

**VILLAGE OF WILLIAMSVILLE,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information and Supplemental  
Schedules for the Year Ended May 31, 2013 and  
Independent Auditors' Reports*



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
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**Year Ended May 31, 2013**

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## FINANCIAL SECTION



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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

Honorable Board of Trustees  
Village of Williamsville, New York:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Williamsville, New York (the "Village"), as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

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

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

## ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying combining and individual fund financial statements and supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules are the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 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* in considering the Village's internal control over financial reporting and compliance.

Handwritten signature of Duesch & Malach LLP

October 11, 2013

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**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended May 31, 2013**

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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, 2013. Certain items within this Management's Discussion and Analysis for the year ended May 31, 2012 have been reclassified for comparison purposes. 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 \$7,808,765 (net position). Of this amount, \$1,809,046 represents unrestricted net position which may be used to meet the Village's ongoing obligations to citizens and creditors.
- ◆ During the year ended May 31, 2013, the Village's total net position increased by \$550,932.
- ◆ At the close of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$1,521,339, an increase of \$461,607 from the prior year ending fund balance. The positive change is due to current year operating activities.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,518,942 or approximately 49% percent of total General Fund expenditures and interfund transfers.
- ◆ The Village's total bonded indebtedness decreased by \$385,000 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 government-wide statements provide short and long-term information about the Village's financial status as a whole.

The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

The government-wide financial statements can be found on pages 14-15 of this report.

**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 a fiduciary fund.

**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.

The basic governmental fund financial statements can be found on pages 16-23 of this report.

**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.

The fiduciary fund financial statement can be found on page 24 of this report.

**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 position may serve over time as a useful indicator of a government’s financial position. In the case of the Village, assets exceeded liabilities by \$7,808,765 at the close of the 2013 fiscal year.

**Table 1 – Condensed Statement of Net Position**

|                                  | May 31,             |                     |
|----------------------------------|---------------------|---------------------|
|                                  | 2013                | 2012                |
| Current and other assets         | \$ 3,102,750        | \$ 2,461,910        |
| Capital assets                   | <u>10,161,943</u>   | <u>10,442,080</u>   |
| Total assets                     | <u>13,264,693</u>   | <u>12,903,990</u>   |
| Current liabilities              | 1,467,133           | 1,446,045           |
| Non-current liabilities          | <u>3,834,374</u>    | <u>4,200,112</u>    |
| Total liabilities                | <u>5,301,507</u>    | <u>5,646,157</u>    |
| Deferred inflows of resources    | <u>154,421</u>      | <u>-</u>            |
| Net position:                    |                     |                     |
| Net investment in capital assets | 5,845,943           | 6,317,080           |
| Restricted                       | 153,776             | 124,956             |
| Unrestricted                     | <u>1,809,046</u>    | <u>815,797</u>      |
| Total net position               | <u>\$ 7,808,765</u> | <u>\$ 7,257,833</u> |

By far the largest portion of the Village’s net position (75 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.

A portion of the Village’s net position (23 percent) represents resources that are unrestricted net position that may be used to meet the government’s ongoing obligations to citizens and creditors. The remaining balance of net position 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 position. The same situation held true for the prior fiscal year.

**Governmental activities.** The Village’s total net position increased by \$550,932 during the current fiscal year. This increase results from continuing operations. Key elements of this increase are as follows:

