

Mayor Swiderski: The issue is not that we have an operating deficit, but rather that these deficits are not being paid down fast enough to satisfy accounting requirements.

Ms. Barossi: Yes, exactly. And revenue from continual operation is not covering it. The general fund is paying the expenses for the debt service for both of those. The library and the pool, where is the cash outlay coming from? It is coming from the general fund, which is setting up a receivable. Therefore, there is a liability from the pool and the library to the general fund. Because of the deficit they do not have enough cash to pay that down.

Mayor Swiderski: But the cost of the debt incurred, you are saying, is not being covered by current receipts?

Ms. Barossi: No, it is not. That is why you have a deficit in the pool.

Mayor Swiderski: Well, no. We have a deficit because the debt is going up.

Ms. Barossi: Your expenses exceed, the deficit is increasing.

Mayor Swiderski: That is the issue.

Ms. Barossi: Slightly decreased. The pool slightly, not a lot; slightly, slightly decreased.

Mayor Swiderski: So it is being serviced.

Ms. Barossi: Slightly.

Mayor Swiderski: But not being paid down.

Ms. Barossi: Not being paid down, correct. Slightly decreased. If it was a material decrease, I would say it.

Mayor Swiderski: And if it was being serviced by the Village, the net effect would be that the number would continue to increase. Right? Because the servicing of the debt by the Village would count as liability. It would be added to that total. Right? So if we were actually paying the interest on that debt, and the revenues from the pool were not, that number would be climbing.

Ms. Barossi: It would be climbing, but it has been a deficit for a few years.

Mayor Swiderski: Understood, but I just wanted to clarify.

Ms. Barossi: It is stabilizing, but never eliminating it.

Mayor Swiderski: Not dropping fast enough.

Ms. Barossi: Not dropping fast enough. Right.

Mayor Swiderski: And the same applies to the library.

Ms. Barossi: It is not dropping fast enough.

Deputy Village Treasurer Zaratzian: Hold on. There is a difference between actual cash and what is on the books. When we say is it due-to/due-from, from the pool fund to the general fund, that is an owing from the pool fund to the general fund.

Ms. Barossi: Yes, it is an owing.

Deputy Village Treasurer Zaratzian: It does not affect the fund balance of the pool

Ms. Barossi: Right.

Deputy Village Treasurer Zaratzian: That is an actual number every year. When we make a profit, that number will come down.

Mayor Swiderski: Right.

Ms. Barossi: Right.

Deputy Village Treasurer Zaratzian: As it comes down, and eventually makes a profit, then it pays back the actual due-tos and due-froms.

Ms. Barossi: The expense is being incurred in the pool fund. However, in order to pay the expense they are borrowing from the general fund. Correct? So they are incurring the expense, but they are borrowing and creating a liability. Just as if we borrowed, I would pay my expenses but I might not pay from the cash I have. I am borrowing from somebody else.

Mayor Swiderski: This is effectively a mortgage on the payment of the renovations to the pool.

Ms. Barossi: However, you know what? It is all one village.

Mayor Swiderski: Is it non-interest-bearing? We had to take out a bond to cover it.

Ms. Barossi: That is true. It is non-interest-bearing.

Deputy Village Treasurer Zaratzian: We are not going to make any great money.

Mayor Swiderski: No, without a doubt. But we took out a bond to cover the renovations. Right?

Ms. Barossi: Right. You are paying interest.

Mayor Swiderski: That bond, then, costs money.

Deputy Village Treasurer Zaratzian: Yes.

Mayor Swiderski: And is that bonding cost a revenue expense for the pool?

Deputy Village Treasurer Zaratzian: Yes.

Mayor Swiderski: Okay, fine.

Deputy Village Treasurer Zaratzian: It is in the budget every year.

Ms. Barossi: See, you total all your governmental funds. Right? The receivable and the payable disappear. Right? Because it is like an inter-company asset liability; which is the point of the statement showing it like one corporation. But when you look at them separately, that is where we have to show those receivables and payables separately.

Mayor Swiderski: Understood.

Trustee Walker: But you are pointing this out because, under good accounting procedures, we should be looking to have the pool pay for itself, pay for its bonds?

