

**VILLAGE OF WILLIAMSVILLE,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplemental
Schedules for the Year Ended May 31, 2012 and
Independent Auditors' Reports*

VILLAGE OF WILLIAMSVILLE, NEW YORK
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable 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, 2012, 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 previously 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, 2012, 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 September 7, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information is the responsibility of the management of the Village and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Drescher & Malecki LLP

September 7, 2012

VILLAGE OF WILLIAMSVILLE, NEW YORK
Management's Discussion and Analysis
Year Ended May 31, 2012

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, 2012. 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 \$7,257,833 (*net assets*). Of this amount, \$901,282 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- ◆ During the year ended May 31, 2012, the Village's total net assets increased by \$269,910.
- ◆ As of the close of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$1,059,732, a decrease of \$1,067,051 from the prior year ending fund balance. This decrease is mainly due to investment in equipment and infrastructure.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,336,187 or approximately 46% percent of total General Fund expenditures and debt service transfers.
- ◆ The Village's total bonded indebtedness decreased by \$397,416 during the current year; no new debt was issued.

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 \$7,257,833 at the close of the 2012 fiscal year.

By far the largest portion of the Village’s net assets (87 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 – Condensed Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>May 31, 2012</u>	<u>May 31, 2011</u>
Current and other assets	\$ 2,461,910	\$ 3,285,979
Capital assets	<u>10,442,080</u>	<u>9,493,805</u>
Total assets	<u>12,903,990</u>	<u>12,779,784</u>
Current liabilities	1,446,045	1,206,264
Non-current liabilities	<u>4,200,112</u>	<u>4,585,597</u>
Total liabilities	<u>5,646,157</u>	<u>5,791,861</u>
Net assets:		
Invested in capital assets, net of related debt	6,317,080	4,971,389
Restricted	39,471	29,557
Unrestricted	<u>901,282</u>	<u>1,986,977</u>
Total net assets	<u>\$ 7,257,833</u>	<u>\$ 6,987,923</u>

A portion of the Village’s net assets (12 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 increased by \$269,910 during the current fiscal year. This increase results from 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 1.70 for the year ended May 31, 2012 which is a decrease from 2.72 for the year ended May 31, 2011. The decrease is primarily due to the investment in capital during the year ended May 31, 2012.

Table 2 – Comparison of Current Assets and Liabilities

	<u>Governmental Activities</u>	
	<u>May 31, 2012</u>	<u>May 31, 2011</u>
Current Assets	\$2,461,910	\$ 3,285,979
Current Liabilities	1,446,045	1,206,264
Ratio of Current Assets to Current Liabilities	1.70	2.72

Governmental activities – As stated above, governmental activities increased the Village's net assets by \$269,910 during 2012. Key elements of this increase are as follows:

Table 3 – Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>May 31, 2012</u>	<u>May 31, 2011</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 1,953,991	\$ 1,764,673
Operating grants and contributions	28,485	90,557
Capital grants and contributions	152,522	-
General revenues		
Real property taxes and tax items	1,877,991	1,883,219
Non-property taxes	904,118	876,976
Use of money and property	16,385	23,166
Sale of property and compensation for loss	174,313	28,568
Miscellaneous	109,190	29,627
State aid	106,477	110,835
Total revenues, net	<u>5,323,472</u>	<u>4,807,621</u>

(continued)

	(concluded)	
Expenses:		
Program expenses:		
General government support	811,121	679,626
Public safety	878,964	648,316
Transportation	720,924	653,163
Economic assistance	-	493
Culture and recreation	216,402	291,075
Home and community services	2,266,827	2,502,268
Interest on long-term debt	<u>159,324</u>	<u>125,016</u>
Total expenses	<u>5,053,562</u>	<u>4,899,957</u>
Change in net assets	269,910	(92,336)
Net assets beginning of year	<u>6,987,923</u>	<u>7,080,259</u>
Net assets end of year	<u>\$ 7,257,833</u>	<u>\$ 6,987,923</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 includes sales tax.

The Village's most significant expense types are:

- Home and community services, which is mainly comprised of water, sewer and refuse services.
- Public safety, which is comprised of all fire protection and safety inspection functions.
- 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.

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 35% of governmental activities revenue, while 37% 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, 2012</u>		<u>May 31, 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Charges for services	\$ 1,953,991	36.7%	\$ 1,764,673	36.7%
Operating grants and contributions	28,485	0.5%	90,557	1.9%
Capital grants and contributions	152,522	2.9%	-	0.0%
Real property taxes and tax items	1,877,991	35.3%	1,883,219	39.2%
Non-property taxes	904,118	17.0%	876,976	18.2%
Use of money and property	16,385	0.3%	23,166	0.5%
Sale of property and compensation for loss	174,313	3.3%	28,568	0.6%
Miscellaneous	109,190	2.1%	29,627	0.6%
State aid	106,477	2.0%	110,835	2.3%
Total revenues	<u>\$ 5,323,472</u>		<u>\$ 4,807,621</u>	

A summary of program expenses for Governmental Activities for the years ended May 31, 2012 and 2011 is as follows:

Table 5 – Expense by Function

	<u>May 31, 2012</u>		<u>May 31, 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
General government support	\$ 811,121	16.1%	\$ 679,626	13.9%
Public safety	878,964	17.4%	648,316	13.2%
Transportation	720,924	14.3%	653,163	13.3%
Economic assistance	-	0.0%	493	0.0%
Culture and recreation	216,402	4.3%	291,075	5.9%
Home and community services	2,266,827	44.9%	2,502,268	51.1%
Interest and other fiscal charges	159,324	3.2%	125,016	2.6%
Total program expenses	<u>\$ 5,053,562</u>		<u>\$ 4,899,957</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, *unassigned 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, 2012, the Village's governmental funds reported combined ending fund balance of \$1,059,732, a decrease of \$1,067,051 in comparison with the prior year's balance. This decrease resulted largely from investments in capital assets within the Capital Project Fund. Of the total governmental fund

balance, \$233,187 constitutes *unassigned fund balance*, which is net of unassigned deficits within the Water Fund and Capital Projects Fund. The remainder of fund balance is nonspendable, restricted, or assigned, indicating the fund balance is not in spendable form, is restricted as to use by externally enforceable legal restrictions, or has an intended use established by the Village Board or their designated official.