**Table 2 – Changes in Net Position**

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Revenues:                                  |                     |                     |
| Program Revenues:                          |                     |                     |
| Charges for services                       | \$ 2,452,051        | \$ 2,336,253        |
| Operating grants and contributions         | 109,618             | 28,485              |
| Capital grants and contributions           | 37,360              | 152,522             |
| General revenues:                          |                     |                     |
| Real property taxes and tax items          | 1,530,984           | 1,495,729           |
| Non-property taxes                         | 915,120             | 904,118             |
| Use of money and property                  | 11,538              | 16,385              |
| Sale of property and compensation for loss | 61,437              | 174,313             |
| Miscellaneous                              | 53,847              | 109,190             |
| State aid                                  | 109,717             | 106,477             |
| Total revenues, net                        | <u>5,281,672</u>    | <u>5,323,472</u>    |
| Expenses:                                  |                     |                     |
| Program expenses:                          |                     |                     |
| General government support                 | 728,750             | 811,121             |
| Public safety                              | 877,604             | 878,964             |
| Transportation                             | 633,081             | 720,924             |
| Economic assistance                        | 1,441               | -                   |
| Culture and recreation                     | 290,951             | 216,402             |
| Home and community services                | 2,052,168           | 2,266,827           |
| Interest on long-term debt                 | 146,745             | 159,324             |
| Total expenses                             | <u>4,730,740</u>    | <u>5,053,562</u>    |
| Change in net position                     | 550,932             | 269,910             |
| Net position—beginning                     | <u>7,257,833</u>    | <u>6,987,923</u>    |
| Net position—ending                        | <u>\$ 7,808,765</u> | <u>\$ 7,257,833</u> |

The Village's most significant revenue sources are:

- 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.
- 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.
- 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 29.0% of revenue, while charges for services represents 46.4% of revenue. The Village relies on these taxes and fees to provide funding to furnish the quality of life to our residents that the current and previous Boards of Trustees have committed to.

**Table 3 – Summary of Sources of Revenues**

|  | May 31, 2013        |       | May 31, 2012        |       |
|--|---------------------|-------|---------------------|-------|
|  | Amount              | %     | Amount              | %     |
| Charges for services                       | \$ 2,452,051        | 46.4% | \$ 1,953,991        | 36.7% |
| Operating grants and contributions         | 109,618             | 2.1%  | 28,485              | 1.9%  |
| Capital grants and contributions           | 37,360              | 0.7%  | 152,522             | 0.0%  |
| Real property taxes and tax items          | 1,530,984           | 29.0% | 1,877,991           | 39.2% |
| Non-property taxes                         | 915,120             | 17.3% | 904,118             | 18.2% |
| Use of money and property                  | 11,538              | 0.2%  | 16,385              | 0.5%  |
| Sale of property and compensation for loss | 61,437              | 1.2%  | 174,313             | 0.6%  |
| Miscellaneous                              | 53,847              | 1.0%  | 109,190             | 0.6%  |
| State aid                                  | 109,717             | 2.1%  | 106,477             | 2.3%  |
| Total revenues                             | <u>\$ 5,281,672</u> |       | <u>\$ 5,323,472</u> |       |

A summary of program expenses for Governmental Activities for the years ended May 31, 2013 and 2012 is as follow:

**Table 4 – Summary of Program Expenses**

|                                   | May 31, 2013        |       | May 31, 2012        |       |
|-----------------------------------|---------------------|-------|---------------------|-------|
|                                   | Amount              | %     | Amount              | %     |
| General government support        | \$ 728,750          | 15.4% | \$ 811,121          | 16.1% |
| Public safety                     | 877,604             | 18.6% | 878,964             | 17.4% |
| Transportation                    | 633,081             | 13.4% | 720,924             | 14.3% |
| Economic assistance               | 1,441               | 0.0%  | -                   | 0.0%  |
| Culture and recreation            | 290,951             | 6.2%  | 216,402             | 4.1%  |
| Home and community services       | 2,052,168           | 43.4% | 2,266,827           | 44.9% |
| Interest and other fiscal charges | 146,745             | 3.0%  | 159,324             | 3.2%  |
| Total program expenses            | <u>\$ 4,730,740</u> |       | <u>\$ 5,053,562</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, 2013, the Village’s governmental funds reported combined ending fund balance of \$1,521,339, an increase of \$461,607 in comparison with the prior year’s balance. This increase resulted largely from an increase in state support revenues. Of the total governmental fund balance, \$438,671 constitutes *unassigned fund balance*, which is net of an unassigned deficit within the 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, 2013, the unassigned fund balance of the General Fund was \$1,518,942, while the total fund balance was \$2,010,076. 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 49% of total General Fund expenditures and transfers, while total fund balance represents 65% 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 \$10 during 2013 (with a total ending fund balance of \$3,330).



