

**VILLAGE OF WILLIAMSVILLE,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplemental
Schedules for the Year Ended May 31, 2011 and
Independent Auditors' Reports*

VILLAGE OF WILLIAMSVILLE, NEW YORK
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INDEPENDENT AUDITORS' REPORT

Honorable Village Board of Trustees
Village of Williamsville, New York:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Williamsville, New York (the "Village"), as of and for the year ended May 31, 2011, which collectively comprise the Village's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of May 31, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Water, Sewer, and Debt Service Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis as listed in the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of Village management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining fund financial statements listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These financial statements are also the responsibility of the management of Village. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dresser & Malecki LLP

October 31, 2011

VILLAGE OF WILLIAMSVILLE, NEW YORK
Management's Discussion and Analysis
Year Ended May 31, 2011

As management of the Village of Williamsville, New York (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended May 31, 2011. This document should be read in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

Financial Highlights

- ◆ The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$6,987,923 (*net assets*). Of this amount, \$1,986,977 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- ◆ During the year ended May 31, 2011, the Village's total net assets decreased by \$92,336.
- ◆ As of the close of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$2,126,783, an increase of \$2,192,280 in comparison with the prior year. This increase is mainly due to the issuance of long term debt.
- ◆ At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,167,759 or approximately 39% percent of total General Fund expenditures and debt service transfers.
- ◆ The Village's total bonded indebtedness increased by \$2,342,416 during the current year due to the issuance of \$2,617,416 of serial bonds and principal payments of \$275,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to that of a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in prior or future fiscal periods (e.g., earned but unused vacation leave and depreciation expense on capital assets).

Both of the government-wide financial statements classify the functions of the Village as governmental activities. These are activities that are principally supported by taxes, state aid, and intergovernmental revenues. The governmental activities of the Village include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest on long-term debt.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Community Development, Water, Sewer, Debt Service and Capital Projects Funds, all of which are considered to be major funds.

The Village adopts an annual budget for its General, Water, Sewer and Debt Service Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Village's own programs. The Village maintains a fiduciary fund, the Agency Fund.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Fiduciary Fund financial statements section of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents a section with supplemental information about individual funds. The supplemental information can be found following the notes to the financial statements of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Village, assets exceeded liabilities by \$6,987,923 at the close of the 2011 fiscal year.

By far the largest portion of the Village’s net assets (71 percent) reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 – Net Assets

	<u>Governmental Activities</u>	
	<u>May 31, 2011</u>	<u>May 31, 2010</u>
Current and other assets	\$ 3,285,979	\$ 4,196,514
Capital assets	<u>9,493,805</u>	<u>9,410,900</u>
Total assets	<u>12,779,784</u>	<u>13,607,414</u>
Current liabilities	1,206,264	4,289,844
Non-current liabilities	<u>4,585,597</u>	<u>2,237,311</u>
Total liabilities	<u>5,791,861</u>	<u>6,527,155</u>
Net assets:		
Invested in capital assets, net of related debt	4,971,389	4,923,567
Restricted	29,557	89,572
Unrestricted	<u>1,986,977</u>	<u>2,067,120</u>
Total net assets	<u>\$ 6,987,923</u>	<u>\$ 7,080,259</u>

A portion of the Village’s net assets (28 percent) represents resources that are unrestricted net assets that may be used to meet the government’s ongoing obligations to citizens and creditors. The remaining balance of net assets is subject to external restrictions on how they may be used.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets.

The Village's total net assets decreased by \$92,336 during the current fiscal year. This decrease is due to continuing operations.

A comparison of current assets as compared to current liabilities for the governmental activities follows in Table 2 below. The Village had a current ratio of 2.72 for the year ended May 31, 2011 which is an increase from 0.98 for the year ended May 31, 2010. The increase is primarily due to the conversion of bond anticipation notes into long term debt during the year ended May 31, 2011.

Table 2 – Comparison of Current Assets and Liabilities

	<u>Governmental Activities</u>	
	<u>May 31, 2011</u>	<u>May 31, 2010</u>
Current Assets	\$ 3,285,979	\$ 4,196,514
Current Liabilities	1,206,264	4,289,844
Ratio of Current Assets to Current Liabilities	2.72	0.98

Governmental activities – As stated above, governmental activities decreased the Village's net assets by \$92,336 during 2011. Key elements of this decrease are as follows:

Table 3 – Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>May 31, 2011</u>	<u>May 31, 2010</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 1,764,673	\$ 1,996,792
Operating grants and contributions	90,557	76,854
Capital grants and contributions	-	192,217
General revenues:		
Real property taxes and tax items	1,883,219	1,403,311
Non-property taxes	876,976	830,776
Use of money and property	23,166	30,918
Sale of property and compensation for loss	28,568	42,120
Miscellaneous	29,627	13,856
State aid	110,835	110,735
Total revenues, net	<u>4,807,621</u>	<u>4,697,579</u>

(continued)

(concluded)

Expenses:

Program expenses:		
General government	679,626	655,972
Public safety	648,316	566,064
Transportation	653,163	533,933
Economic assistance	493	479
Culture and recreation	291,075	285,083
Home and community services	2,502,268	2,409,269
Interest on long-term debt	<u>125,016</u>	<u>108,758</u>
Total expenses	<u>4,899,957</u>	<u>4,559,558</u>
Change in net assets	(92,336)	138,021
Net assets beginning of year	<u>7,080,259</u>	<u>6,942,238</u>
Net assets end of year	<u>\$ 6,987,923</u>	<u>\$ 7,080,259</u>

The Village's most significant revenue sources are:

- Real property and tax items, which include real property taxes based on the assessed valuation of individual properties, payments in lieu of tax and penalties and interest on taxes.
- Charges for services, which include water billings, sewer billings, fire protection fees to other governments and a variety of other minor direct charges for services rendered.
- Non-property taxes, which include sales tax.

The Village's most significant expense types are:

- Home and community services, which is mainly comprised of water, sewer and refuse services.
- General government support, which is comprised of all administrative functions, building maintenance and general insurance.
- Transportation, which is mainly comprised of maintenance expenses for Village roads.
- Public safety, which is comprised of all fire protection and safety inspection functions.

When looking at the sources of income to support operations, it should be noted that revenue derived from real property taxes and tax items represents 39.2% of governmental activities revenue, while 36.7% of revenue is from charges for services. The Village relies on these taxes and fees to furnish the quality of life to business and citizens that they and previous Boards of Trustees have committed to.

Table 4 – Sources of Revenues – Primary Government

	<u>May 31, 2011</u>		<u>May 31, 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Charges for services	\$ 1,764,673	36.7%	\$ 1,996,792	42.5%
Operating grants and contributions	90,557	1.9%	76,854	1.6%
Capital grants and contributions	-	0.0%	192,217	4.1%
Real property taxes and tax items	1,883,219	39.2%	1,403,311	29.9%
Non-property taxes	876,976	18.2%	830,776	17.7%
Use of money and property	23,166	0.5%	30,918	0.7%
Sale of property and compensation for loss	28,568	0.6%	42,120	0.9%
Miscellaneous	29,627	0.6%	13,856	0.3%
State aid	<u>110,835</u>	2.3%	<u>110,735</u>	2.4%
Total revenues	<u>\$ 4,807,621</u>		<u>\$ 4,697,579</u>	

A summary of program expenses for Governmental Activities for the years ended May 31, 2011 and 2010 is as follows:

Table 5 – Expense by Function

	<u>May 31, 2011</u>		<u>May 31, 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
General Government	\$ 679,626	13.9%	\$ 655,972	14.4%
Public Safety	648,316	13.2%	566,064	12.4%
Transportation	653,163	13.3%	533,933	11.7%
Economic Assistance	493	0.0%	479	0.0%
Culture and Recreation	291,075	5.9%	285,083	6.3%
Home and Community Services	2,502,268	51.1%	2,409,269	52.8%
Interest on Long-Term Debt	<u>125,016</u>	2.6%	<u>108,758</u>	2.4%
Total Program Expenses	<u>\$ 4,899,957</u>		<u>\$ 4,559,558</u>	

Financial Analysis of the Village's Funds

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

Governmental funds – The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At May 31, 2011, the Village's governmental funds reported combined ending fund balance of \$2,126,783, an increase of \$2,192,280 in comparison with the prior year's deficit. This increase resulted largely from an issuance of bonded debt within the Capital Project Fund. Of the total governmental fund balance, \$1,056,183 constitutes *unreserved, undesignated fund balance*. The remainder of fund balance is *reserved* or *designated* to indicate it is not available for new spending because it has already been committed to (1) liquidate contracts and purchase orders, (2) show that funds are not available due to long-term nature of accounts, loans and grants receivable, (3) pay for potential future risk related expenses, and (4) fund specific activities and events.