Ms. Barossi: Right. Or just budget a transfer in the general fund to help finance the pool. Get rid of the receivable in the general fund, Raf.

Trustee Walker: In the budget, we should show it.

Ms. Barossi: Build in the budget, but you do not want to do that because you are trying to build your fund balance in the general fund. It is not a possibility right now because you do not have the fund balance in order to do that. And it is very difficult to raise pool fees, as well. Correct, Raf?

Trustee Jennings: On this point, I am not sure what the right implication would be for the way we show our accounting. But as a matter of policy, over the years I think our general approach has been that the pool's yearly operating expenses should be supported, in effect, by the users of the pool. So the pool is funded by user fees, but the long-term capital improvements of the resource of the pool benefits the entire community, even those who do not use the pool. Because it increases their home value and all the rest of it. So that, we felt, was appropriately spread across all the taxpayers and not just the pool users.

Deputy Village Treasurer Zaratzian: That is not right. If you look at the Hillside law, the Hillside Woods law, it says that in 1967, when they started this pool, apparently there was a problem, as there always is in Hastings, with people not wanting to pay for it. So the law says that that pool has to be self-sustaining, with no help from the general fund or tax money.

Now, what Mr. Hess used to do in the previous improvement bond was set aside, in the budget, a certain transfer to the pool. And then when the pool had made money back, it would give back \$20,000 a year to pay off what the general fund paid for the bond. But what is so interesting is, as accounting changes, we were told we could not do that with this bond. So that is why we tried desperately to get the pool to actually make enough money to pay it back by itself. Because we were told, this time, Ah-ah-ah, you can't do that now because of regulations in the way you handle debt, and so forth.

So that is why I was looking at Susan and going, Ehh. Because the general fund could have given the pool a loan, and had the pool, over the years, pay back that money. But we cannot.

Trustee Walker: You mean, Raf, that it would be like a one-time payment; that the pool would get paid off faster, the bond would be paid off faster, that way.

Deputy Village Treasurer Zaratzian: And would have a reserve to pay it off.

Trustee Walker: Right. And then the general fund would be compensated.

Deputy Village Treasurer Zaratzian: And as the bond got older, the payments were less so they would have more and more profit. That is how it used to work. But accounting changed, and we cannot do that now. That is one of the problems we were dealing with. It was working pretty well because we did bring it down from \$156,000 to \$104,000. Then it went up a little bit, and right now we are dealing with some repairs to the pool and we are not sure exactly where we are going to come out this year, either.

One of the things we may be looking at is T-Mobile. They are looking to put a tower on 555-565. The pool is inside the overlay district, and if we could get them to go to one of the towers where the lights are we may be able to make some money off that that would help pay it off. But we will have to see if we can convince them to use those towers.

Ms. Barossi: Good point.

Mayor Swiderski: All right, thank you.

Ms. Barossi: So we will go to the next slide.

Mr. Trainor: I just want to bring out a point that, in the future, you are going to have, as we were talking about with the fund balance, various classifications of fund balance. This is not set in stone yet. It is going to happen, I believe, depending on the amount of revenues you record in the year, in 2011-2012. That would be your year. What it is saying is, your fund balance will have to be classified in a certain way. It is sort of the way it is now, only there are going to be certain names for it. You are going to have a total fund balance, you are going to have a reserve column, and you are going to have an unreserved column. The reserve column is not available for any appropriations, and the designation is available for appropriation but intended for a specific use. Then you are going to have your undesignated, which is available for all appropriations at the Village's discretion.

So in the future, you are going to have to classify your fund balance in a certain way under this GASB 54.

Trustee Walker: So we will do that when it is budgeting time.

Mr. Trainor: When it is fully initiated. You do not budget it. This is a fund balance designation.

Ms. Barossi: They will have to use it for the budgeting for the future, and we will give guidance on that. In fact, there was a good article that just came out about the future budgeting for this. Because when you budget, it is going to affect your fund balance and the way you do budget. It will be affected. I will give that article to Raf so he can distribute it. This is supposed to be a user-friendly way to speak about fund balance. I do not know if it is any friendlier than the present way.