The General Fund is the chief operating fund of the Village. At May 31, 2012, the unassigned fund balance of the General Fund was \$1,336,187, while the total fund balance was \$1,836,050. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 46% of total General Fund expenditures and debt service transfers, while total fund balance represents 63% of that same amount.

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 \$12 during 2012 (with a total ending fund balance of \$3,320).
- The Water Fund's fund deficit decreased by \$13,375 during 2012 (with a total ending fund deficit of \$108,049).
- The Sewer Fund's fund balance increased by \$262,520 during 2012 (with a total ending fund balance of \$287,211).
- The Debt Service Fund's fund balance increased by \$6,594 during 2012 (with a total ending fund balance of \$36,151).
- The Capital Project Fund's fund deficit increased by \$977,771 (with a total ending deficit of \$994,951).

Table 6 – Comparison of Restrictions and Assignments

	<u>Balance</u> <u>May 31, 2012</u>	<u>Balance</u> <u>May 31, 2011</u>
Restricted for:		
Unemployment Insurance	\$ 10,538	\$ 10,501
Fire Trucks	4,207	258,145
DPW Equipment	70,740	128,809
Fire Equipment	-	74,765
Debt	36,151	29,557
Community Development	3,320	3,308
Assigned for:		
Encumbrances	0	25,593
Fire Department	-	44,417
Youth & Recreation	4,436	3,770
Trees	0	22,021
Village Hall	0	30,902
Meeting House Events	0	308
Meeting House	0	50,431
Water Mill	-	105,000
DPW	0	-
Parks	0	14,225
Sewer Fund	287,211	-
Subsequent Year's Expenditures	217,215	259,800

General Fund Budgetary Highlights – During the year ended May 31, 2012, there was a \$816,476 net increase in appropriations between the original and final amended General Fund budget. Following are the main components of the increase:

- Approximately \$97,000 increase in street maintenance costs and approximately \$13,000 in equipment within Parks which were not anticipated during the adoption of the original budget.
- Approximately \$620,000 increase in transfers out to the Capital Fund, 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, 2012, amounted to \$10,442,080 (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:

- N. Ellicott sewers (Village Fund #827)
- Equipment Purchases (Village Fund # 802)

- Mill Preservation (Village Funds # 824 & 825)

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, 2012</u>	<u>May 31, 2011</u>
Land	\$ 370,427	\$ 370,427
Land improvements	43,323	74,544
Buildings	573,020	533,777
Building improvements	322,980	331,009
Machinery and equipment	1,710,290	897,938
Infrastructure	7,082,188	7,286,110
Construction in process	<u>339,852</u>	<u>-</u>
Total	<u>\$ 10,442,080</u>	<u>\$ 9,493,805</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, 2012, the Village had total long-term debt outstanding of \$4,200,112 compared to \$4,585,597 in the prior year.

Table 8 – Comparison of Long Term Liabilities

	<u>Governmental Activities</u>		
	<u>May 31, 2012</u>	<u>May 31, 2011</u>	<u>Change</u>
Compensated Absences	\$ 75,112	\$ 63,181	\$ 11,931
Serial Bonds	<u>4,125,000</u>	<u>4,522,416</u>	<u>(397,416)</u>
Total	<u>\$ 4,200,112</u>	<u>\$ 4,585,597</u>	<u>\$ (385,485)</u>

New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year average 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 9 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 2012 was 8.4 percent, an increase of 1.1 percent from a year ago. The area unemployment rate is slightly lower than the New York State average unemployment rate of 8.6 percent, and slightly above the national average of 8.2 percent.

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 2012-2013 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 continue to increase significantly.
- Revenues from State Aid are anticipated to be relatively flat (no increase).

The Village has appropriated \$217,215 of General Fund fund balance for spending in the 2012-2013 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, 2012

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,522,332
Accounts receivable	22,858
Special assessments receivable	3,128
Water rents receivable	233,069
Sewer rents receivable	166,880
Prepays	12,849
Due from other governments	500,794
Capital assets not being depreciated	710,279
Capital assets being depreciated (net of accumulated depreciation)	<u>9,731,801</u>
Total assets	<u>12,903,990</u>
LIABILITIES	
Accounts payable	534,763
Accrued liabilities	85,376
Due to other governments	637,328
Unearned revenue	147,220
Retainage payable	41,358
Non-current liabilities:	
Due within one year	388,756
Due within more than one year	<u>3,811,356</u>
Total liabilities	<u>5,646,157</u>
NET ASSETS	
Investment in capital assets, net of related debt	6,317,080
Restricted for:	
Debt service	36,151
Community development	3,320
Unrestricted	<u>901,282</u>
Total net assets	<u>\$ 7,257,833</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, 2012

<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>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 811,121	\$ 113,374	\$ -	\$ -	\$ (697,747)
Public safety	878,964	305,826	-	-	(573,138)
Transportation	720,924	3,555	28,485	-	(688,884)
Culture and recreation	216,402	15,988	-	152,522	(47,892)
Home and community services	2,266,827	1,515,248	-	-	(751,579)
Interest and other fiscal charges	<u>159,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,324)</u>
Total primary government	<u>\$ 5,053,562</u>	<u>\$ 1,953,991</u>	<u>\$ 28,485</u>	<u>\$ 152,522</u>	<u>(2,918,564)</u>
General revenues:					
					1,877,991
					904,118
					16,385
					174,313
					109,190
					<u>106,477</u>
Total general revenues					<u>3,188,474</u>
Change in net assets					269,910
Net assets - beginning					<u>6,987,923</u>
Net assets - ending					<u>\$ 7,257,833</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK

Balance Sheet - Governmental Funds

May 31, 2012

ASSETS	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
Cash and cash equivalents	\$ 755,253	\$ 3,321	\$ 501	\$ 725,241	\$ 36,151	\$ 1,865	\$ 1,522,332
Accounts receivable	21,585	-	-	-	-	1,273	22,858
Special assessments receivable	-	-	-	3,128	-	-	3,128
Water rents receivable	-	-	233,069	-	-	-	233,069
Sewer rents receivable	-	-	-	166,880	-	-	166,880
Prepaid expenditures	12,849	-	-	-	-	-	12,849
Due from other funds	1,140,742	-	-	22,000	-	6,000	1,168,742
Due from other governments	216,444	131,828	-	-	-	152,522	500,794
Total assets	\$ 2,146,873	\$ 135,149	\$ 233,570	\$ 917,249	\$ 36,151	\$ 161,660	\$ 3,630,652
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities:							
Accounts payable	\$ 242,188	\$ -	\$ 39,917	\$ 2,644	\$ -	\$ 250,014	\$ 534,763
Accrued liabilities	33,519	-	4,402	3,588	-	-	41,509
Retainage payable	-	-	-	-	-	41,358	41,358
Due to other funds	6,000	-	297,300	203	-	865,239	1,168,742
Due to other governments	16,853	-	-	620,475	-	-	637,328
Deferred revenue	12,263	131,829	-	3,128	-	-	147,220
Total liabilities	310,823	131,829	341,619	630,038	-	1,156,611	2,570,920
Fund balances (deficits):							
Nonspendable	12,849	-	-	-	-	-	12,849
Restricted	85,485	3,320	-	-	36,151	-	124,956
Assigned	401,529	-	-	287,211	-	-	688,740
Unassigned	1,336,187	-	(108,049)	-	-	(994,951)	233,187
Total fund balances (deficits)	1,836,050	3,320	(108,049)	287,211	36,151	(994,951)	1,059,732
Total liabilities and fund balances (deficits)	\$ 2,146,873	\$ 135,149	\$ 233,570	\$ 917,249	\$ 36,151	\$ 161,660	\$ 3,630,652

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, 2012

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

Total fund balance - governmental funds		\$ 1,059,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$18,079,843 and the accumulated depreciation is \$7,637,763.		10,442,080
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds not recorded in the funds at year end.		(43,867)
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	\$ (4,125,000)	
Compensated absences payable	<u>(75,112)</u>	<u>(4,200,112)</u>
Total net assets - governmental activities		<u>\$ 7,257,833</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, 2012

	Special Revenue					Capital Projects	Total Governmental Funds
	General	Community Development	Water	Sewer	Debt Service		
REVENUES							
Real property taxes	\$ 1,473,499	\$ -	\$ -	\$ 383,485	\$ -	\$ -	\$ 1,856,984
Real property tax items	21,007	-	-	-	-	-	21,007
Non property tax items	904,118	-	-	-	-	-	904,118
Departmental income	41,500	-	830,044	685,204	-	-	1,556,748
Intergovernmental charges	274,418	-	-	-	-	-	274,418
Use of money and property	13,231	12	27	2,911	111	93	16,385
Licenses and permits	25,458	-	-	-	-	-	25,458
Fines and forfeitures	97,367	-	-	-	-	-	97,367
Sale of property and compensation for loss	173,144	-	1,169	-	-	-	174,313
Miscellaneous	17,346	-	147	91,697	-	-	109,190
State support	134,962	-	-	-	-	152,522	287,484
Total revenues	<u>3,176,050</u>	<u>12</u>	<u>831,387</u>	<u>1,163,297</u>	<u>111</u>	<u>152,615</u>	<u>5,323,472</u>
EXPENDITURES							
Current:							
General government support	621,820	-	7,864	29,825	-	-	659,509
Public safety	535,430	-	-	-	-	-	535,430
Transportation	386,660	-	-	-	-	-	386,660
Culture and recreation	168,755	-	-	-	-	-	168,755
Home and community services	542,021	-	619,846	727,046	-	-	1,888,913
Employee benefits	317,054	-	41,923	58,554	-	-	417,531
Capital outlay	-	-	-	-	-	1,773,784	1,773,784
Debt service:							
Principal	-	-	-	-	397,416	-	397,416
Interest	-	-	-	-	162,525	-	162,525
Total expenditures	<u>2,571,740</u>	<u>-</u>	<u>669,633</u>	<u>815,425</u>	<u>559,941</u>	<u>1,773,784</u>	<u>6,390,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>604,310</u>	<u>12</u>	<u>161,754</u>	<u>347,872</u>	<u>(559,830)</u>	<u>(1,621,169)</u>	<u>(1,067,051)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	566,424	649,881	1,216,305
Transfers out	(976,091)	-	(148,379)	(85,352)	-	(6,483)	(1,216,305)
Total other financing sources (uses)	<u>(976,091)</u>	<u>-</u>	<u>(148,379)</u>	<u>(85,352)</u>	<u>566,424</u>	<u>643,398</u>	<u>-</u>
Net change in fund balances (deficits)	(371,781)	12	13,375	262,520	6,594	(977,771)	(1,067,051)
Fund balances (deficits) - beginning	<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>
Fund balances (deficits) - ending	<u>\$ 1,836,050</u>	<u>\$ 3,320</u>	<u>\$ (108,049)</u>	<u>\$ 287,211</u>	<u>\$ 36,151</u>	<u>\$ (994,951)</u>	<u>\$ 1,059,732</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, 2012

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

Net change in fund balances (deficits) - total governmental funds \$ (1,067,051)

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 exceeded depreciation. 948,275

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.