The General Fund is the chief operating fund of the Village. At May 31, 2011, the unreserved undesignated fund balance of the General Fund was \$1,167,759, while the total fund balance was \$2,207,831. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved and total fund balance to total fund expenditures. Unreserved, undesignated fund balances represents approximately 39% of total General Fund expenditures and debt service transfers, while total fund balance represents 74% of that same amount.

The fund balance in the General Fund decreased by \$925 during the current fiscal year. Fund balance remained consistent due to (1) actual revenues exceeding those anticipated during the budget process, and (2) careful monitoring of expenditures as compared to the modified final budget.

The Village's other major funds are the Community Development, Water, Sewer, Debt Service and Capital Projects Funds, which changed as indicated on the below.

- The Community Development Fund's fund balance increased by \$15 during 2011 (with a total ending fund balance of \$3,308).
- The Water Fund's fund deficit decreased by \$13,455 during 2011 (with a total ending fund deficit of \$121,424).
- The Sewer Fund's fund balance decreased by \$89,262 during 2011 (with a total ending fund balance of \$24,691).
- The Debt Service Fund's fund balance increased by \$22,704 during 2011 (with a total ending fund balance of \$29,557).
- The Capital Project Fund's fund deficit decreased by \$2,246,293 (with a total ending deficit of \$17,180).

Table 6 – Comparison of Reserves and Designations

	<u>Balance</u> <u>May 31, 2011</u>	<u>Balance</u> <u>May 31, 2010</u>
Reserved for:		
Encumbrances	\$ 25,593	\$ 112,808
Unemployment Insurance	10,501	10,451
Fire Trucks	258,145	217,036
DPW Equipment	128,809	161,867
Fire Equipment	74,765	66,932
Capital Projects	-	82,719
Debt	29,557	-
Prepaid Expenditures	12,355	15,268
Unreserved, Designated for:		
Fire Department	44,417	44,417
Youth and Recreation	3,770	1,937
Village Hall and Trees	52,923	-
Meeting House	50,740	108
Water Mill	105,000	95,000
Parks	14,225	-
Subsequent Year's Expenditures	259,800	258,000

General Fund Budgetary Highlights – During the year ended May 31, 2011, there was a \$200,887 net increase in appropriations between the original and final amended General Fund budget. Following are the main components of the increase:

- Approximately \$81,000 increase in street maintenance costs and approximately \$13,500 in fuel and salt costs within Transportation which were not anticipated during the adoption of the original budget.
- Approximately \$97,400 increase for building preservation related to the Water Mill within Culture & Recreation which were not anticipated during the adoption of the original budget.

Capital Asset and Debt Administration

Capital Assets – The Village’s investment in capital assets for its governmental activities as of May 31, 2011, amounted to \$9,493,805 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, buildings improvements, machinery, equipment and infrastructure.

Major capital asset events during the current fiscal year included the following:

- 2010 Road Maintenance (Village Contract #23)
- Equipment Purchases (Village Fund# 801)

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Village's capital asset policy.

Capital assets net of depreciation for the governmental activities are presented below:

Table 7 – Summary of Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>May 31, 2011</u>	<u>May 31, 2010</u>
Land	\$ 370,427	\$ 370,427
Land improvements	74,544	82,585
Buildings	533,777	558,789
Building improvements	331,009	366,091
Machinery and equipment	897,938	843,223
Infrastructure	<u>7,286,110</u>	<u>7,189,785</u>
Total	<u>\$ 9,493,805</u>	<u>\$ 9,410,900</u>

The Village's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. The Village has elected to depreciate their infrastructure assets. Additional information on the Village's capital assets can be found in notes to the financial statements.

Debt – At May 31, 2011, the Village had total long-term debt outstanding of \$4,585,597 compared to \$2,237,311 in the prior year.

Table 8 – Comparison of Long Term Liabilities

	<u>Governmental Activities</u>		
	<u>May 31, 2011</u>	<u>May 31, 2010</u>	<u>Change</u>
Compensated Absences	\$ 63,181	\$ 57,311	\$ 5,870
Serial Bonds	<u>4,522,416</u>	<u>2,180,000</u>	<u>2,342,416</u>
Total	<u>\$ 4,585,597</u>	<u>\$ 2,237,311</u>	<u>\$ 2,348,286</u>

New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year valuation. Currently, the Village uses only a small fraction of its legal debt-limitation.

Additional information on the Village's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the Buffalo-Niagara Falls, New York Metropolitan Statistical area at May 2011 was 7.3 percent, a decrease of 0.3 percent from a year ago. This compares favorably to New York State's average unemployment rate of 8.0 percent, both compare favorably to the national average rate of 9.1. Inflationary trends in the region, particularly in the real estate sector compared favorably to national indices.

The Village has experienced some growth in its taxable assessment base in the past two years.

Additional factors considered in preparing the Village's 2011-2012 budget were:

- Health insurance costs continue to increase at rates well above inflation.
- Retirement costs for employees as mandated by the New York State and Local Employees Retirement System have increased significantly.
- Revenues from State Aid are anticipated to be relatively flat (no increase).

The Village has appropriated \$259,800 of General Fund fund balance for spending in the 2011-2012 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Village of Williamsville, 5565 Main Street, Williamsville, New York 14221.

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VILLAGE OF WILLIAMSVILLE, NEW YORK

Statement of Net Assets

May 31, 2011

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,577,188
Accounts receivable	20,088
Special assessments receivable	4,140
Water rents receivable	221,277
Sewer rents receivable	152,089
Prepaid expenditures	12,355
Due from other governments	298,842
Capital assets not being depreciated	370,427
Capital assets being depreciated (net of accumulated depreciation)	<u>9,123,378</u>
Total assets	<u>12,779,784</u>
LIABILITIES	
Accounts payable	227,246
Accrued liabilities	80,555
Due to other governments	787,853
Unearned revenue	110,610
Non-current liabilities:	
Due within one year	400,575
Due within more than one year	<u>4,185,022</u>
Total liabilities	<u>5,791,861</u>
NET ASSETS	
Investment in capital assets, net of related debt	4,971,389
Restricted for:	
Debt service	29,557
Unrestricted	<u>1,986,977</u>
Total net assets	<u>\$ 6,987,923</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK

Statement of Activities

Year Ended May 31, 2011

<u>Function/Program</u>	<u>Expense</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:				
Governmental activities:				
General government support	\$ 679,626	\$ 89,963	\$ -	\$ (589,663)
Public safety	648,316	287,874	-	(360,442)
Transportation	653,163	3,385	66,030	(583,748)
Economic assistance and opportunity	493	-	-	(493)
Culture and recreation	291,075	15,027	-	(276,048)
Home and community services	2,502,268	1,368,424	24,527	(1,109,317)
Interest and other fiscal charges	125,016	-	-	(125,016)
Total primary government	\$ 4,899,957	\$ 1,764,673	\$ 90,557	(3,044,727)
General revenues:				
				1,883,219
				876,976
				23,166
				28,568
				29,627
				110,835
Total general revenues				2,952,391
				(92,336)
				7,080,259
				\$ 6,987,923

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

VILLAGE OF WILLIAMSVILLE, NEW YORK

Balance Sheet - Governmental Funds

May 31, 2011

ASSETS	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
Cash and cash equivalents	\$ 1,862,336	\$ 3,309	\$ -	\$ 624,719	\$ 29,557	\$ 57,267	\$ 2,577,188
Accounts receivable	20,088	-	-	-	-	-	20,088
Special assessments receivable	-	-	-	4,140	-	-	4,140
Water rents receivable	-	-	221,277	-	-	-	221,277
Sewer rents receivable	-	-	-	152,089	-	-	152,089
Prepaid expenditures	11,384	-	388	583	-	-	12,355
Due from other funds	339,721	-	-	31,265	-	276,944	647,930
Due from other governments	207,153	91,689	-	-	-	-	298,842
Total assets	\$ 2,440,682	\$ 94,998	\$ 221,665	\$ 812,796	\$ 29,557	\$ 334,211	\$ 3,933,909
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Accounts payable	\$ 178,828	\$ -	\$ 33,459	\$ 3,289	\$ -	\$ 11,670	\$ 227,246
Accrued liabilities	27,524	-	3,065	2,898	-	-	33,487
Due to other funds	-	1,644	306,565	-	-	339,721	647,930
Due to other governments	10,075	-	-	777,778	-	-	787,853
Deferred revenue	16,424	90,046	-	4,140	-	-	110,610
Total liabilities	232,851	91,690	343,089	788,105	-	351,391	1,807,126
Fund balances (deficits):							
Reserved for:							
Encumbrances	25,593	-	-	-	-	-	25,593
Unemployment insurance	10,501	-	-	-	-	-	10,501
Fire trucks	258,145	-	-	-	-	-	258,145
DPW equipment	128,809	-	-	-	-	-	128,809
Fire equipment	74,765	-	-	-	-	-	74,765
Debt	-	-	-	-	29,557	-	29,557
Prepaid expenditures	11,384	-	388	583	-	-	12,355
Unreserved, designated for:							
Fire department	44,417	-	-	-	-	-	44,417
Youth and recreation	3,770	-	-	-	-	-	3,770
Village Hall and trees	52,923	-	-	-	-	-	52,923
Meeting House	50,740	-	-	-	-	-	50,740
Water Mill	105,000	-	-	-	-	-	105,000
Parks	14,225	-	-	-	-	-	14,225
Subsequent year's expenditures	259,800	-	-	-	-	-	259,800
Undesignated	1,167,759	3,308	(121,812)	24,108	-	(17,180)	1,056,183
Total fund balances (deficits)	2,207,831	3,308	(121,424)	24,691	29,557	(17,180)	2,126,783
Total liabilities and fund balances (deficits)	\$ 2,440,682	\$ 94,998	\$ 221,665	\$ 812,796	\$ 29,557	\$ 334,211	\$ 3,933,909

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
May 31, 2011

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds		\$ 2,126,783
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,873,373 and the accumulated depreciation is \$7,379,568.		9,493,805
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds not recorded in the funds at year end.		(47,068)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Serial bonds payable	\$ (4,522,416)	
Compensated absences payable	<u>(63,181)</u>	<u>(4,585,597)</u>
Total net assets - governmental activities		<u>\$ 6,987,923</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds
Year Ended May 31, 2011

	Special Revenue						Total Governmental Funds
	General	Community Development	Water	Sewer	Debt Service	Capital Projects	
REVENUES							
Real property taxes	\$ 1,476,644	\$ -	\$ -	\$ 385,816	\$ -	\$ -	\$ 1,862,460
Real property tax items	20,759	-	-	-	-	-	20,759
Non property tax items	876,976	-	-	-	-	-	876,976
Departmental income	29,226	-	852,126	516,298	-	-	1,397,650
Intergovernmental charges	267,572	-	-	-	-	-	267,572
Use of money and property	18,724	15	-	3,014	35	1,378	23,166
Licenses and permits	22,747	-	-	-	-	-	22,747
Fines and forfeitures	76,704	-	-	-	-	-	76,704
Sale of property and compensation for loss	22,521	-	6,047	-	-	-	28,568
Miscellaneous	12,512	-	384	16,731	-	-	29,627
State support	176,865	-	-	-	-	-	176,865
Federal support	-	24,527	-	-	-	-	24,527
Total revenues	<u>3,001,250</u>	<u>24,542</u>	<u>858,557</u>	<u>921,859</u>	<u>35</u>	<u>1,378</u>	<u>4,807,621</u>
EXPENDITURES							
Current:							
General government support	538,003	-	7,961	30,149	-	-	576,113
Public safety	489,910	-	-	-	-	-	489,910
Transportation	463,276	-	-	-	-	-	463,276
Economic assistance and opportunity	452	-	-	-	-	-	452
Culture and recreation	246,111	-	-	-	-	-	246,111
Home and community services	577,164	-	651,488	884,630	-	-	2,113,282
Employee benefits	273,681	-	35,104	47,873	-	-	356,658
Capital outlay	-	-	-	-	-	606,174	606,174
Debt service:							
Principal	-	-	-	-	275,000	-	275,000
Interest	10,454	-	1,586	10,969	82,772	-	105,781
Total expenditures	<u>2,599,051</u>	<u>-</u>	<u>696,139</u>	<u>973,621</u>	<u>357,772</u>	<u>606,174</u>	<u>5,232,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>402,199</u>	<u>24,542</u>	<u>162,418</u>	<u>(51,762)</u>	<u>(357,737)</u>	<u>(604,796)</u>	<u>(425,136)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	380,441	240,083	620,524
Transfers out	(403,124)	(24,527)	(148,963)	(37,500)	-	(6,410)	(620,524)
Proceeds from issuance of debt	-	-	-	-	-	2,617,416	2,617,416
Total other financing sources (uses)	<u>(403,124)</u>	<u>(24,527)</u>	<u>(148,963)</u>	<u>(37,500)</u>	<u>380,441</u>	<u>2,851,089</u>	<u>2,617,416</u>
Net change in fund balances (deficits)	(925)	15	13,455	(89,262)	22,704	2,246,293	2,192,280
Fund balances (deficits) - beginning	2,208,756	3,293	(134,879)	113,953	6,853	(2,263,473)	(65,497)
Fund balances (deficits) - ending	<u>\$ 2,207,831</u>	<u>\$ 3,308</u>	<u>\$ (121,424)</u>	<u>\$ 24,691</u>	<u>\$ 29,557</u>	<u>\$ (17,180)</u>	<u>\$ 2,126,783</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances (Deficits) of the Governmental Funds to the Statement of Activities
Year Ended May 31, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances (deficits) - total governmental funds \$ 2,192,280

Governmental funds report capital asset additions as expenditures. However, in the statement of activities the cost is allocated over their estimated useful lives and reported as depreciation expense. Additionally, miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) affect the change in net assets. This is the amount by which capital outlays and exceeded depreciation. 82,905

The governmental funds report the repayment of bond principal as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