Mr. Trainor: We discuss the statement of net assets, which is the entity as a whole. So you are going to see the net assets, as of May 31st, 2009-2008. Again, this is a summary. The financial statements show more detail level. In your current year, your current assets were

\$1.9 million; last year your current assets were \$2.4 million. Your capital assets, which includes all your capital assets within the Village, is \$23 million; last year it was about \$22.9 million. Total assets were \$24.9 million in the current year; last year they were \$25.3 million. Your current liabilities are \$2.1 million; last year they were \$1.7 million.

The long-term liabilities, which is a net asset accrual only, is your bonds, compensated assets, and the XXX that we discussed earlier. That range, that \$13.3 million, last year was \$13.5 million due to paydowns of certain bonds. Your net assets include your invested and capital assets, which is net of related debt, which is \$10.4 million; which is comparable to the \$10.4 million last year. Your restricted is \$1.3 million, compared to the \$1.1 million. The unrestricted is \$2.3 million, compared to the \$1.5 million deficit last year, giving a total net asset of \$9.4 million; in the prior year, \$10.1 million.

Ms. Barossi: That is the full accrual method we talked about, where you put all your assets on and all your liabilities. And really, the change in the unrestricted there, remember you put that other post-employment benefit liability on the books so therefore you decrease. And it is typical for governments to have the deficit unrestricted, especially with that liability being put on. So this is supposed to show as a for-profit commercial entity full accrual; how you went from the fund level to the entity-wide level.

Trustee Walker: And then we can move on?

Ms. Barossi: Then, as part of the audit process we issued a management letter, which was discussed and responded to by management. In fact, in your packets there is the written response. There is no ideal segregation of duties in any entity, but the more segregation you have, the better it is. But you have to look at cost versus benefits of having ideal segregation of duties. Therefore, we had to classify deficiencies from control, which is the weakest deficiency, to significant. And then if you go to the next slide, material weakness, and which number noted, and other internal control observations.

The issues that we just spoke about were significant. We felt as something significant the elimination of the pool deficits. That has been closely looked at, but it has to be looked at again. Also, the project length schedule: because of that deficit in the capital projects fund, to have a more detailed tracking of the project length. The project length schedule was forwarded to the Village Manager, and he is going to look at that.

This is just our acquired communications statement of auditing standards 114. Basically, any estimates or accruals, any receivables, that were booked were evaluated and found to be reasonable. The accounting policies were all significant for the Village. There were no disagreements with management. All ordered adjustments were recorded by

management. Regarding any other consulting services, we did not provide any. Management has to sign the representation letter stating that they gave us all the information, there was nothing withheld, and that it was received. There was no opinion-shopping. Sometimes you might come across a client where they disagree with us on something and therefore they had to shop for a separate opinion, and we would have to disclose that. Nothing to report regarding any irregularities or illegal acts.

Mayor Swiderski: Always good to hear.

Ms. Barossi: That is true for us, too: it is good to hear.

As I said, this was discussed in the detail. Basically, what is a good point is that the order does not end at the end of this meeting. It is continually going on throughout the year; communications with the Board, with Susan, with Raf, with the staff. And we appreciate that. It makes for a successful audit.

Any questions?

Mayor Swiderski: I do want to return to the pool issue just to beat it to death.

Ms. Barossi: Okay, good.

Mayor Swiderski: I think it is interesting we are not talking about the library because I do not know if the same sort of restriction exists about not being able to pay. I am assuming that is not the same issue.

On the pool issue, the \$107,000: if, by our own rules, we cannot apply general fund money to bring that \$107,000 down, the only leverage we have is through the revenue stream realized on the pool to apply against that.

Ms. Barossi: Right.

Mayor Swiderski: If that is what it is because there is some price elasticity around how far we can raise it before we hit a revolt, what do you expect us to do?

Ms. Barossi: You know what? You would have to check with bond counsel. I think the general fund can cover that deficit. However, that is a very difficult situation to do now because there really is no general fund balance to cover that deficit. So that would have to be something we would talk about in the future on how you are going to plan to cover that deficit.