Repayment of serial bonds	\$ 397,416	
Net change in accrued interest - general obligation bonds	<u>3,201</u>	400,617

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. (11,931)

Change in net assets of governmental activities \$ 269,910

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,471,824	\$ 1,471,824	\$ 1,473,499	\$ 1,675
Real property tax items	19,506	19,506	21,007	1,501
Non property tax items	812,000	812,000	904,118	92,118
Departmental income	34,900	34,900	41,500	6,600
Intergovernmental charges	283,400	283,400	274,418	(8,982)
Use of money and property	15,675	15,675	13,231	(2,444)
Licenses and permits	20,200	20,200	25,458	5,258
Fines and forfeitures	80,000	80,000	97,367	17,367
Sale of property and compensation for loss	7,600	168,612	173,144	4,532
Miscellaneous	3,250	12,374	17,346	4,972
State support	<u>166,456</u>	<u>176,054</u>	<u>134,962</u>	<u>(41,092)</u>
Total revenues	<u>2,914,811</u>	<u>3,094,545</u>	<u>3,176,050</u>	<u>81,505</u>
EXPENDITURES				
Current:				
General government support	581,605	691,974	621,820	70,154
Public safety	596,660	609,697	535,430	74,267
Transportation	403,985	464,438	386,660	77,778
Economic assistance and opportunity	500	500	-	500
Culture and recreation	180,841	226,088	168,755	57,333
Home and community services	658,391	623,707	542,021	81,686
Employee benefits	<u>343,917</u>	<u>343,917</u>	<u>317,054</u>	<u>26,863</u>
Total expenditures	<u>2,765,899</u>	<u>2,960,321</u>	<u>2,571,740</u>	<u>388,581</u>
Excess of revenues over expenditures	<u>148,912</u>	<u>134,224</u>	<u>604,310</u>	<u>470,086</u>
OTHER FINANCING USES				
Transfers out	<u>(401,212)</u>	<u>(1,023,266)</u>	<u>(976,091)</u>	<u>47,175</u>
Total other financing uses	<u>(401,212)</u>	<u>(1,023,266)</u>	<u>(976,091)</u>	<u>47,175</u>
Net change in fund balances	(259,800)	(889,042)	(371,781)	517,261
Fund balances - beginning	<u>2,207,831</u>	<u>2,207,831</u>	<u>2,207,831</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,948,031</u>	<u>\$ 1,318,789</u>	<u>\$ 1,836,050</u>	<u>\$ 517,261</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Departmental income	\$ 884,530	\$ 884,530	\$ 830,044	\$ (54,486)
Use of money and property	-	-	27	27
Sale of property and compensation for loss	-	-	1,169	1,169
Miscellaneous	-	-	147	147
Total revenues	<u>884,530</u>	<u>884,530</u>	<u>831,387</u>	<u>(53,143)</u>
EXPENDITURES				
Current:				
General government support	28,806	28,806	7,864	20,942
Home and community service	663,149	663,149	619,846	43,303
Employee benefits	<u>44,196</u>	<u>44,196</u>	<u>41,923</u>	<u>2,273</u>
Total expenditures	<u>736,151</u>	<u>736,151</u>	<u>669,633</u>	<u>66,518</u>
Excess of revenues over expenditures	<u>148,379</u>	<u>148,379</u>	<u>161,754</u>	<u>13,375</u>
OTHER FINANCING USES				
Transfers out	<u>(148,379)</u>	<u>(148,379)</u>	<u>(148,379)</u>	<u>-</u>
Total other financing uses	<u>(148,379)</u>	<u>(148,379)</u>	<u>(148,379)</u>	<u>-</u>
Net change in fund balances (deficits)	-	-	13,375	13,375
Fund balances (deficits)- beginning	<u>(121,424)</u>	<u>(121,424)</u>	<u>(121,424)</u>	<u>-</u>
Fund balances (deficits) - ending	<u>\$ (121,424)</u>	<u>\$ (121,424)</u>	<u>\$ (108,049)</u>	<u>\$ 13,375</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
Sewer Fund
Year Ended May 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,250	\$ 1,250	383,485	\$ 382,235
Departmental income	1,134,683	1,134,683	685,204	(449,479)
Use of money and property	4,000	4,000	2,911	(1,089)
Miscellaneous	-	-	91,697	91,697
Total revenues	<u>1,139,933</u>	<u>1,139,933</u>	<u>1,163,297</u>	<u>23,364</u>
EXPENDITURES				
Current:				
General government support	46,325	46,325	29,825	16,500
Home and community services	945,906	945,906	727,046	218,860
Employee benefits	<u>62,350</u>	<u>62,350</u>	<u>58,554</u>	<u>3,796</u>
Total expenditures	<u>1,054,581</u>	<u>1,054,581</u>	<u>815,425</u>	<u>239,156</u>
Excess of revenues over expenditures	<u>85,352</u>	<u>85,352</u>	<u>347,872</u>	<u>262,520</u>
OTHER FINANCING USES				
Transfers out	<u>(85,352)</u>	<u>(85,352)</u>	<u>(85,352)</u>	<u>-</u>
Total other financing uses	<u>(85,352)</u>	<u>(85,352)</u>	<u>(85,352)</u>	<u>-</u>
Net change in fund balances	-	-	262,520	262,520
Fund balances - beginning	<u>24,691</u>	<u>24,691</u>	<u>24,691</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,691</u>	<u>\$ 24,691</u>	<u>\$ 287,211</u>	<u>\$ 262,520</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, 2012

	<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	\$ -	\$ -	\$ 111	\$ 111
Total revenues	<u>-</u>	<u>-</u>	<u>111</u>	<u>111</u>
EXPENDITURES				
Current:				
Principal	397,416	397,416	397,416	-
Interest	<u>162,526</u>	<u>162,526</u>	<u>162,525</u>	<u>1</u>
Total expenditures	<u>559,942</u>	<u>559,942</u>	<u>559,941</u>	<u>1</u>
Deficiency of revenues under expenditures	<u>(559,942)</u>	<u>(559,942)</u>	<u>(559,830)</u>	<u>112</u>
OTHER FINANCING SOURCES				
Transfers in	<u>559,942</u>	<u>559,942</u>	<u>566,424</u>	<u>6,482</u>
Total other financing sources	<u>559,942</u>	<u>559,942</u>	<u>566,424</u>	<u>6,482</u>
Net change in fund balances	-	-	6,594	6,594
Fund balances - beginning	<u>29,557</u>	<u>29,557</u>	<u>29,557</u>	<u>-</u>
Fund balances - ending	<u>\$ 29,557</u>	<u>\$ 29,557</u>	<u>\$ 36,151</u>	<u>\$ 6,594</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Net Assets - Agency Fund
May 31, 2012