Issuance of serial bonds	\$ (2,617,416)	
Repayment of serial bonds	275,000	
Net change in accrued interest - general obligation bonds	(19,235)	(2,361,651)

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). This amount is the net effect of these differences in the treatment of such items. (5,870)

Change in net assets of governmental activities \$ (92,336)

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,507,322	\$ 1,507,322	\$ 1,476,644	\$ (30,678)
Real property tax items	19,389	19,389	20,759	1,370
Non property tax items	775,000	775,000	876,976	101,976
Departmental income	24,500	24,500	29,226	4,726
Intergovernmental charges	283,200	283,200	267,572	(15,628)
Use of money and property	12,675	12,675	18,724	6,049
Licenses and permits	17,700	17,700	22,747	5,047
Fines and forfeitures	75,000	75,000	76,704	1,704
Sale of property and compensation for loss	7,100	12,880	22,521	9,641
Miscellaneous	2,650	7,701	12,512	4,811
State support	<u>173,249</u>	<u>181,737</u>	<u>176,865</u>	<u>(4,872)</u>
Total revenues	<u>2,897,785</u>	<u>2,917,104</u>	<u>3,001,250</u>	<u>84,146</u>
EXPENDITURES				
Current:				
General government support	590,415	587,983	538,003	49,980
Public safety	575,791	595,436	489,910	105,526
Health	50	50	-	50
Transportation	416,263	522,722	463,276	59,446
Economic assistance and opportunity	500	500	452	48
Culture and recreation	190,240	324,237	246,111	78,126
Home and community services	644,845	616,204	577,164	39,040
Employee benefits	311,970	283,829	273,681	10,148
Debt service:				
Interest	<u>10,484</u>	<u>10,484</u>	<u>10,454</u>	<u>30</u>
Total expenditures	<u>2,740,558</u>	<u>2,941,445</u>	<u>2,599,051</u>	<u>342,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>157,227</u>	<u>(24,341)</u>	<u>402,199</u>	<u>426,540</u>
OTHER FINANCING USES				
Transfers out	<u>(415,227)</u>	<u>(415,227)</u>	<u>(403,124)</u>	<u>12,103</u>
Total other financing uses	<u>(415,227)</u>	<u>(415,227)</u>	<u>(403,124)</u>	<u>12,103</u>
Net change in fund balances	(258,000)	(439,568)	(925)	438,643
Fund balances - beginning	<u>2,208,756</u>	<u>2,208,756</u>	<u>2,208,756</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,950,756</u>	<u>\$ 1,769,188</u>	<u>\$ 2,207,831</u>	<u>\$ 438,643</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual

Water Fund

Year Ended May 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Departmental income	\$ 890,208	\$ 890,208	\$ 852,126	\$ (38,082)
Use of money and property	500	500	-	(500)
Sale of property and compensation for loss	-	-	6,047	6,047
Miscellaneous	-	6,048	384	(5,664)
Total revenues	890,708	896,756	858,557	(38,199)
EXPENDITURES				
Current:				
General government support	23,401	7,973	7,961	12
Home and community service	678,577	700,276	651,488	48,788
Employee benefits	38,177	37,954	35,104	2,850
Debt service:				
Interest	1,590	1,590	1,586	4
Total expenditures	741,745	747,793	696,139	51,654
Excess of revenues over expenditures	148,963	148,963	162,418	13,455
OTHER FINANCING USES				
Transfers out	(148,963)	(148,963)	(148,963)	-
Total other financing uses	(148,963)	(148,963)	(148,963)	-
Net change in fund balances (deficits)	-	-	13,455	13,455
Fund balances (deficits)- beginning	(134,879)	(134,879)	(134,879)	-
Fund balances (deficits) - ending	\$ (134,879)	\$ (134,879)	\$ (121,424)	\$ 13,455

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Sewer Fund
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 394,304	\$ 394,304	385,816	\$ (8,488)
Departmental income	530,128	530,128	516,298	(13,830)
Use of money and property	5,000	5,000	3,014	(1,986)
Miscellaneous	-	-	16,731	16,731
Total revenues	<u>929,432</u>	<u>929,432</u>	<u>921,859</u>	<u>(7,573)</u>
EXPENDITURES				
Current:				
General government support	45,595	30,150	30,149	1
Home and community services	781,605	884,637	884,630	7
Employee benefits	53,732	47,875	47,873	2
Debt service:				
Interest	<u>11,000</u>	<u>10,970</u>	<u>10,969</u>	<u>1</u>
Total expenditures	<u>891,932</u>	<u>973,632</u>	<u>973,621</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,500</u>	<u>(44,200)</u>	<u>(51,762)</u>	<u>(7,562)</u>
OTHER FINANCING USES				
Transfers out	<u>(37,500)</u>	<u>(37,500)</u>	<u>(37,500)</u>	<u>-</u>
Total other financing uses	<u>(37,500)</u>	<u>(37,500)</u>	<u>(37,500)</u>	<u>-</u>
Net change in fund balances	-	(81,700)	(89,262)	(7,562)
Fund balances - beginning	<u>113,953</u>	<u>113,953</u>	<u>113,953</u>	<u>-</u>
Fund balances - ending	<u>\$ 113,953</u>	<u>\$ 32,253</u>	<u>\$ 24,691</u>	<u>\$ (7,562)</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended May 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 35	\$ 35
Total revenues	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
EXPENDITURES				
Current:				
Principal	275,000	275,000	275,000	-
Interest	<u>82,773</u>	<u>82,773</u>	<u>82,772</u>	<u>1</u>
Total expenditures	<u>357,773</u>	<u>357,773</u>	<u>357,772</u>	<u>1</u>
Deficiency of revenues under expenditures	<u>(357,773)</u>	<u>(357,773)</u>	<u>(357,737)</u>	<u>36</u>
OTHER FINANCING SOURCES				
Transfers in	<u>357,773</u>	<u>357,773</u>	<u>380,441</u>	<u>22,668</u>
Total other financing sources	<u>357,773</u>	<u>357,773</u>	<u>380,441</u>	<u>22,668</u>
Net change in fund balances	-	-	22,704	22,704
Fund balances - beginning	<u>6,853</u>	<u>6,853</u>	<u>6,853</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,853</u>	<u>\$ 6,853</u>	<u>\$ 29,557</u>	<u>\$ 22,704</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Net Assets - Fiduciary Fund
May 31, 2011

	Agency Fund
ASSETS	
Cash	\$ 17,154
Service award program assets	<u>2,220,150</u>
Total assets	<u>\$ 2,237,304</u>
 LIABILITIES	
Accrued liabilities	\$ 17,154
Service award program liabilities	<u>2,220,150</u>
Total liabilities	<u>\$ 2,237,304</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Notes to Financial Statements
Year Ended May 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Williamsville, New York (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the Village's accounting policies are described below.

A. Reporting entity

The Village is a unit of local government created by the State of New York. The Village operates under provisions of New York State law and with authority vested by those statutes. The five-member Village Board is the legislative body responsible for overall operations. The Mayor serves as the Chief Executive Officer. The Clerk-Treasurer serves as Chief Fiscal Officer.