Village Manager Frobel: I provided you with five action items. They are in the control letter. And I think they are all achievable. They are sort of what Raf just unveiled about trying to get the cell tower at the pool. Some pie in the sky here with my proposals, but I think they are achievable. And I think, given those action items, as you attached to your letter, I think we will make real headway in trying to address that.

Mayor Swiderski: But you are not looking to see that drop to zero in a year. It is steady motion down.

Ms. Barossi: It is not that personally, as a firm, we are stating it. We are just saying that in accordance with the standards, the accounting standards, if you have a receivable that has been outstanding for a long period of time and is not collectible you are supposed to reserve your fund balance. So you could reserve your fund balance and it would say “reserve for pool receivable.” But you should be reserving that fund balance in the general fund. It would be clearly disclosed. So the receivable would still exist, except you are just stating that you have less undesignated fund balance.

So now you only have \$128,000? But if you reserve this year you will work towards reducing that deficit, therefore there would be less to reserve in the general fund. What we are trying to bring across is that we did not reserve that in the general fund so it is our responsibility to state that. Because if we did not, then someone would think that it was reserved.

Mayor Swiderski: I have got questions. Trustees? Anyone?

Trustee Quinlan: I have a question. I hate to ask questions I do not know the answers to, but I am going to ask you anyway. How many other villages, or towns, of our size do you perform this service for?

Ms. Barossi: About 100.

Trustee Quinlan: So on the scale of poor, fair, good, or excellent how would you rate Hastings-on-Hudson’s budget and balance?

Ms. Barossi: In what category? Financially?

Trustee Quinlan: Yes. Poor, fair, good, and excellent.

Ms. Barossi: Good. However, if Hastings had a fund balance it would be in better condition; a general fund balance built up. Good because you have fund balance, you are closely adhering to your budget, and you are planning for the future. However, in the economy we are in now it is very difficult to meet those revenues you have budgeted and it is very difficult to hold expenditures to where you have budgeted. What we are saying for the future, you would be in a better position if you had that fund balance, that cushion for the future, available.

Trustee Quinlan: Okay. Well, thank you. That was a very nice and honest answer.

Ms. Barossi: Thank you.

Mayor Swiderski: Thank you very much.

APPROVAL OF MINUTES

On MOTION of Trustee Walker, SECONDED by Trustee Quinlan with a voice vote of all in favor, the Minutes of the Regular Meeting of November 17, 2009 were approved as presented.

APPROVAL OF WARRANTS

On MOTION of Trustee Walker, SECONDED by Trustee Quinlan with a voice vote of all in favor, the following Warrants were approved:

Multi-Fund No. 34-2009-10 \$43,689.11
Multi-Fund No. 36-2009-10 \$96,303.30
Multi-Fund No. 37-2009-10 \$56,709.52

PUBLIC COMMENTS

Timmy Downey, 525 Farragut Parkway: I wanted to come here this evening because this is more exciting to me than seeing a movie or a sporting event. I live for this stuff. I live for charts and numbers. My wife is an accountant, and we go through this stuff all the time at home. We carry no debt. And I am very excited when you can get an opportunity to try and take out debt, whether it be personal or for a village. I went to the Web site earlier this evening and saw the meeting was for 8 o'clock. I was not aware of the new time, 7:30.

Mayor Swiderski: Yes, it has been 7:30 for several meetings. Sorry about that.

Mr. Downey: It is my error. I should know to double-check. I know you have already passed the leaf commentary discussion. I have something for leaf disposal that I believe can generate a fifteen to twenty-five thousand dollar surplus to the Village, or less expense. We have to look at numbers. All I kept thinking about since I listened to the discussion two weeks ago is reserve and fund balance, fund balance and reserve. We have got to go after that. We have to go after debt service. I request the opportunity to speak to that at the next meeting.

Mayor Swiderski: As long as it is within a reasonable amount of time, absolutely.

Mr. Downey: It depends how well you folks can come up to speed on things. There are things that I can speak to that you are still coming up to speed. I spoke about this in 2005, I spoke about this February of this year when we talked about the budget. I am down the road on a lot of this stuff. Depends how well you can converse on the level that I am prepared to speak on. It is a function of both of us trying to compress the time.

