

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE -

COMMUNITY DEVELOPMENT FUND

REPORT ON AUDIT

FOR THE FISCAL YEAR ENDED MAY 31, 2012

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
COMMUNITY DEVELOPMENT FUND
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R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams, *Managing Partner*
Marianne E. Van Duyne, *CPA*
Alexandria M. Battaglia, *CPA*

INDEPENDENT AUDITOR'S REPORT

Mayor Francis X. Murray and Board of Trustees
The Incorporated Village of Rockville Centre
1 College Place
Rockville Centre, New York 11570

We have audited the accompanying financial statements of the Community Development Fund of the Incorporated Village of Rockville Centre, as of and for the fiscal year ended May 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the Incorporated Village of Rockville Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Community Development Fund and do not purport to, and do not present fairly the financial position of the Incorporated Village of Rockville Centre, as of May 31, 2012, and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Development Fund of the Incorporated Village of Rockville Centre as of May 31, 2012, and the changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has not presented the management discussion and analysis, budgetary comparison information and schedule of funding progress that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

R.S. Abrams & Co., LLP
R.S. Abrams & Co., LLP
August 3, 2012

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**INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
COMMUNITY DEVELOPMENT FUND
BALANCE SHEET
MAY 31, 2012**

ASSETS	
Cash and cash equivalents	\$42,844
Receivables:	
Accounts receivable	57,097
Due from other governments	570
Due from other funds	1,695
TOTAL ASSETS	<u><u>\$102,206</u></u>
LIABILITIES AND FUND BALANCE	
Accounts payable	\$11,876
Due to other funds	90,330
TOTAL LIABILITIES	<u>102,206</u>
FUND BALANCE	
Assigned	0
TOTAL FUND BALANCE	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$102,206</u></u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
 COMMUNITY DEVELOPMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE -
 FOR THE FISCAL YEAR ENDED MAY 31, 2012**

REVENUES	
Departmental income	\$4,170
Use of money & property	50
Interfund revenues	70,784
Miscellaneous	1,301
Federal aid	351,091
TOTAL REVENUES	<u>427,396</u>
EXPENDITURES	
Home and community service	427,958
TOTAL EXPENDITURES	<u>427,958</u>
NET CHANGE IN FUND BALANCE	(562)
FUND BALANCE - BEGINNING	<u>562</u>
FUND BALANCE - ENDING	<u><u>\$0</u></u>

INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
COMMUNITY DEVELOPMENT FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2012

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

A) General Statement

The Village of Rockville Centre (the "Village") was incorporated pursuant to an act of the New York State Legislature in July 1893. The Village operates under a Board of Trustees form of government in accordance with New York State Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general administrative support.

The accounting and reporting policies of the Village relating to the fund included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Government Units* and by the Financial Accounting Standards Board (when applicable).

B) Basis of Presentation:

The financial statements present only the Community Development Fund and do not purport to, and do not present fairly the financial position of the Incorporated Village of Rockville Centre, as of May 31, 2012, and the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, or limitations.

The Village has reported the community development fund as a special revenue fund.

Special revenue funds are established to account for the proceeds of specified revenue sources that are legally restricted to expenditures for certain defined purposes.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
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C) Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual method of accounting revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for recognition of governmental fund revenues.

The revenues susceptible to accrual are grant revenues and intergovernmental revenues. All other Community Development Fund revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred.

D) Use of Estimates:

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

E) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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.

F) Receivables:

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

INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
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FOR THE FISCAL YEAR ENDED MAY 31, 2012

G) Interfund transactions:

The operations of the Village include transactions between the Community Development Fund and other funds of the Village. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

Cash

The Village's investment policies are governed by state statutes. In addition, the Village is required to have its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk, New York State statutes govern the Village's investment policies, as discussed previously in these Notes.

None of the Village's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

NOTE 3 – PENSION PLANS:

A) General information:

The Incorporated Village of Rockville Centre participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). This is a cost-sharing multiple employer public employee retirement system. The System provides 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 System.

B) Provisions and administration:

The System provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York, 12244.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE -
COMMUNITY DEVELOPMENT FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2012**

C) Funding Policy:

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall be used in computing the contributions required to be made by employers to the pension accumulated fund.

The Community Development Fund is required to contribute at an actuarially determined rate. The Community Development Fund contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years for the Community Development Fund were as follows:

	<u>ERS</u>
2012	\$9,045
2011	\$6,853
2010	\$4,323

NOTE 4 – RISK MANAGEMENT:

A) General:

The Village is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks in excess of self-insured amounts. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 5 – COMMITMENTS AND CONTINGENCIES:

A) Grants:

The Community Development Fund 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. Based on prior audits, the Village's administration believes disallowances, if any, will be immaterial.

B) Litigation:

The Village is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the Village's insurance coverage. However, it is not possible to determine the Village's potential exposure, if any, at this time.