- The Water Fund improved from a fund deficit of \$111,233 to a total ending fund balance of \$3,184.
- The Sewer Fund's fund balance increased by \$261,583 during 2013 to a total ending fund balance of \$548,794.
- The Debt Service Fund's fund balance increased by \$75 during 2013 to a total ending fund balance of \$36,226.
- The Capital Project Fund's fund deficit increased by \$85,320 during 2013 to a total ending deficit of \$1,080,271.

**Table 5 – Comparison of Restrictions and Assignments**

|                                | Balance<br><u>May 31, 2013</u> | Balance<br><u>May 31, 2012</u> |
|--------------------------------|--------------------------------|--------------------------------|
| Restricted for:                |                                |                                |
| Unemployment Insurance         | \$ 10,568                      | \$ 10,538                      |
| Fire Trucks                    | 32,036                         | 4,207                          |
| DPW Equipment                  | 61,603                         | 70,740                         |
| Fire Equipment                 | 10,013                         | -                              |
| Debt                           | 36,226                         | 36,151                         |
| Community Development          | <u>3,330</u>                   | <u>3,320</u>                   |
| Total restricted fund balance  | <u>\$ 153,776</u>              | <u>\$ 124,956</u>              |
| Assigned for:                  |                                |                                |
| Encumbrances                   | \$ 14,972                      | \$ 14,410                      |
| Youth & Recreation             | 3,777                          | 4,436                          |
| Trees                          | 42,955                         | 42,955                         |
| Village Hall                   | 25,935                         | 32,551                         |
| Meeting House Events           | -                              | 308                            |
| Meeting House                  | 30,679                         | 49,603                         |
| DPW                            | 21,379                         | 15,497                         |
| Parks                          | 25,764                         | 2,454                          |
| Beautification                 | 4,796                          | -                              |
| Sewer Fund                     | 548,794                        | 287,211                        |
| Water Fund                     | 3,184                          | -                              |
| Subsequent Year's Expenditures | <u>197,500</u>                 | <u>217,215</u>                 |
| Total assigned fund balance    | <u>\$ 919,735</u>              | <u>\$ 666,640</u>              |

### General Fund Budgetary Highlights.

A summary of the General Fund results of operations compared to budgeted amounts for the year ended May 31, 2013 is presented below in Table 6:

**Table 6 – Summary of General Fund Results of Operations**

|  | <u>Budgeted Amounts</u> |                     | Budgetary           | <u>Actual</u>     | Variance with       |
|--|-------------------------|---------------------|---------------------|-------------------|---------------------|
|  | <u>Original</u>         | <u>Final</u>        | <u>Variance</u>     |                   | <u>Final Budget</u> |
| Revenues and other financing sources   | \$ 2,976,697            | \$ 3,093,636        | \$ 116,939          | \$ 3,244,143      | \$ 150,507          |
| Expenditures and other financing uses  | <u>3,193,912</u>        | <u>3,464,324</u>    | <u>270,412</u>      | <u>3,070,117</u>  | <u>394,207</u>      |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>\$ (217,215)</u>     | <u>\$ (370,688)</u> | <u>\$ (153,473)</u> | <u>\$ 174,026</u> | <u>\$ 544,714</u>   |

**Original budget compared to final budget.** During the year ended May 31, 2013, there was a \$270,412 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
- Approximately \$74,000 increase for equipment purchases
- Approximately \$15,000 in capital improvements within Parks

These additional costs were not anticipated during the adoption of the original budget

**Final budget compared to actual results.** A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields no significant variances in revenues. Favorable variances were present in all expenditure functions with the largest variances seen in public safety and general government support.

### Capital Asset and Debt Administration

**Capital Assets.** The Village's investment in capital assets for its governmental activities as of May 31, 2013, amounted to \$10,161,943 (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 # 001)

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 on the following page.

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

|                         | May 31,              |                      |
|-------------------------|----------------------|----------------------|
|                         | 2013                 | 2012                 |
| Land                    | \$ 370,427           | \$ 370,427           |
| Land improvements       | 9,748                | 43,323               |
| Buildings               | 555,188              | 573,020              |
| Building improvements   | 287,890              | 322,980              |
| Machinery and equipment | 1,668,163            | 1,710,290            |
| Infrastructure          | 7,270,527            | 7,082,188            |
| Construction in process | -                    | 339,852              |
| Total                   | <u>\$ 10,161,943</u> | <u>\$ 10,442,080</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, 2013, the Village had total long-term debt outstanding of \$3,834,374 compared to \$4,200,112 in the prior year.