69:09 FREE HOLIDAY PARKING

Village Manager Frobel: It is time for the annual consideration of granting some free parking for shoppers. We are looking for the two-week period, the week just before Christmas and the week of Christmas. In my opinion this is a generous gift to the business community and a benefit to the shoppers. It is a loss of revenue to the Village of about \$2,400 a week.

Trustee Walker: Do we enforce the two-hour limit?

Village Manager Frobel: They do. They keep an eye on it, and they have a margin for compassion for someone who goes beyond two hours. The idea is to turn over the parking space for the shopper and not have it used by, say, employees. But they do chalk the tires.

Mayor Swiderski: Is this the same time frame that has been used in the past?

Village Manager Frobel: It is close. We have been gradually shrinking the period. At one time it was three weeks, and it might even have been 3 ½ at one time. We are now down to the two-week period so we have reduced the amount of time, yes.

Mayor Swiderski: Is it my recollection that we had free days after Christmas in the past, or is that faulty?

Village Manager Frobel: Susan, refresh my memory.

Village Clerk Maggiotto: I think it was requested.

Village Manager Frobel: We resisted that.

On MOTION of Trustee Armacost, SECONDED by Trustee Walker the following Resolution was duly adopted upon roll call vote:

RESOLVED: that the Mayor and Board of Trustees approve free two-hour holiday parking from Monday, Dec. 14 through Thursday, Dec. 24, 2009 at the following locations: Boulanger Plaza, Steinschneider Lot, Post Office Lot, Warburton Avenue (North Street to Bridge), Main Street, Whitman Street, Spring Street, Southside Avenue, and Maple Avenue (Spring Street to Municipal Building Driveway).

ROLL CALL VOTE	AYE	NAY
Trustee Bruce Jennings	X	
Trustee Jeremiah Quinlan	X	
Trustee Meg Walker	X	
Trustee Nicola Armacost	X	
Mayor Peter Swiderski	X	

VILLAGE MANAGER'S REPORT

Village Manager Frobel: Thee lottery for the commuter parking lot is scheduled for Thursday at 10 a.m.. Thus far we do have an excess of applications for the number of spaces we have. We have about 166 spaces available, and by last count we were up around 180. So we are going to have our lottery, and those that are not successful in getting a space will be kept on a waiting list. We have turnover during the course of the year. Last year we had upwards of 204 in the lottery. So that number has shrunk, which is not a good sign, certainly, but it seems to be within range for the number of spaces available.

Trustee Jennings: Are we keeping the fee the same?

Village Manager Frobel: The fee is the same. It is \$300 a year for Zinsser, and then River Street is at \$440 a year.

Mayor Swiderski: Are people are notified by mail?

Village Clerk Maggiotto: You will get an email.

Mayor Swiderski: And at the current rate, it looks like we will have 9% of the people satisfied. At least that is something.

BOARD DISCUSSION AND COMMENTS

1. Waterfront Monitoring Trust Agreement

Trustee Quinlan: I must apologize to the Board because when I received the reports from Sive, Paget regarding the estimates of the costs for both legal fees and engineering fees, which amounted to over \$200,000, I was concerned that we might not have enough funds in the balance. We currently have a little bit over \$200,000 in what is known as the waterfront monitoring trust agreement, which is a trust agreement that was funded by BP/ARCO to help pay the Village's legal and engineering fees to try to understand, and facilitate and moderate, a cleanup of their portion of the waterfront, which is in the north section, approximately 29 acres. It turns out that we owe two bills of approximately \$50,000 to the engineering firm of Malcolm Pirnie and the legal firm of Sive, Paget. It also turns out that we are going to get another bill from Malcolm Pirnie of about \$18,000 to \$20,000 for services from July 31 to the present. So we are well below the \$200,000. At this point it is premature to ask BP/ARCO for some extra money now, at least in my opinion and the attorney's opinion and the engineers' opinion. We would rather ask them for more money when we are reaching the balance of \$200,000 and have actual billing. That is why I put it on the agenda, and that is my explanation of where we stand. I think we are in good shape now, and I do not think we need to ask for more money at this point.