	Agency Fund
ASSETS	
Cash	\$ 20,272
Service award program assets	<u>2,106,376</u>
Total assets	<u>\$ 2,126,648</u>
 LIABILITIES	
Accrued liabilities	\$ 20,272
Service award program liabilities	<u>2,106,376</u>
Total liabilities	<u>\$ 2,126,648</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, 2012

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 assigns 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, 2012; 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 greater than the Village's established threshold which is 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 an assignment 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. Impacts of Accounting Pronouncements

During the year ended May 31, 2012, the Village implemented GASB Statement No. 59, *Financial Instruments Omnibus*, which did not have a material impact on the Village’s financial position or results of operation.

During the year ended May 31, 2012, the Village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Village to change its fund balance classifications for governmental funds. The new classifications are explained below.

- *Nonspendable fund balance*—Amounts that are not in spendable form (such as inventory or prepaids) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- *Committed fund balance*—Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (Board of Trustees); to be reported as committed, amounts cannot be used for any other purpose unless the same highest level action to remove or change the constraint.
- *Assigned fund balance*—Amounts a government intends to use for a specific purpose: intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance*—Amounts that are available for any purpose; these amounts are reported only in the general fund.

The Village has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, 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; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, No. 65, *Items Previously Reported As Assets and Liabilities*, No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10, and No. 62*, effective for the year ending May 31, 2014; GASB Statement No. 67, *Financial Reporting for Pension Plans* effective for the year ending June 30, 2015; and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective for the year ending May 31, 2016, The Village is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 57, 60, 61, 62, 63, 64, 65, 66, 67, and 68 will have on its financial position and 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, 2012 are as follows:

Governmental funds	\$ 1,522,332
Fiduciary fund	<u>20,272</u>
Total	<u>\$ 1,542,604</u>

Deposits at year-end consisted of:

Petty cash (uncollateralized)	\$ 450
Bank deposits	<u>1,542,154</u>
Total	<u>\$ 1,542,604</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 below, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of May 31, 2012, the Village’s deposits were FDIC insured or collateralized.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC insured	\$ 250,000	\$ 250,000
Collateral held by banks' agent in the Village's name	<u>1,372,750</u>	<u>1,292,154</u>
	<u>\$ 1,622,750</u>	<u>\$ 1,542,154</u>

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 RECEIVABLES, PAYABLES AND TRANSFERS

Significant interfund transactions during the fiscal year ended May 31, 2012 consisted of approximately \$865,000 of loans from the General Fund to the Capital Fund for various capital projects. Approximately \$500,000 was transferred from the General Fund to the Capital Fund for the purchase of a new fire truck and approximately \$100,000 for the Water Mill restoration.

Interfund receivables and payables of the Village at May 31, 2012 and interfund transfers made for the year then ended consisted of the following:

Fund	Interfund		Transfers	
	Receivables	Payables	In	Out
General Fund	\$ 1,140,742	\$ 6,000	-	\$ 976,091
Water Fund	-	297,300	-	148,379
Sewer Fund	22,000	203	-	85,352
Debt Service Fund	-	-	566,424	-
Capital Projects Fund	6,000	865,239	649,881	6,483
Total	<u>\$ 1,168,742</u>	<u>\$ 1,168,742</u>	<u>\$ 1,216,305</u>	<u>\$ 1,216,305</u>

6. RECEIVABLES

Major revenues accrued by the Village at May 31, 2012 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, 2012 are:

General Fund

Erie County - sales tax	\$ 154,212	
New York State - various	22,228	
Justice Department	33,498	
	<u>6,506</u>	<u>\$ 216,444</u>

Community Development Fund

Town of Amherst - block grant		<u>\$ 131,828</u>
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Capital Projects Fund

New York State		<u>\$ 152,522</u>
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7. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2012 was as follows:

	<u>Balance</u> <u>6/1/2011</u>	<u>Additons</u>	<u>Deletions</u>	<u>Balance</u> <u>5/31/2012</u>
Capital assets, not being depreciated:				
Land	\$ 370,427	\$ -	\$ -	\$ 370,427
Construction in progress	<u>-</u>	<u>339,852</u>	<u>-</u>	<u>339,852</u>
Total capital assets, not being depreciated	<u>370,427</u>	<u>339,852</u>	<u>-</u>	<u>710,279</u>
Capital assets, being depreciated:				
Land improvements	303,103	-	-	303,103
Buildings	1,038,832	65,318	-	1,104,150
Building improvements	1,213,293	-	-	1,213,293
Machinery and equipment	3,807,458	1,318,780	(551,852)	4,574,386
Infrastructure	<u>10,140,260</u>	<u>34,372</u>	<u>-</u>	<u>10,174,632</u>
Total capital assets, being depreciated	<u>16,502,946</u>	<u>1,418,470</u>	<u>(551,852)</u>	<u>17,369,564</u>
Less accumulated depreciation for:				
Land improvements	228,559	31,221	-	259,780
Buildings	505,055	26,075	-	531,130
Building improvements	882,284	8,029	-	890,313
Machinery and equipment	2,909,520	352,984	(489,749)	2,772,755
Infrastructure	<u>2,854,150</u>	<u>329,635</u>	<u>-</u>	<u>3,183,785</u>
Total accumulated depreciation	<u>7,379,568</u>	<u>747,944</u>	<u>(489,749)</u>	<u>7,637,763</u>
Total capital assets, being depreciated, net	<u>9,123,378</u>	<u>670,526</u>	<u>(62,103)</u>	<u>9,731,801</u>
Governmental activities capital assets, net	<u>\$ 9,493,805</u>	<u>\$ 1,010,378</u>	<u>\$ (62,103)</u>	<u>\$ 10,442,080</u>

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

<u>Functions/ Program</u>	<u>Allocated Depreciation</u>
General Government	\$ 60,609
Public Safety	218,246
Transportation	288,635
Culture and Recreation	25,447
Home and Community Services	155,007
	<u>\$ 747,944</u>

8. DUE TO OTHER GOVERNMENTS

Due to other governments recorded by the Village totaled \$637,328 at May 31, 2012. Of this amount, \$620,475 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, 2012.