**Table 8 – Comparison of Long Term Liabilities**

|                      | May 31,             |                     |                     |
|----------------------|---------------------|---------------------|---------------------|
|                      | 2013                | 2012                | Change              |
| Compensated Absences | \$ 94,374           | \$ 75,112           | \$ 19,262           |
| Serial Bonds         | <u>3,740,000</u>    | <u>4,125,000</u>    | <u>(385,000)</u>    |
| Total                | <u>\$ 3,834,374</u> | <u>\$ 4,200,112</u> | <u>\$ (365,738)</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 10 to the financial statements.

### **Economic Factors and Next Year's Budget and Rates**

The unemployment rate for the Buffalo-Niagara Falls, New York Metropolitan Statistical area at May 31, 2013 was 7.3 percent, a decrease of 1.1 percent from a year ago. The area unemployment rate is slightly lower than the New York State average unemployment rate of 7.6 percent and the national average of 7.6 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 2013-2014 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.
- Revenues from State Aid are anticipated to be relatively flat (no increase).

The Village has appropriated \$197,500 of General Fund fund balance for spending in the 2013-2014 fiscal year.

### **Requests 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.

# BASIC FINANCIAL STATEMENTS



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# VILLAGE OF WILLIAMSVILLE, NEW YORK

## Statement of Net Position

May 31, 2013

|   | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> |
|---|---|
| <b>ASSETS</b>                                   |   |
| Cash and cash equivalents                       | \$ 2,168,699  |
| Accounts receivable                             | 21,574  |
| Special assessments receivable                  | 2,117   |
| Water rents receivable                          | 233,398   |
| Sewer rents receivable                          | 171,840   |
| Due from other governments                      | 495,965   |
| Prepays   | 9,157   |
| Capital assets not being depreciated            | 370,427   |
| Capital assets, net of accumulated depreciation | <u>9,791,516</u>  |
| Total assets                                    | <u>13,264,693</u>   |
| <b>LIABILITIES</b>                              |   |
| Accounts payable                                | 242,357   |
| Accrued liabilities                             | 93,560  |
| Bond anticipation notes payable                 | 576,000   |
| Due to other governments                        | 531,789   |
| Unearned revenue                                | 23,427  |
| Due within one year                             | 394,719   |
| Due within more than one year                   | <u>3,439,655</u>  |
| Total liabilities                               | <u>5,301,507</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |   |
| Grant funding receivable                        | <u>154,421</u>  |
| Total deferred inflows of resources             | <u>154,421</u>  |
| <b>NET POSITION</b>                             |   |
| Net investment in capital assets                | 5,845,943   |
| Restricted                                      | 153,776   |
| Unrestricted                                    | <u>1,809,046</u>  |
| Total net position                              | <u>\$ 7,808,765</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, 2013

| <u>Function/Program</u>             | <u>Expense</u> | <u>Program Revenues</u>         |   |   | <u>Net (Expense)<br/>Revenue and Changes<br/>in Net Position</u> |
|-------------------------------------|----------------|---------------------------------|---|---|--|
|                                     |                | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Primary<br/>Government<br/>Governmental<br/>Activities</u>    |
| <b>Primary government:</b>          |                |                                 |   |   |  |
| Governmental activities:            |                |                                 |   |   |  |
| General government support          | \$ 728,750     | \$ 102,869                      | \$ 13,049   | \$ -  | \$ (612,832)   |
| Public safety                       | 877,604        | 342,832                         | -   | -   | (534,772)  |
| Transportation                      | 633,081        | 3,732                           | 96,569  | -   | (532,780)  |
| Economic assistance and opportunity | 1,441          | -                               | -   | -   | (1,441)  |
| Culture and recreation              | 290,951        | 17,128                          | -   | 37,360  | (236,463)  |
| Home and community services         | 2,052,168      | 1,985,490                       | -   | -   | (66,678)   |
| Interest and other fiscal charges   | 146,745        | -                               | -   | -   | (146,745)  |
| Total primary government            | \$ 4,730,740   | \$ 2,452,051                    | \$ 109,618  | \$ 37,360                                       | (2,131,711)  |
| General revenues:                   |                |                                 |   |   |  |
|                                     |                |                                 |   |   | 1,530,984  |
|                                     |                |                                 |   |   | 915,120  |
|                                     |                |                                 |   |   | 11,538   |
|                                     |                |                                 |   |   | 61,437   |
|                                     |                |                                 |   |   | 53,847   |
|                                     |                |                                 |   |   | 109,717  |
| Total general revenues              |                |                                 |   |   | 2,682,643  |
| Change in net position              |                |                                 |   |   | 550,932  |
| Net position - beginning            |                |                                 |   |   | 7,257,833  |
| Net position - ending               |                |                                 |   |   | \$ 7,808,765   |