2. Update on the Waterfront

Trustee Quinlan: The anticipated activities for this week on demolition of the buildings on the BP/ARCO site is that they are going to continue loading the material resulting from the demolition of Buildings 15 and 17. I had a meeting with Joe Sontchi, the engineer heading up the demolition and remediation of the site, on the Monday before Thanksgiving. We took a walk-through of the property and checked out the operations. Buildings 15 and 17 are completely gone at this point. They are loading the materials, which mostly are going to be taken out by a barge. They are going to be popping out the windows of Building 22, which is one of the big steel buildings, this week. They are going to continue abatement of the asbestos in 22B that they found in the roofing material. They are going to begin removal of the metal siding of the Building 22 complex, and are going to continue the asbestos removal

in Buildings 72, and 72A which is another one of the big steel buildings. They are still hoping to finish by the end of the year, but they have discovered some more asbestos underneath the steel. They do not know why it was there, it was serving no purpose, but that could possibly slow up complete demolition by the end of the year. Joe Sontchi assures me he is going to do try to do everything he can to conclude it by year's end.

Fran, you sent me a memo about inspection by the police department of the trucks. All the vehicles passed well within the standards and received good marks on all aspects of the inspection. That inspection was performed by Sergeant White, and additional inspections will be conducted periodically through the project's duration. This is important because of what they are moving through the Village. We want to make sure they are in good working order, have the proper licenses for what they are doing, and have the proper equipment to contain the materials that they are moving through the Village.

We are trying to set up a meeting between the DEC, Malcolm Pirnie, Joe Sontchi and perhaps myself for December 15 in Albany to talk about the modified feasibility plan and the comments we received from the DEC to BP/ARCO on their modified feasibility plan. The two sides are still very far apart. We are hoping to work together to get them closer.

Trustee Jennings: Jerry, am I correct in thinking that the various proposals and plans are now also being looked at by Riverkeeper folks? Have they weighed in?

Trustee Quinlan: It has not weighed in yet. I understand there was a meeting between BP/ARCO and Riverkeeper on the Thursday before Thanksgiving. I do not know what the results of that meeting were, except that I did hear some rumors that Riverkeeper may be asking BP/ARCO for the same kind of trust fund we have so it can hire its own engineers instead of using Malcolm Pirnie. Although that is just a rumor, it is really none of my business and I do not care one way or the other if they do. But there are some rumblings that that may happen. I am not sure Riverkeeper plans to attend the meeting on December 15.

Trustee Walker: Is Ned Sullivan of Scenic Hudson still helping at these negotiations?

Trustee Quinlan: Yes, he is. And he plans to be at the meeting, as far as I know.

3. Change of Location for March Village Elections

Village Clerk Maggiotto: Before January 15 the Board has to, by resolution, decide what hours the polls will be open for Village elections and also where to hold the elections. I thought this would be a good time for you to think about my proposal to change the place of the Village elections in March from the library to the Community Center. Prior to 2004 the

Village was divided into eight voting districts, which it still is for general elections in November and primaries in September. Those elections, the Village Clerk does not manage. Those are managed by, now, the county Board of Elections. In 2004 the Board agreed, for Village elections only, to consolidate into one district, into one location. The reasons were obvious: it was more efficient and cheaper. But at that time, the Community Center was not available to us. It was scheduled to be demolished and rebuilt, and the library had just finished a renovation and had this new room downstairs, the Orr Room, which we thought could accommodate and be accessible for the disabled, and have sufficient accessibility for everyone else. The Board agreed to do that. However, the Board of Elections has changed one of its voting places from the original American Legion to the high school, and now has given up on the high school. Two more voting districts are now in the Community Center, which means that for general elections four districts now vote there.