9. 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, 2012:

	<u>Balance 6/1/2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 5/31/2012</u>
Compensated absences	\$ 63,181	\$ 12,132	\$ 201	\$ 75,112
Serial bonds	4,522,416	-	397,416	4,125,000
Total	<u>\$ 4,585,597</u>	<u>\$ 12,132</u>	<u>\$ 397,617</u>	<u>\$ 4,200,112</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)

<u>Year</u>	<u>Principal</u>			<u>Interest</u>
	<u>Serial Bonds</u>	<u>Compensated Absences*</u>	<u>Total</u>	<u>Serial Bonds</u>
2013	\$ 385,000	\$ 3,756	\$ 388,756	\$ 148,597
2014	390,000	-	390,000	134,459
2015	285,000	-	285,000	122,516
2016	275,000	-	275,000	113,028
2017	280,000	-	280,000	103,541
2018-2022	1,360,000	-	1,360,000	365,714
2023-2027	850,000	-	850,000	139,600
2028-2031	300,000	71,356	371,356	22,850
Total	<u>\$ 4,125,000</u>	<u>\$ 75,112</u>	<u>\$ 4,200,112</u>	<u>\$ 1,150,305</u>

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

9. LONG-TERM DEBT (Concluded)

Bonded Indebtedness: The following is a summary of bond transitions of the Village for the year ended May 31, 2012:

<u>Fund and Purpose</u>	<u>Year of Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Principal Outstanding 6/1/2011</u>	<u>Issued</u>	<u>Paid</u>	<u>Principal Outstanding 5/31/2012</u>
General:							
Street Reconstruction	1999	4.68 - 5.02	\$ 180,000	\$ 45,000	\$ -	\$ 15,000	\$ 30,000
Street Reconstruction - Contract 5	1999	4.68 - 5.02	110,000	30,000	-	10,000	20,000
Village Hall Renovation	2004	3.50 - 4.00	285,000	165,000	-	20,000	145,000
Street Reconstruction - Contract 9	2004	3.50 - 4.00	80,000	30,000	-	10,000	20,000
Snow Plowing Equipment	2004	3.50 - 4.00	115,000	45,000	-	15,000	30,000
Fire Truck	2004	3.50 - 4.00	135,000	45,000	-	15,000	30,000
Street Reconstruction - Contract 11	2004	3.50 - 4.00	220,000	75,000	-	25,000	50,000
Street Sweeper	2004	3.50 - 4.00	140,000	60,000	-	15,000	45,000
Street Reconstruction - Contract 12	2004	3.50 - 4.00	425,000	275,000	-	25,000	250,000
Storm Sewer Replacement	2007	4.38 - 4.50	20,000	16,000	-	1,000	15,000
Plow Truck	2007	4.38 - 4.50	125,000	90,000	-	8,700	81,300
Road Reconstruction	2007	4.38 - 4.50	135,000	99,000	-	9,000	90,000
Village Hall Windows	2007	4.38 - 4.50	20,000	15,000	-	1,300	13,700
Highway Improvements	2011	3.00 - 4.75	324,000	324,000	-	14,000	310,000
Road Improvements 7/21/08	2011	3.00 - 4.75	346,666	346,666	-	16,666	330,000
Highway Improvements 5/26/09	2011	3.00 - 4.75	225,000	225,000	-	15,000	210,000
Floodgate Rehabilitation 5/26/09	2011	3.00 - 4.75	79,000	79,000	-	4,000	75,000
Highway Reconstruction 6/28/10	2011	3.00 - 4.75	335,000	335,000	-	21,000	314,000
DPW Equipment 9/27/10	2011	3.00 - 4.75	95,000	95,000	-	7,000	88,000
			<u>3,394,666</u>	<u>2,394,666</u>	<u>-</u>	<u>247,666</u>	<u>2,147,000</u>
Water:							
Water Improvements 1/10/97	1999	4.68 - 5.02	121,000	10,000	-	10,000	-
Water Improvements 11/19/97	1999	4.68 - 5.02	120,000	20,000	-	10,000	10,000
Water Improvements 9/2/98	1999	4.68 - 5.02	90,000	15,000	-	5,000	10,000
Water Improvements - Contract 5	1999	4.68 - 5.02	180,000	45,000	-	15,000	30,000
Water Improvements - Contract 9	2004	3.50 - 4.00	230,000	170,000	-	10,000	160,000
Stanton Waterline - Contract 11	2004	3.50 - 4.00	170,000	110,000	-	10,000	100,000
Coadman Waterline	2004	3.50 - 4.00	425,000	300,000	-	20,000	280,000
Farber/Garden Pkwy	2007	4.38 - 4.50	325,000	245,000	-	20,000	225,000
Public Improvements 2/25/08	2011	3.00 - 4.75	150,250	150,250	-	7,250	143,000
			<u>1,811,250</u>	<u>1,065,250</u>	<u>-</u>	<u>107,250</u>	<u>958,000</u>
Sewer:							
Public Improvements	2011	3.00 - 4.75	1,062,500	1,062,500	-	42,500	1,020,000
Total All Funds			<u>\$ 6,268,416</u>	<u>\$ 4,522,416</u>	<u>\$ -</u>	<u>\$ 397,416</u>	<u>\$ 4,125,000</u>

10. 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. Those joining after April 1, 2012 (Tier 6) are required to contribute three percent (3.0%) until March 31, 2013, after which the contribution percentage will be based on annual salary. 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:

Year	Contributions
2012	\$ 124,748
2011	88,355
2010	56,214

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 2012 would be based on the pension value as of March 31, 2011).