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

**VILLAGE OF WILLIAMSVILLE, NEW YORK**

**Balance Sheet - Governmental Funds**

**May 31, 2013**

| ASSETS   | General             | Special Revenue       |                   |                     | Debt Service     | Capital Projects   | Total Governmental Funds |
|--|---------------------|-----------------------|-------------------|---------------------|------------------|--------------------|--------------------------|
|  |                     | Community Development | Water             | Sewer               |                  |                    |                          |
| Cash and cash equivalents  | \$ 1,079,920        | \$ 3,330              | \$ 39,527         | \$ 893,679          | \$ 36,226        | \$ 116,017         | \$ 2,168,699             |
| Accounts receivable  | 21,574              | -                     | -                 | -                   | -                | -                  | 21,574                   |
| Special assessments receivable   | -                   | -                     | -                 | 2,117               | -                | -                  | 2,117                    |
| Water rents receivable   | -                   | -                     | 233,398           | -                   | -                | -                  | 233,398                  |
| Sewer rents receivable   | -                   | -                     | -                 | 171,840             | -                | -                  | 171,840                  |
| Prepaid items  | 9,157               | -                     | -                 | -                   | -                | -                  | 9,157                    |
| Due from other funds   | 965,105             | -                     | -                 | -                   | -                | -                  | 965,105                  |
| Due from other governments   | 189,022             | 154,421               | -                 | -                   | -                | 152,522            | 495,965                  |
| <b>Total assets</b>  | <b>\$ 2,264,778</b> | <b>\$ 157,751</b>     | <b>\$ 272,925</b> | <b>\$ 1,067,636</b> | <b>\$ 36,226</b> | <b>\$ 268,539</b>  | <b>\$ 4,067,855</b>      |
| <b>LIABILITIES</b>   |                     |                       |                   |                     |                  |                    |                          |
| Accounts payable   | \$ 167,785          | \$ -                  | \$ 41,111         | \$ 756              | \$ -             | \$ 32,705          | \$ 242,357               |
| Accrued liabilities  | 44,399              | -                     | 3,630             | 5,388               | -                | -                  | 53,417                   |
| Due to other funds   | -                   | -                     | 225,000           | -                   | -                | 740,105            | 965,105                  |
| Bond anticipation notes payable  | -                   | -                     | -                 | -                   | -                | 576,000            | 576,000                  |
| Due to other governments   | 21,208              | -                     | -                 | 510,581             | -                | -                  | 531,789                  |
| Unearned revenue   | 21,310              | -                     | -                 | 2,117               | -                | -                  | 23,427                   |
| <b>Total liabilities</b>   | <b>254,702</b>      | <b>-</b>              | <b>269,741</b>    | <b>518,842</b>      | <b>-</b>         | <b>1,348,810</b>   | <b>2,392,095</b>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                       |                   |                     |                  |                    |                          |
| Grant funding receivable   | -                   | 154,421               | -                 | -                   | -                | -                  | 154,421                  |
| <b>Total deferred inflows of resources</b>                                       | <b>-</b>            | <b>154,421</b>        | <b>-</b>          | <b>-</b>            | <b>-</b>         | <b>-</b>           | <b>154,421</b>           |
| <b>FUND BALANCES (DEFICIT)</b>   |                     |                       |                   |                     |                  |                    |                          |
| Nonspendable   | 9,157               | -                     | -                 | -                   | -                | -                  | 9,157                    |
| Restricted   | 114,220             | 3,330                 | -                 | -                   | 36,226           | -                  | 153,776                  |
| Assigned   | 367,757             | -                     | 3,184             | 548,794             | -                | -                  | 919,735                  |
| Unassigned   | 1,518,942           | -                     | -                 | -                   | -                | (1,080,271)        | 438,671                  |
| <b>Total fund balances (deficit)</b>   | <b>2,010,076</b>    | <b>3,330</b>          | <b>3,184</b>      | <b>548,794</b>      | <b>36,226</b>    | <b>(1,080,271)</b> | <b>1,521,339</b>         |
| Total liabilities, deferred inflows of resources,<br>and fund balances (deficit) | <u>\$ 2,264,778</u> | <u>\$ 157,751</u>     | <u>\$ 272,925</u> | <u>\$ 1,067,636</u> | <u>\$ 36,226</u> | <u>\$ 268,539</u>  | <u>\$ 4,067,855</u>      |