I was one of the people whose voting place changed. So, for the first time, I went to the Community Center to vote in November. I was struck by what a pleasant venue this was. It occurred to me that if we had had this Community Center at the time, in 2004, that would have been a more logical place to hold elections than the library. It is more accessible to many people, either walking by on their way to the train or people who live in the apartments who vote in that location anyway for general elections. It is larger than the Orr Room. The Orr Room has been okay, but we have not had an overwhelmingly large election there yet. It certainly is a possibility, so this gives us more flexibility in space. I talked to all the election inspectors who were there, and they loved being there. It is a nice environment to be in for a very long day. I do not see any drawbacks to moving it. We can set aside as much parking as we need, and there are other places nearby where people can park.

That is what I am going to be proposing. If you like idea you can just give me an indication now. If you want to talk about it at the next meeting, that is fine.

Trustee Armacost: Seems sensible to me.

Trustee Jennings: I changed from the high school to the Community Center, my election district, also and had the same experience that you had, Susan. It is a very good place to vote, very accessible. Parking was difficult at the high school; parking can be a little tricky at the library. I think we ought to be able to do at least as well, if not better than we have been doing.

Mayor Swiderski: Same.

Trustee Quinlan: Ditto.

Village Clerk Maggiotto: One more confusion for our poor voters, but I think people will accommodate to that. We will have that on in January.

4. Update on Deer

Mayor Swiderski: Very little to provide here. Email indication out of Gordon Bachelor at Fish & Wildlife that his unit has decided to recommend that a license that allows for, and all he gave me was trap and euthanize, would be issued with legal approval, as circulated internally in New York State, for the legal approval necessary for that. What that means precisely, what is allowed and what is not allowed, he could not tell me. But he did give me this much: that the department is inclined to issue a license that allows for that. So it is promising, but I am not holding my breath until we hear back.

Trustee Quinlan: So, Peter, does that mean they are sending it to the lawyers now?

Mayor Swiderski: Yes. And I have no idea whether that is short, long, or what process. He telegraphed that it should not be too long, but I think, Jerry, yours and my sense of time is different from that in Albany.

Trustee Walker: They did not give any details as to what type of euthanization?

Mayor Swiderski: The only additional qualification he said when I asked what he meant by trapping was net or corral, but that was it. He did not indicate whether baiting would be permitted or how the net would be deployed or anything. That was it. It is something. It means they are looking for a range of options.

Trustee Walker: And it would be an injection? He did not say that?

Mayor Swiderski: He did not specify euthanizing. Typically it could be a range of things, probably not an injection. The license may specify donation of meat, and you cannot inject and kill if you intend to donate the meat. So the euthanization would likely be something like bolt or low-velocity gunshot. I do not know, I am hypothesizing. It is not interesting until we get it, but it is promising that they understand we have issues that they are trying to address. I am afraid that their time frame is such that our window for being able to act this year may close if they do not get something to us in the next few days. It is difficult for us to take action in the winter months where this should happen. So if this proceeds in Albany time and it is not until February that we hear from them, it would be nice to have the license in hand. It is typically issued for a year. It would be a major accomplishment if they turned around and actually tried to accommodate the needs of a suburban village like ours. Progress of sorts.

5. Update on Comprehensive Plan

Trustee Quinlan: Board knows has authorized some funds for PPSA, the Comprehensive Plan consultant, to try to find a commonality between the LWRP and the intent of the CP on the waterfront. Liz Leheny, who works for the consultants, has completed a rough analysis. They are going to have a meeting Thursday with Meg. If you did not have enough to do already, Meg, thank you for stepping in on that and agreeing to go to that meeting to get some background as to the decisions, and directions taken, in the writing of the LWRP. because you were a part of that. We are hoping for some progress on that.

6. Friday Night Live

Trustee Walker: These posters should be up for Friday Night Live this Friday, December 4th, from 5 to 9. It is accompanying the Village tree lighting and the visit from our guy who usually visits this time of year. He arrives, and then will meet and greet at the Community Center with hot chocolate and cookies. There are going to be restaurant specials and sales and promotions throughout the downtown. There is going to be a toast for the holidays sponsored by 12 Miles North at 45 Main, with a live karaoke band and an interactive art show. Eighteen artists are going to be displaying their work at 45 Main in one of the previously-empty storefronts on Main Street. That is being orchestrated by Liz Liebeskind. The Hastings Station Café is proud to host the high school and middle school chorus. There is going to be babysitting at the Community Center, which we encourage parents to sign up for in advance. We have the capacity for up to 25 kids ages four to ten. There is going to be an outdoor holiday movie at the Chase parking lot from 7 to 9 projected on the side of the firehouse. All of this can be found at rivertownsguide.com/fnl. That is where you can get more information about specials, and our map of the downtown.