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.

11. VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

The Village financial statements are for the year ended May 31, 2012. 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, 2011, 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, 2012 – December 31, 2012.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at January 1, 2012			\$ 2,269,714
Less: Assets Available for Benefits	% of total		
Money Market	4.7%	\$	98,144
U.S. Equities	4.1%		86,354
International Equities	8.3%		175,102
Fixed Income	62.5%		1,316,566
Mixed Assets	19.9%		419,198
Other Assets	0.1%		2,283
Benefits Payable	0.4%		<u>9,440</u>
Total Net Assets Held for Benefits			<u>2,107,087</u>
Total Assets in Excess of Benefits			(162,627)
Less: Unfunded Liability for Prior Service			<u>(56,251)</u>
Deficiency of Assets over Normal Benefits			<u>\$ (218,878)</u>

Receipts and Disbursements

Plan Net Assets as of January 1, 2011		\$ 2,169,847
Changes during the year:		
+Plan contributions	\$ 86,253	
+Investment income earned	101,502	
-Change in investment income receivable	(166)	
+/-Changes in fair market value of investments	(133,712)	
-Plan benefit withdrawals	(114,000)	
-Change in benefits payable	880	
-Administrative and other fees/charges	<u>(3,517)</u>	<u>(62,760)</u>
Plan Net Assets as of December 31, 2011		<u>\$ 2,107,087</u>

Contributions

Amount of sponsor's contribution recommended by actuary for 2012	\$ 111,482
Amount of sponsor's actual contribution	\$ 111,482

Administration Fees

Fees paid to designated program administrator	\$ 917
Fee paid to actuary	\$ 3,867

The Village accounts for amounts held for LOSAP within its Fiduciary Fund. As of May 31, 2012, program asset information was available which totaled \$2,106,376.

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 Uninsured 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

12. 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.

13. NET ASSETS AND FUND BALANCE

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, 2012 consists of:

Capital Asses (net) at May 31, 2012	\$ 10,442,080
Less outstanding debt used to acquire assets:	
Serial bonds	<u>(4,125,000)</u>
Investment in capital assets, net of related debt	<u>\$ 6,317,080</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, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspenable fund balance maintained by the Village at May 31, 2012 include:

- ◆ ***Prepays***—Representing the portion of fund balance, \$12,849 prepaid amounts This balance is nonspenable as the prepayment does not represent an available resource.

In the fund financial statements, restrictions represent a portion of fund balance that has been legally segregated for a specific use or is not able to be appropriated for expenditure by the Village at May 31, 2012, and include:

Fund Balance restricted for:	
Unemployment insurance	\$ 10,538
Fire trucks	4,207
DPW equipment	70,740
Debt service	36,151
Community development	<u>3,320</u>
	<u>\$ 124,956</u>

- ◆ *Restricted for Unemployment insurance*— Represents funds set aside for costs associated with noninsured unemployment claims.
- ◆ *Restricted for fire trucks*— Represents resources that have been legally restricted for future purchases of fire trucks.
- ◆ *Restricted for DPW equipment*—Represents funds accumulated for future purchases of Department of Public Works equipment.
- ◆ *Restricted for Debt Service*— Represents resources that have been legally restricted for *principal* and interest payments that will be made in future periods.
- ◆ *Restricted for Community Development*—Represents resources that are restricted for expenditure pursuant to Community Development Block Grant requirements.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at May 31, 2012, and include:

- ◆ *Assigned to Encumbrances*—Representing amounts related to unperformed (executory) contracts for goods and services. The District has \$14,410 of fund balance assigned to encumbrances at May 31, 2012.
- ◆ *Assigned to Subsequent Year's Expenditures*—Represents available fund balance being appropriated to meet expenditure requirements in the 2012-2013 fiscal year, \$217,215 at May 31, 2012.
- ◆ *Assigned to Youth and Recreation*—Represents available fund balance being appropriated to meet Youth and Recreation program expenditures in the 2012-2013 fiscal year, \$4,436 at May 31, 2012.
- ◆ *Assigned to Trees*—Represents available fund balance being appropriated to meet expenditure for replacement trees requirements in the 2012-2013 fiscal year, \$42,955 at May 31, 2012.
- ◆ *Assigned to Village Hall Expenditures*— Represents available fund balance being appropriated to meet expenditure for Village Hall improvements in the 2012-2013 fiscal year, \$32,551 at May 31, 2012.
- ◆ *Assigned to Meeting House events*—Represents available fund balance being appropriated for expenditure for Meeting House events in the 2012-2013 fiscal year, \$308 at May 31, 2012.
- ◆ *Assigned to Meeting House*— Represents available fund balance being appropriated for Meeting House improvements in the 2012-2013 fiscal year, \$49,603 at May 31, 2012.
- ◆ *Assigned to Parks*— Represents available fund balance being appropriated to meet expenditure for park improvements in the 2012-2013 fiscal year, \$24,554 at May 31, 2012.
- ◆ *Assigned to DPW*— Represents available fund balance being appropriated to meet expenditure or the Department of Public Works in the 2012-2013 fiscal year, \$15,497 at May 31, 2012.
- ◆ *Assigned to Sewer Fund*—Represents available fund balance for expenditure from the Sewer Fund in the 2012-2013 fiscal year, \$287,211 at May 31, 2012.

14. DEFICIT FUND BALANCES

Water Fund – The Village plans to remedy these deficits by adding a line to the budget “Reduction of Deficit”. If necessary, water rates will be increased.