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 Position**  
**May 31, 2013**

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Amounts reported for governmental activities in the statement of net position (page 14) are different because:

|   |                 |                         |
|---|-----------------|-------------------------|
| Total fund balance - governmental funds (page 16)   | \$              | 1,521,339               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$18,207,843 and the accumulated depreciation is \$8,045,900. |                 | 10,161,943              |
| To recognize interest accrual on long term debt. Accrued interest for general obligation bonds not recorded in the funds at year end.   |                 | (40,143)                |
| 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  | \$ (3,740,000)  |                         |
| Compensated absences payable  | <u>(94,374)</u> | <u>(3,834,374)</u>      |
| Total net position - governmental activities  | \$              | <u><u>7,808,765</u></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, 2013**

|   | Special Revenue     |                       |                  |                   | Debt Service     | Capital Projects      | Total Governmental Funds |
|---|---------------------|-----------------------|------------------|-------------------|------------------|-----------------------|--------------------------|
|   | General             | Community Development | Water            | Sewer             |                  |                       |                          |
| <b>REVENUES</b>                                   |                     |                       |                  |                   |                  |                       |                          |
| Real property taxes                               | \$ 1,504,995        | \$ -                  | \$ -             | \$ 1,171          | \$ -             | \$ -                  | \$ 1,506,166             |
| Real property tax items                           | 24,818              | -                     | -                | -                 | -                | -                     | 24,818                   |
| Non property tax items                            | 915,120             | -                     | -                | -                 | -                | -                     | 915,120                  |
| Departmental income                               | 57,626              | -                     | 884,620          | 1,100,870         | -                | -                     | 2,043,116                |
| Intergovernmental charges                         | 297,467             | -                     | -                | -                 | -                | -                     | 297,467                  |
| Use of money and property                         | 9,698               | 10                    | 51               | 1,552             | 75               | 152                   | 11,538                   |
| Licenses and permits                              | 27,978              | -                     | -                | -                 | -                | -                     | 27,978                   |
| Fines and forfeitures                             | 84,690              | -                     | -                | -                 | -                | -                     | 84,690                   |
| Sale of property and compensation for loss        | 61,328              | -                     | 109              | -                 | -                | -                     | 61,437                   |
| Miscellaneous                                     | 17,977              | -                     | 192              | 35,528            | -                | 150                   | 53,847                   |
| State support                                     | 242,446             | -                     | -                | -                 | -                | -                     | 242,446                  |
| Federal support                                   | -                   | 13,049                | -                | -                 | -                | -                     | 13,049                   |
| Total revenues                                    | <u>3,244,143</u>    | <u>13,059</u>         | <u>884,972</u>   | <u>1,139,121</u>  | <u>75</u>        | <u>302</u>            | <u>5,281,672</u>         |
| <b>EXPENDITURES</b>                               |                     |                       |                  |                   |                  |                       |                          |