For the first time we are holding Friday Night Give. We are taking over one of the other empty storefronts at 45 Main and creating a donation center. We hope this becomes an annual tradition. Four different charities are going to be represented. There is the Mary J. Blige Center for Women in Yonkers, which collects toys and clothing for infants. It is a center for young mothers in Yonkers. We are encouraging people, to bring new or gently-used toys and clothing. A crew of middle school girls and Girl Scouts are going to wrap those gifts to deliver to this organization in Yonkers and to the young mothers in Yonkers. Second is East Coast Assistant Dogs. We are going to have a representative from that organization, with an assistance dog and a puppy. Third is, we are collecting nonperishable food items for our food pantry that the Youth Advocate runs in the Community Center. Fourth is winter coats for Project Share.

The Rainwater Grill is going to be opening for the first time at 19 Main. They are hosting a concert by Jen Chapin, who is Harry Chapin's daughter. She is going to be performing with her band, which is made up of very well-known musicians. That is in conjunction with a three-course meal, prix fixe, at 7 p.m.. A portion of the proceeds, are going to go to World Hunger Year, which is Jen Chapin's charity. The fee for dinner and concert is \$50, and you can sign up for that in advance.

Mayor Swiderski: Terrific. Thank you, Meg, and to all the volunteers who have knocked themselves out, as always. It is amazing.

7. Other

Tim Downey, 520 Farragut Parkway: Village signs was a great thing that came up tonight, and it was timely. This past Friday I took my daughters out to do a little civic duty. I find it appalling what happens every year around election time; the signage that is put out there with all this vim and vigor, and then they forget about it.

Trustee Walker: You mean this kind of signage that goes up on the poles?

Mr. Downey: I would like to have the Village consider taking the lead on this to require anyone posting signage to put up a cleanup bond to the village if they do not come back and clean up their mess. Everyone is gung-ho in the beginning, but no one wants to come out afterwards and clean the mess. Their funds will be there to pay for the time to do it. They should not get a free ride or have to burden the Village resources. And/or requiring a name and phone number on the signs by the installer so that if they are there for a prolonged period of time they can get a phone call. If we are going to have a clean and green village there is no reason we should allow people to put signs up and benefit from it, whether it be a tag sale or for an election, and then disregard their responsibility as far as cleaning up. I have been cleaning up for years on the corner of Jackson Avenue. I am tired of it. I want to get paid for time, or compensated. Or they just have to be punished. It is not acceptable to continue this conduct.

Mayor Swiderski: That is an interesting idea.

EXECUTIVE SESSION

On MOTION of Trustee Walker, SECONDED by Trustee Quinlan with a voice vote of all in favor, the Board scheduled an Executive Session immediately following the Regular Meeting to discuss negotiations, personnel, and possible litigation.

ADJOURNMENT

Mayor Swiderski: I would like to make a motion to adjourn in memory of a Village resident who passed away, Jim Stadler: a quiet, hardworking, long-term Village resident many of us had come to know and had a deep affection for. A moment of silence.

Village Clerk Maggiotto: I would like to add that Jim was the representative to the community development block grant program since 2004, and was a faithful and good representative for us. The person who runs it in the county planning department told me he never missed a meeting and always had great questions. He was a very able representative for us. He will certainly be missed.

Mayor Swiderski: Villages run on the backs of people like Jim Stadler, who step up and do their job very quietly. I did not know that, and I am sure most people did not. It is dozens, if not hundreds, of hours. He never advertised it, never asked for anything. He just did his duty, and it is a real loss to all of us. A moment of silence; stand, and then we will adjourn.

On MOTION of Trustee Quinlan, SECONDED by Trustee Walker with a voice vote of all in favor, Mayor Swiderski adjourned the Regular Meeting in memory of James Stadler at 9:15 p.m.