Capital Projects Fund – Certain projects within the Capital Projects Fund have deficit fund balances at May 31, 2012. The Village intends to remedy these deficits through the future grant reimbursements and future borrowings.

15. 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, 2012:

	Balance <u>6/1/11</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>5/31/12</u>
ASSETS				
Cash	\$ 17,154	\$ 991,646	\$ 988,528	\$ 20,272
Service award program assets	<u>2,220,150</u>	<u>16,580</u>	<u>130,354</u>	<u>2,106,376</u>
Total assets	<u>\$ 2,237,304</u>	<u>\$ 1,008,226</u>	<u>\$ 1,118,882</u>	<u>\$ 2,126,648</u>
LIABILITIES				
Accrued liabilities	\$ 17,154	\$ 379,695	\$ 376,577	\$ 20,272
Service award program liabilities	<u>2,220,150</u>	<u>16,580</u>	<u>130,354</u>	<u>2,106,376</u>
Total liabilities	<u>\$ 2,237,304</u>	<u>\$ 396,275</u>	<u>\$ 506,931</u>	<u>\$ 2,126,648</u>

16. 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. For the year ended May 31, 2012, automobile insurance is limited to \$1 million per accident. The general liability coverage is limited to \$1 million per occurrence and an annual aggregate \$3 million limit.

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.

17. 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	\$ 10,752
Total liabilities	\$ 3,979
Fund balance	\$ 6,773

The Village has appropriated \$23,000 for spending in fiscal year 2013.

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.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 7, 2012, which is the date the financial statements are available for issuance, and have reported that on June 21, 2012, the Village issued Bond Anticipation Notes in the amount of \$576,000 due on June 20, 2013 for the purpose of acquiring a fire-fighting vehicle and fire-fighting apparatus. There are no other subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

COMBINING AND INDIVIDUAL
FUND SCHEDULES

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Capital Projects Fund
Combining Balance Sheet
May 31, 2012

	<u>Equipment</u>	<u>2006 Roads, Water and Sewer</u>	<u>2010 Roads</u>	<u>Picture Main St.</u>	<u>Mill Rock</u>	<u>2008 Mill Preservation</u>	<u>2008 Mill Preservation</u>	<u>N. Ellicott Sewers</u>	<u>Compre- hensive Zoning</u>	<u>Totals</u>
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ 1,802	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 1,865
Accounts receivable	-	-	-	-	-	-	-	1,273	-	\$ 1,273
Due from other funds	-	-	-	-	-	6,000	-	-	-	6,000
Due from other governments	-	-	-	-	-	80,981	71,541	-	-	152,522
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 86,981</u>	<u>\$ 71,541</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 161,660</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,169	\$ 3,834	\$ 242,011	\$ -	\$ 250,014
Retainage payable	-	-	-	-	-	15,607	13,587	12,164	-	41,358
Due to other funds	573,441	-	-	-	-	65,511	142,875	83,412	-	865,239
Total liabilities	<u>573,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,287</u>	<u>160,296</u>	<u>337,587</u>	<u>-</u>	<u>1,156,611</u>
Fund balances (deficits):										
Assigned	-	-	1,802	-	63	1,694	-	-	-	3,559
Unassigned	(573,441)	-	-	-	-	-	(88,755)	(336,314)	-	(998,510)
Total fund balances (deficits)	<u>(573,441)</u>	<u>-</u>	<u>1,802</u>	<u>-</u>	<u>63</u>	<u>1,694</u>	<u>(88,755)</u>	<u>(336,314)</u>	<u>-</u>	<u>(994,951)</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 86,981</u>	<u>\$ 71,541</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 161,660</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Capital Projects Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Year Ended May 31, 2012

	<u>Equipment</u>	<u>2006 Roads, Water and Sewer</u>	<u>2010 Roads</u>	<u>Picture Main St.</u>	<u>Mill Rock</u>	<u>2008 Mill Preservation</u>	<u>2009 Mill Preservation</u>	<u>N. Ellicott Sewers</u>	<u>Compre- hensive Zoning</u>	<u>Totals</u>
REVENUES										
Use of money and property	\$ -	\$ 27	\$ 21	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ 14	\$ 93
State aid	-	-	-	-	-	80,981	71,541	-	-	152,522
Total revenues	-	27	21	-	31	80,981	71,541	-	14	152,615
EXPENDITURES										
Capital Outlay:										
General government support	1,846	-	-	-	-	-	-	-	13,176	15,022
Transportation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Home and community services	1,102,116	-	8,000	2,286	-	161,962	143,084	341,314	-	1,758,762
Total expenditures	1,103,962	-	8,000	2,286	-	161,962	143,084	341,314	13,176	1,773,784
Excess (deficiency) of revenues over (under) expenditures	(1,103,962)	27	(7,979)	(2,286)	31	(80,981)	(71,543)	(341,314)	(13,162)	(1,621,169)
OTHER FINANCING SOURCES (USES)										
Transfers in	531,446	-	-	2,286	-	111,000	-	5,000	149	649,881
Transfers out	-	(6,483)	-	-	-	-	-	-	-	(6,483)
Total other financing sources (uses)	531,446	(6,483)	-	2,286	-	111,000	-	5,000	149	643,398
Net change in fund balances (deficits)	(572,516)	(6,456)	(7,979)	-	31	30,019	(71,543)	(336,314)	(13,013)	(977,771)
Fund balances (deficits) - beginning	(925)	6,456	9,781	-	32	(28,325)	(17,212)	-	13,013	(17,180)
Fund balances (deficits) - ending	\$ (573,441)	\$ -	\$ 1,802	\$ -	\$ 63	\$ 1,694	\$ (88,755)	\$ (336,314)	\$ -	\$ (994,951)

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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, 2012, and have issued our report thereon dated September 7, 2012. 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

Management of the Village is responsible for establishing and maintaining effective 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 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 previously.

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 September 7, 2012.

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.

Drescher & Malecki LLP

September 7, 2012