| Current:  |                     |                       |                  |                   |                  |                       |                          |
| General government support                        | 568,077             | -                     | 8,453            | 32,657            | -                | -                     | 609,187                  |
| Public safety                                     | 521,535             | -                     | -                | -                 | -                | -                     | 521,535                  |
| Transportation                                    | 499,366             | -                     | -                | -                 | -                | -                     | 499,366                  |
| Economic assistance and opportunity               | 1,290               | -                     | -                | -                 | -                | -                     | 1,290                    |
| Culture and recreation                            | 235,295             | -                     | -                | -                 | -                | -                     | 235,295                  |
| Home and community services                       | 525,394             | -                     | 595,097          | 618,114           | -                | -                     | 1,738,605                |
| Employee benefits                                 | 322,843             | -                     | 41,085           | 58,367            | -                | -                     | 422,295                  |
| Debt service:                                     |                     |                       |                  |                   |                  |                       |                          |
| Principal   | -                   | -                     | -                | -                 | 385,000          | -                     | 385,000                  |
| Interest  | -                   | -                     | -                | -                 | 150,469          | -                     | 150,469                  |
| Capital outlay                                    | -                   | -                     | -                | -                 | -                | 257,023               | 257,023                  |
| Total expenditures                                | <u>2,673,800</u>    | <u>-</u>              | <u>644,635</u>   | <u>709,138</u>    | <u>535,469</u>   | <u>257,023</u>        | <u>4,820,065</u>         |
| Excess (deficiency) of revenues over expenditures | <u>570,343</u>      | <u>13,059</u>         | <u>240,337</u>   | <u>429,983</u>    | <u>(535,394)</u> | <u>(256,721)</u>      | <u>461,607</u>           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                       |                  |                   |                  |                       |                          |
| Transfers in                                      | -                   | -                     | -                | -                 | 535,469          | 171,401               | 706,870                  |
| Transfers out                                     | <u>(396,317)</u>    | <u>(13,049)</u>       | <u>(129,104)</u> | <u>(168,400)</u>  | <u>-</u>         | <u>-</u>              | <u>(706,870)</u>         |
| Total other financing sources (uses)              | <u>(396,317)</u>    | <u>(13,049)</u>       | <u>(129,104)</u> | <u>(168,400)</u>  | <u>535,469</u>   | <u>171,401</u>        | <u>-</u>                 |
| Net change in fund balances (deficits)            | 174,026             | 10                    | 111,233          | 261,583           | 75               | (85,320)              | 461,607                  |
| Fund balances (deficits) - beginning              | <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>         |
| Fund balances (deficit) - ending                  | <u>\$ 2,010,076</u> | <u>\$ 3,330</u>       | <u>\$ 3,184</u>  | <u>\$ 548,794</u> | <u>\$ 36,226</u> | <u>\$ (1,080,271)</u> | <u>\$ 1,521,339</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, 2013**

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Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances (deficits) - total governmental funds (page 18) \$ 461,607

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 expense in the current period. (280,137)

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.

|                                    |              |         |
|------------------------------------|--------------|---------|
| Principal payments of serial bonds | \$ 385,000   |         |
| Net change in accrued interest     | <u>3,724</u> | 388,724 |

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. (19,262)