Independently elected officials of the Village include:

Mayor
Trustees (4)
Village Justice

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of governmental activities) report information on all the non-fiduciary activities of the Village. Interfund activity has been removed from these statements.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Indirect expenses have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to those who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The Village considers its governmental funds to be major funds, and therefore, these funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, charges for services provided, state and federal aid and grants associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village considers the following governmental funds as major funds:

- *General Fund*—This is the principal operating fund of the Village and includes all operations not required to be recorded in other funds.
- *Community Development Fund*—This is used to record all activity related to the U.S. Department of Housing and Urban Development’s Community Development Block Grant Program which is administered through the Town of Amherst, New York.
- *Water Fund*—This is used to record all revenues and expenditures related to Village water operations.
- *Sewer Fund*—This is used to record all revenues and expenditures related Village sewer operations.
- *Debt Service Fund*—This fund is used to account for the payment of principal and interest on serial bonds and statutory installment bonds incurred in connection with all funds.
- *Capital Projects Fund*—This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Village reports the following fund type:

- *Fiduciary Fund*—The Agency Fund is used to account for assets held by the Village as an agent for individuals, other governments, or other funds. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments and charges between the Village's water and sewer and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets—Annual budgets for governmental funds, except the Community Development and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which re-appropriates encumbrances in the subsequent year's budget. Accordingly, the Village reserves fund balance for all encumbrances it intends to honor in the subsequent period.

D. Assets and Liabilities

Cash and Cash Equivalents—The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments—The Village had no investments at May 31, 2011, however when the Village has investments they are recorded at fair value based on quoted market value.

Capital Assets—Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of between \$500 and \$5,000 depending on the asset. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

Property, plant, and equipment of the Village is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	40
Building improvements	20
Machinery and equipment	5 - 10
Infrastructure assets	20 - 40

Compensated Absences—The Village labor agreements and Village Board rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Estimated sick leave is accumulated and recorded for government-wide reporting purposes.

Management believes that sufficient resources will be made available for the payments of sick leave when such payment becomes due.

Unearned/Deferred Revenues—Certain revenues (mainly the community block grant) have not been recognized since the action relating to them have not yet been performed. Therefore, the revenues have been classified as unearned or deferred.

Long-Term Obligations—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Long-term obligations of the Village are secured by its general credit and revenue raising powers, as per State statute.

Encumbrances—Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as a reservation of fund balance since such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

E. Future Impacts of Accounting Pronouncements

The Village has not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*, effective for the year ending May 31, 2012; and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, effective for the year ending May 31, 2013; and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, effective for the year ending May 31, 2014. The Village is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 54, 57, 59, 60, 61, 62, 63 and 64 will have on its financial position and results of operations.

During the year ended May 31, 2011, the Village implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative* and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. These statements did not have a material impact on the Village’s financial position or results of operations.

2. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting—The Village follows these procedures in establishing most of the budgetary data reflected in the financial statements:

- A. No later than March 20, the budget officer prepares and files a tentative budget with the Village Clerk.
- B. No later than March 31, the Village Clerk submits the tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- C. A public hearing is required to be held on or before April 15 in order to obtain taxpayer comments.
- D. By May 1st the Board of Trustees is required to adopt a budget and appended salary and wage schedule.
- E. The Village Treasurer exercises administrative budgetary control throughout the year. Adjustment of programs or appropriations is made only after an appropriation and transfer resolution is adopted by the Board of Trustees. The Board of Trustees, pursuant to the laws of the State of New York, has the authority to establish rates for water and sewer department services.

- F. Formal annual budgetary accounts are employed as a management control device for the General, Water, Sewer and Debt Service Funds. Annual budgets are not adopted for the Community Development and Capital Projects Funds. Community Development expenditures are controlled by grants, which are accepted by Board resolution and lapse upon fully expending such funds. Capital Projects Fund appropriations are approved through a Board resolution at the project's inception and lapse upon termination of the project.
- G. Expenditures for each department may not legally exceed the total appropriations for that department. During the year, several supplemental appropriations were necessary.
- H. Annual budgets for governmental funds, except the Community Development and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which reappropriates encumbrances in the subsequent year's budget. Accordingly, the Village reserves fund balance for all encumbrances it intends to honor in the subsequent period.

3. CASH AND CASH EQUIVALENTS

The Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Clerk-Treasurer is authorized to use demand 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.

Collateral is required for demand deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 102% of the cost of the repurchase agreement.

Total cash and cash equivalents reported by the Village at May 31, 2011 are as follows:

Governmental funds	\$ 2,577,188
Fiduciary fund	<u>17,154</u>
 Total	 <u>\$ 2,594,342</u>

Deposits at year-end consisted of:

Petty cash (uncollateralized)	\$ 450
Bank deposits	<u>2,593,892</u>
 Total	 <u>\$ 2,594,342</u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC Insured	\$ 250,000	\$ 250,000
Uninsured:		
Collateral held by bank's agent in the Village's name	<u>2,361,664</u>	<u>2,343,892</u>
	<u>\$ 2,611,664</u>	<u>\$ 2,593,892</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of May 31, 2011, the Village’s deposits were FDIC insured or collateralized.

4. PROPERTY TAX

The Village bills its tax levy in late May. On June 1 of each year, property taxes become a lien on the property.

Tax payments are due June 1st to July 1st without penalty; July 2nd to 31st with a 7.5% penalty and 1.5% added each month thereafter through October 31st.

The tax roll is returned to the Erie County Commissioner of Finance after October 31st at which time all unpaid taxes and penalties are payable to that office. The Village retains their full tax levies for all unpaid items to the County. Thus, the Village is assured of receiving 100% of its tax levy. The County enforces all liens.

5. INTERFUND ACTIVITY

Interfund receivables and payables of the Village at May 31, 2011 and interfund transfers made for the year then ended consisted of the following:

Fund	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 339,721	\$ -	\$ -	\$ 403,124
Community Development Fund	-	1,644	-	24,527
Water Fund	-	306,565	-	148,963
Sewer Fund	31,265	-	-	37,500
Debt Service Fund	-	-	380,441	-
Capital Projects Fund	<u>276,944</u>	<u>339,721</u>	<u>240,083</u>	<u>6,410</u>
Total	<u>\$ 647,930</u>	<u>\$ 647,930</u>	<u>\$ 620,524</u>	<u>\$ 620,524</u>

6. RECEIVABLES

Major revenues accrued by the Village at May 31, 2011 consist of the following:

Accounts Receivable—represents gross receipt taxes due from various utility companies.

Special Assessments Receivable—represents amounts due from residents who reside in the area where sanitary sewers were updated.

Water Rents Receivable—represents water bills not yet paid.

Sewer Rents Receivable—represents sewer bills not yet paid.

Due from Other Governments—represents amounts due from other units of government, such as the Federal government, New York State, Erie County or other local governments. Amounts due the Village at May 31, 2011 are:

General Fund:

Erie County - sales tax	\$	155,853	
Erie County - mortgage tax		26,293	
Glen Park		18,895	
Justice Department		<u>6,112</u>	\$ 207,153

Community Development Fund:

Town of Amherst - block grant		<u>91,689</u>	
	\$	<u>298,842</u>	

7. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2011 was as follows:

	<u>Balance 6/1/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 5/31/11</u>
Capital assets, not being depreciated:				
Land	\$ 370,427	\$ -	\$ -	\$ 370,427
Total capital assets, not being depreciated	<u>370,427</u>	<u>-</u>	<u>-</u>	<u>370,427</u>
Capital assets, being depreciated:				
Land improvements	303,103	-	-	303,103
Buildings	1,038,832	-	-	1,038,832
Building improvements	1,213,293	-	-	1,213,293
Machinery and equipment	3,759,215	267,866	(219,623)	3,807,458
Infrastructure	<u>9,703,351</u>	<u>436,909</u>	<u>-</u>	<u>10,140,260</u>
Total capital assets, being depreciated	<u>16,017,794</u>	<u>704,775</u>	<u>(219,623)</u>	<u>16,502,946</u>
Less accumulated depreciation for:				
Land improvements	220,518	8,041	-	228,559
Buildings	480,043	25,012	-	505,055
Building improvements	847,202	35,082	-	882,284
Machinery and equipment	2,915,992	212,166	(218,638)	2,909,520
Infrastructure	<u>2,513,566</u>	<u>340,584</u>	<u>-</u>	<u>2,854,150</u>
Total accumulated depreciation	<u>6,977,321</u>	<u>620,885</u>	<u>(218,638)</u>	<u>7,379,568</u>
Total capital assets, being depreciated, net	<u>9,040,473</u>	<u>83,890</u>	<u>(985)</u>	<u>9,123,378</u>
Governmental activities capital assets, net	<u>\$ 9,410,900</u>	<u>\$ 83,890</u>	<u>\$ (985)</u>	<u>\$ 9,493,805</u>

Depreciation expense was charged to the functions of the governmental activities as follows:

<u>Functions/Program</u>	<u>Allocated Depreciation</u>
General Government Support	\$ 59,810
Public Safety	122,738
Transportation	225,304
Culture and Recreation	22,022
Home and Community Services	<u>191,011</u>
	<u>\$ 620,885</u>

8. DUE TO OTHER GOVERNMENTS

Due to other governments recorded by the Village totaled \$787,853 at May 31, 2011. Of this amount, \$777,778 is recorded within the Sewer Fund and is due to the Town of Amherst for the Village’s share of sewage treatment costs for the year ended May 31, 2011.

9. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs 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.

The following is a summary of short-term debt outstanding at May 31, 2011:

<u>Description</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Roads	02/25/10	02/24/11	1.00%	\$ 963,333	\$ -	\$ 963,333	\$ -
Waterline	02/25/10	02/24/11	1.00%	159,000	-	159,000	-
Sewers	02/25/10	02/24/11	1.00%	1,100,000	-	1,100,000	-
Floodgate	02/25/10	02/24/11	1.00%	85,000	-	85,000	-
Total bond anticipation notes				<u>\$ 2,307,333</u>	<u>\$ -</u>	<u>\$ 2,307,333</u>	<u>\$ -</u>

10. LONG-TERM DEBT

Summary of Changes in Long-Term Debt—The following is a summary of changes in long-term debt for the year ended May 31, 2011:

	<u>Balance 6/1/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 5/31/11</u>
Compensated absences	\$ 57,311	\$ 10,944	\$ 5,074	\$ 63,181
Serial bonds	2,180,000	2,617,416	275,000	4,522,416
Total	<u>\$ 2,237,311</u>	<u>\$ 2,628,360</u>	<u>\$ 280,074</u>	<u>\$ 4,585,597</u>

Compensated Absences—As explained in Note 1, the Village records the value of governmental fund type compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable.

Remaining Annual Maturities of Long-Term Debt (By Debt Type)

Year	Principal			Interest
	<u>Serial Bonds</u>	<u>Compensated Absences*</u>	<u>Total</u>	<u>Serial Bonds</u>
2012	\$ 397,416	\$ 3,159	\$ 400,575	\$ 207,126
2013	385,000	-	385,000	148,597
2014	390,000	-	390,000	134,459
2015	285,000	-	285,000	122,516
2016	275,000	-	275,000	113,028
2017-2021	1,380,000	-	1,380,000	416,302
2022-2026	1,000,000	-	1,000,000	177,452
Various*	<u>410,000</u>	<u>60,022</u>	<u>470,022</u>	<u>37,950</u>
Total	<u>\$ 4,522,416</u>	<u>\$ 63,181</u>	<u>\$ 4,585,597</u>	<u>\$ 1,357,430</u>

* Payment of compensated absences are dependent upon many factors, therefore, timing of future payments is not readily determinable.

10. LONG-TERM DEBT (Concluded)

Bonded Indebtedness: The following is a summary of bond transitions of the Village for the year ended May 31, 2011:

<u>Fund and Purpose</u>	<u>Year of Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Principal Outstanding 6/1/2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Principal Outstanding 5/31/2011</u>
General:							
Street Reconstruction	1999	4.68 - 5.02	\$ 180,000	\$ 60,000	\$ -	\$ 15,000	\$ 45,000
Street Reconstruction - Contract 5	1999	4.68 - 5.02	110,000	40,000	-	10,000	30,000
Village Hall Renovation	2004	3.50 - 4.00	285,000	185,000	-	20,000	165,000
Street Reconstruction - Contract 9	2004	3.50 - 4.00	80,000	37,500	-	7,500	30,000
Long St. Parking Lot - Contract 9	2004	3.50 - 4.00	35,000	7,500	-	7,500	-
Snow Plowing Equipment	2004	3.50 - 4.00	115,000	60,000	-	15,000	45,000
Fire Truck	2004	3.50 - 4.00	135,000	60,000	-	15,000	45,000
Street Reconstruction - Contract 11	2004	3.50 - 4.00	220,000	100,000	-	25,000	75,000
Street Sweeper	2004	3.50 - 4.00	140,000	75,000	-	15,000	60,000
Street Reconstruction - Contract 12	2004	3.50 - 4.00	425,000	300,000	-	25,000	275,000
Storm Sewer Replacement	2007	4.38 - 4.50	20,000	17,000	-	1,000	16,000
Plow Truck	2007	4.38 - 4.50	125,000	98,700	-	8,700	90,000
Road Reconstruction	2007	4.38 - 4.50	135,000	108,000	-	9,000	99,000
Village Hall Windows	2007	4.38 - 4.50	20,000	16,300	-	1,300	15,000
Highway Improvements	2011	3.00 - 4.75	324,000	-	324,000	-	324,000
Road Improvements 7/21/08	2011	3.00 - 4.75	346,666	-	346,666	-	346,666
Highway Improvements 5/26/09	2011	3.00 - 4.75	225,000	-	225,000	-	225,000
Floodgate Rehabilitation 5/26/09	2011	3.00 - 4.75	79,000	-	79,000	-	79,000
Highway Reconstruction 6/28/10	2011	3.00 - 4.75	335,000	-	335,000	-	335,000
DPW Equipment 9/27/10	2011	3.00 - 4.75	95,000	-	95,000	-	95,000
			<u>3,429,666</u>	<u>1,165,000</u>	<u>1,404,666</u>	<u>175,000</u>	<u>2,394,666</u>
Water:							
Water Improvements 1/10/97	1999	4.68 - 5.02	121,000	20,000	-	10,000	10,000
Water Improvements 11/19/97	1999	4.68 - 5.02	120,000	30,000	-	10,000	20,000
Water Improvements 9/2/98	1999	4.68 - 5.02	90,000	20,000	-	5,000	15,000
Water Improvements - Contract 5	1999	4.68 - 5.02	180,000	60,000	-	15,000	45,000
Water Improvements - Contract 9	2004	3.50 - 4.00	230,000	180,000	-	10,000	170,000
Stanton Waterline - Contract 11	2004	3.50 - 4.00	170,000	120,000	-	10,000	110,000
Coadman Waterline	2004	3.50 - 4.00	425,000	320,000	-	20,000	300,000
Farber/Garden Pkwy	2007	4.38 - 4.50	325,000	265,000	-	20,000	245,000
Public Improvements 2/25/08	2011	3.00 - 4.75	150,250	-	150,250	-	245,000
			<u>1,811,250</u>	<u>1,015,000</u>	<u>150,250</u>	<u>100,000</u>	<u>1,065,250</u>
Sewer:							
Public Improvements	2011	3.00 - 4.75	1,062,500	-	1,062,500	-	1,062,500
Total All Funds			<u>\$ 6,303,416</u>	<u>\$ 2,180,000</u>	<u>\$ 2,617,416</u>	<u>\$ 275,000</u>	<u>\$ 4,522,416</u>

11. PENSION PLANS

Plan Description—The Village participates in the New York and Local Employees’ Retirement System (ERS) and the Public Employees’ Group Life Insurance Plan (referred to collectively as the “Systems”). The Systems are cost-sharing multiple-employer retirement systems that 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 (the “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 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, 110 State Street, Albany, NY 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. The State Legislature passed legislation in 2000 that suspends the 3% contribution for employees who have ten years or more of credited service. Employees hired after January 1, 2010 contribute 3% of their salary for the duration of their membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

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

2011	\$ 88,355
2010	56,214
2009	50,247

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- ◆ Requires minimum contributions by employers of 4.5 percent of payroll every year, including years in which the investment performance would make a lower contribution possible.
- ◆ Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g., billings due February 2011 would be based on the pension value as of March 31, 2010).

Legislation requires participating employers to make payments on a current basis. The Village’s contributions made to the Systems were equal to 100 percent of the contributions required for each year.

12. VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

The Village financial statements are for the year ended May 31, 2011. However, the information contained in this note is based on information for the Length of Service Awards Program (“LOSAP”) for the plan year ended December 31, 2010, which is the most recent plan year for which complete information is available.

Length of Service Awards Program - LOSAP

The Village established a defined benefit LOSAP for the active volunteer firefighters of the Village of Williamsville Volunteer Fire Department. The program took effect on January 1, 1992. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village of Williamsville is the sponsor of the program.

Program Description

Participation, vesting and service credit - Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age or becoming totally and permanently disabled or dying while an active member. The program’s entitlement age is age 55. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits - A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month, except in the case of disability or death. In the case of total and permanent disability before attaining entitlement age in the line-of-duty the payment commences immediately, with monthly payments guaranteed for 10 years using service to entitlement age. In the case of total and permanent disability before attaining entitlement age not in the line-of-duty the payment commences immediately, with monthly payments guaranteed for 10 years using accrued service only. In the case of death before attaining entitlement age active members would receive the greater of the present value of accrued benefit or \$10,000; inactive members would received the present value of accrued benefits, which are payable as soon as administratively possible. In the case of death after attaining eligibility, the beneficiary would receive a lump sum payment equal to the present value of the remaining certain period monthly payments, if any.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board the fire company having members who participate in the program. The fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated Ceridian to assist in the administration of the program. The designated program administrator's functions include the payment of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by Penflex, Inc. who calculates and certifies monthly and other lump sum amounts to be paid.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The original trust agreement was dated December 15, 1997. The current trustee is RBC Wealth Management.

Authority to invest program assets is vested in the Village of Williamsville Board of Trustees. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule and the Investment Policy Statement for the LOSAP as approved by the Board of Trustees.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary for the program year January 1, 2011 – December 31, 2011.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at January 1, 2011			\$ <u>2,161,079</u>
Less: Assets Available for Benefits	% of total		
Money Market	3.9%	\$ 57,019	
U.S. Equities	6.0%	87,556	
International Equities	9.9%	144,251	
Fixed Income	88.0%	1,282,468	
Mixed Assets	37.4%	544,507	
Other Assets	3.1%	45,486	
Benefits Payable		<u>8,560</u>	
Total Net Assets Held for Benefits			<u>2,169,847</u>
Total Assets in Excess of Benefits			8,768
Less : Unfunded Liability for Prior Service			<u>(65,019)</u>
Deficiency of Assets over Normal Benefits			<u>\$ (56,251)</u>

Receipts and Disbursements

Plan Net Assets as of January 1, 2010		\$ 1,921,591
Changes during the year:		
+ Plan contributions	\$ 93,516	
+ Investment income earned	74,604	
- Change in investment income receivable	(1,214)	
+/- Changes in fair market value of investments	176,715	
- Plan benefit withdrawals	(134,835)	
- Change in benefits payable	40,395	
- Administrative and other fees/charges	<u>(925)</u>	<u>248,256</u>
Plan Net Assets as of December 31, 2010		<u>\$ 2,169,847</u>

Contributions

Amount of sponsor's contribution recommended by actuary for 2011	\$	86,253
Amount of sponsor's actual contribution	\$	86,253

Administration Fees

Fees paid to designated program administrator	\$	-
Fees paid to actuary	\$	3,867

The Village accounts for amounts held for LOSAP within its Fiduciary Fund. As of May 31, 2011, program asset information was available which totaled \$2,220,150.

Funding Methodology and Actuarial Assumptions

Normal Costs - The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Frozen Initial Liability cost method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 6%

Mortality Tables used - 1994 Unisex Pensioner Male Mortality Table projected with scale AA to 2007

Withdrawal	None assumed
Disability	.5% load of active participants present value of projected benefits for LOD disability, plus 1.5% load of active participants present value of projected benefits for non-LOD disability
Retirement	100% at Entitlement Age
Death (Actives)	Minimum \$10,000 pre-Entitlement Age active member death benefit is funded by the program
Death (Inactives)	Minimum \$10,000 pre-Entitlement Age active member death benefit is funded by the program

13. LABOR RELATIONS

Village employees are represented by one bargaining unit with the balance governed by Village Board rules and regulations. The current contract is negotiated through May 31, 2012.

14. NET ASSETS, RESERVES AND DESIGNATIONS

The government wide financial statements utilize a net assets presentation. Net Assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Investment in capital assets, net of related debt—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The balance in this category of net assets at May 31, 2011 consists of:

Capital Assets (net) at May 31, 2011	\$ 9,493,805
Less outstanding debt used to acquire assets:	
Serial bonds	<u>(4,522,416)</u>
Investment in capital assets, net of related debt	<u>\$ 4,971,389</u>

Restricted net assets—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets—This category represents net assets of the Village not restricted for any project or other purpose.

In the fund financial statements, reservations represent funds that have been legally segregated for a specific future use by the Village at May 31, 2011 and include:

Reserved for encumbrances—represents commitments related to unperformed (executory) contracts for goods and services.

Reserved for unemployment insurance—represents funds accumulated for noninsured unemployment claims.

Reserved for fire trucks—represents funds accumulated for future purchases of fire trucks.

Reserved for DPW equipment—represents funds accumulated for future purchases of Department of Public Works equipment.

Reserved for fire equipment—represents funds accumulated for future purchases of fire equipment.

Reserved for debt—represents funds accumulated for future repayment of debt.

Reserved for prepaid expenditures—represents reserve of funds which do not represent available expendable resources.

Designations are not legally required segregations but are segregated for a specific purpose by the Village at May 31, 2011 and include:

Designated for Fire Department—represents funds available to reimburse the Town of Amherst, New York for reimbursement of worker’s compensation costs as well as grant monies the Fire Department received for a specific purpose which were not expended by year-end.

Designated for Youth and Recreation—represents funds donated for specific recreation projects.

Designated for Village Hall and Trees—represents funds available for various projects, such as Village Hall improvements and tree inoculation.

Designated for Meeting House—represents funds available for the Village Meeting House

Designated for Water Mill—represents funds available for the Village water mill.

Designated for Parks—represents funds available for the Village parks.

Designated for subsequent year’s expenditures—representing available fund balances being appropriated to meet 2011 – 2012 expenditure requirements.

15. DEFICIT FUND BALANCES

Water Fund – The Village plans to remedy these deficits through increases in water rates and by improvements made to infrastructure to reduce water loss.

Capital Projects Fund – Certain projects within the Capital Projects Fund have deficit fund balances at May 31, 2011. The Village intends to remedy these deficits through the future grant reimbursements.

16. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. Service award program accounts represent cash held to fund the firemen’s service awards. The following is a summary of changes in assets and liabilities for the year ended May 31, 2011:

	Balance <u>6/1/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>5/31/11</u>
ASSETS				
Cash	\$ 16,626	\$ 1,288,077	\$ 1,287,549	\$ 17,154
Service award program assets	<u>1,910,851</u>	<u>395,552</u>	<u>86,253</u>	<u>2,220,150</u>
Total assets	<u>\$ 1,927,477</u>	<u>\$ 1,683,629</u>	<u>\$ 1,373,802</u>	<u>\$ 2,237,304</u>
LIABILITIES				
Accrued liabilities	\$ 16,626	\$ 1,288,077	\$ 1,287,549	\$ 17,154
Service award program liabilities	<u>1,910,851</u>	<u>395,552</u>	<u>86,253</u>	<u>2,220,150</u>
Total liabilities	<u>\$ 1,927,477</u>	<u>\$ 1,683,629</u>	<u>\$ 1,373,802</u>	<u>\$ 2,237,304</u>

17. CONTINGENCIES

General Liability – The Village is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; injuries to employee; and natural disasters. The Village purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year.

Litigation – Various legal actions are pending against the Village. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Village.

Grants – In the normal course of operations, the Village receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditure which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

18. JOINT VENTURE

The Village and Town of Amherst jointly own the Glen Park. The venture operates under the terms of an agreement dated July 11, 1977 and amended September 2, 1980. Significant provisions of the agreement are as follows:

The Boards of each municipality jointly act as the governing body for the joint venture. The Village and Town have created a Glen Park Joint Board to make studies and advise the Village and Town on the development and maintenance of the Park. Neither the Village nor the Town shall take any action with respect to Glen Park without submitting the matter to the Glen Park Joint Board for recommendation.

The Village and Town share equally in all expenses of development and maintenance of Glen Park. Such contribution is determined on an annual basis. The joint venture has not accumulated significant surpluses or deficits. The following is a summary of the balance sheet:

Total assets	\$ 19,949
Total liabilities	\$ 19,943
Fund balance	\$ 6

The Village has appropriated \$23,000 for spending in fiscal year 2012.

The Treasurer of the Village has custody of all monies appropriated by the Village and the Town, and the Town pays over to the Village Treasurer the total sum appropriated by the Town as its share of park maintenance on or about the 1st of June each year.

The joint venture's financial statements can be obtained from the Village Administrator's office at 5565 Main Street, Williamsville, New York 14221.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2011, which is the date the financial statements are available for issuance, and have determined there is no subsequent events that require disclosure under generally accepted accounting principles.

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Capital Projects Fund
Combining Balance Sheet
May 31, 2011

	Equipment	2006 Roads, Water and Sewer	2007 Roads	2008 Roads	2009 Roads	2010 Roads	Floodgate Project	Mill Rock	2008 Mill Preservation	2008 Mill Preservation	Compre- hensive Zoning	Totals
ASSETS												
Cash and cash equivalents	\$ -	15,336	\$ -	\$ -	\$ -	18,181	\$ -	\$ 7,467	\$ -	\$ -	16,283	\$ 57,267
Due from other funds	-	275,300	-	-	-	-	-	1,644	-	-	-	276,944
Total assets	<u>\$ -</u>	<u>\$ 290,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,181</u>	<u>\$ -</u>	<u>\$ 9,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,283</u>	<u>\$ 334,211</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	-	\$ -	\$ -	\$ -	\$ -	8,400	\$ -	\$ -	\$ -	\$ -	3,270	\$ 11,670
Due to other funds	925	284,180	-	-	-	-	-	9,079	28,325	17,212	-	339,721
Total liabilities	<u>925</u>	<u>284,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,400</u>	<u>-</u>	<u>9,079</u>	<u>28,325</u>	<u>17,212</u>	<u>3,270</u>	<u>351,391</u>
Fund balances (deficits):												
Undesignated	(925)	6,456	-	-	-	9,781	-	32	(28,325)	(17,212)	13,013	(17,180)
Total fund balances (deficits)	<u>(925)</u>	<u>6,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,781</u>	<u>-</u>	<u>32</u>	<u>(28,325)</u>	<u>(17,212)</u>	<u>13,013</u>	<u>(17,180)</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 290,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,181</u>	<u>\$ -</u>	<u>\$ 9,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,283</u>	<u>\$ 334,211</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Capital Projects Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Year Ended May 31, 2011

	<u>Equipment</u>	<u>2006 Roads, Water and Sewer</u>	<u>2007 Roads</u>	<u>2008 Roads</u>	<u>2009 Roads</u>	<u>2010 Roads</u>	<u>Floodgate Project</u>	<u>Mill Rock</u>	<u>2008 Mill Preservation</u>	<u>2008 Mill Preservation</u>	<u>Compre- hensive Zoning</u>	<u>Totals</u>
REVENUES												
Use of money and property	\$ 82	\$ 77	\$ 184	\$ 42	\$ 9	\$ 766	\$ 3	\$ 28	\$ -	\$ -	\$ 187	\$ 1,378
Total revenues	<u>82</u>	<u>77</u>	<u>184</u>	<u>42</u>	<u>9</u>	<u>766</u>	<u>3</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>1,378</u>
EXPENDITURES												
Capital Outlay:												
General government support	925	-	-	-	-	-	-	-	-	-	-	925
Transportation	-	-	3,576	3,826	2,148	-	-	-	-	-	-	9,550
Culture and recreation	-	-	-	-	-	-	-	17,525	-	-	-	17,525
Home and community services	94,626	-	14,852	-	-	375,985	-	-	28,325	17,212	47,174	578,174
Total expenditures	<u>95,551</u>	<u>-</u>	<u>18,428</u>	<u>3,826</u>	<u>2,148</u>	<u>375,985</u>	<u>-</u>	<u>17,525</u>	<u>28,325</u>	<u>17,212</u>	<u>47,174</u>	<u>606,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,469)</u>	<u>77</u>	<u>(18,244)</u>	<u>(3,784)</u>	<u>(2,139)</u>	<u>(375,219)</u>	<u>3</u>	<u>(17,497)</u>	<u>(28,325)</u>	<u>(17,212)</u>	<u>(46,987)</u>	<u>(604,796)</u>
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	55,991	26,667	15,000	50,000	7,898	24,527	-	-	60,000	240,083
Transfers out	(456)	-	-	(5,954)	-	-	-	-	-	-	-	(6,410)
Proceeds from issuance of long-term debt	95,000	-	1,536,750	346,666	225,000	335,000	79,000	-	-	-	-	2,617,416
Total other financing sources (uses)	<u>94,544</u>	<u>-</u>	<u>1,592,741</u>	<u>367,379</u>	<u>240,000</u>	<u>385,000</u>	<u>86,898</u>	<u>24,527</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>2,851,089</u>
Net change in fund balances (deficits)	(925)	77	1,574,497	363,595	237,861	9,781	86,901	7,030	(28,325)	(17,212)	13,013	2,246,293
Fund balances (deficits) - beginning	-	6,379	(1,574,497)	(363,595)	(237,861)	-	(86,901)	(6,998)	-	-	-	(2,263,473)
Fund balances (deficits) - ending	\$ (925)	\$ 6,456	\$ -	\$ -	\$ -	\$ 9,781	\$ -	\$ 32	\$ (28,325)	\$ (17,212)	\$ 13,013	\$ (17,180)

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Certified Public Accountants

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

Honorable Mayor and Village Trustees
Village of Williamsville, New York

We have audited the financial statements of Village of Williamsville, New York, (the "Village") as of and for the year ended May 31, 2011, and have issued our report thereon dated August 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Village in a separate letter dated October 31, 2011.

This report is intended solely for the information and use of the Village Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Dresser & Malecki LLP

October 31, 2011