Change in net position of governmental activities \$ 550,932

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, 2013**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Budget</u> |
|--|-------------------------|---------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                           |   |
| <b>REVENUES</b>                            |                         |                     |                           |   |
| Real property taxes                        | \$ 1,501,916            | \$ 1,501,916        | \$ 1,504,995              | \$ 3,079                                  |
| Real property tax items                    | 24,500                  | 24,500              | 24,818                    | 318                                       |
| Non property tax items                     | 842,000                 | 842,000             | 915,120                   | 73,120                                    |
| Departmental income                        | 35,300                  | 36,500              | 57,626                    | 21,126                                    |
| Intergovernmental charges                  | 283,500                 | 283,500             | 297,467                   | 13,967                                    |
| Use of money and property                  | 12,175                  | 12,175              | 9,698                     | (2,477)                                   |
| Licenses and permits                       | 21,200                  | 21,200              | 27,978                    | 6,778                                     |
| Fines and forfeitures                      | 80,000                  | 80,000              | 84,690                    | 4,690                                     |
| Sale of property and compensation for loss | 14,900                  | 61,700              | 61,328                    | (372)                                     |
| Miscellaneous                              | 3,250                   | 14,460              | 17,977                    | 3,517                                     |
| State support                              | <u>157,956</u>          | <u>215,685</u>      | <u>242,446</u>            | <u>26,761</u>                             |
| Total revenues                             | <u>2,976,697</u>        | <u>3,093,636</u>    | <u>3,244,143</u>          | <u>150,507</u>                            |
| <b>EXPENDITURES</b>                        |                         |                     |                           |   |
| Current:                                   |                         |                     |                           |   |
| General government support                 | 599,128                 | 651,561             | 568,077                   | 83,484                                    |
| Public safety                              | 588,068                 | 608,447             | 521,535                   | 86,912                                    |
| Transportation                             | 405,070                 | 570,685             | 499,366                   | 71,319                                    |
| Economic assistance and opportunity        | 914                     | 1,313               | 1,290                     | 23  |
| Culture and recreation                     | 191,517                 | 259,573             | 235,295                   | 24,278                                    |
| Home and community services                | 568,858                 | 566,971             | 525,394                   | 41,577                                    |
| Employee benefits                          | 382,950                 | 378,957             | 322,843                   | 56,114                                    |
| Debt service:                              |                         |                     |                           |   |
| Interest                                   | <u>10,500</u>           | <u>10,500</u>       | <u>-</u>                  | <u>10,500</u>                             |
| Total expenditures                         | <u>2,747,005</u>        | <u>3,048,007</u>    | <u>2,673,800</u>          | <u>374,207</u>                            |
| Excess of revenues over expenditures       | <u>229,692</u>          | <u>45,629</u>       | <u>570,343</u>            | <u>524,714</u>                            |
| <b>OTHER FINANCING USES</b>                |                         |                     |                           |   |
| Transfers out                              | <u>(461,317)</u>        | <u>(416,317)</u>    | <u>(396,317)</u>          | <u>20,000</u>                             |
| Total other financing uses                 | <u>(461,317)</u>        | <u>(416,317)</u>    | <u>(396,317)</u>          | <u>20,000</u>                             |
| Net change in fund balances*               | (231,625)               | (370,688)           | 174,026                   | 544,714                                   |
| Fund balances - beginning                  | <u>1,836,050</u>        | <u>1,836,050</u>    | <u>1,836,050</u>          | <u>-</u>                                  |
| Fund balances - ending                     | <u>\$ 1,604,425</u>     | <u>\$ 1,465,362</u> | <u>\$ 2,010,076</u>       | <u>\$ 544,714</u>                         |

\*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances

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 (Deficit)—**  
**Budget and Actual—Water Fund**  
**Year Ended May 31, 2013**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u><br><u>Amounts</u> | <u>Variance</u><br><u>with Final</u><br><u>Budget</u> |
|--|-------------------------|---------------------|---------------------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                                 |   |
| <b>REVENUES</b>                            |                         |                     |                                 |   |
| Departmental income                        | \$ 872,979              | \$ 872,979          | \$ 884,620                      | \$ 11,641   |
| Use of money and property                  | -                       | -                   | 51                              | 51  |
| Sale of property and compensation for loss | -                       | -                   | 109                             | 109   |
| Miscellaneous                              | -                       | -                   | 192                             | 192   |
| Total revenues                             | <u>872,979</u>          | <u>872,979</u>      | <u>884,972</u>                  | <u>11,993</u>   |
| <b>EXPENDITURES</b>                        |                         |                     |                                 |   |
| Current:                                   |                         |                     |                                 |   |
| General government support                 | 40,184                  | 40,567              | 8,453                           | 32,114  |
| Home and community service                 | 653,468                 | 655,365             | 595,097                         | 60,268  |
| Employee benefits                          | <u>50,222</u>           | <u>47,942</u>       | <u>41,085</u>                   | <u>6,857</u>  |
| Total expenditures                         | <u>743,874</u>          | <u>743,874</u>      | <u>644,635</u>                  | <u>99,239</u>   |
| Excess of revenues over expenditures       | <u>129,105</u>          | <u>129,105</u>      | <u>240,337</u>                  | <u>111,232</u>  |
| <b>OTHER FINANCING USES</b>                |                         |                     |                                 |   |
| Transfers out                              | <u>(129,105)</u>        | <u>(129,105)</u>    | <u>(129,104)</u>                | <u>1</u>  |
| Total other financing uses                 | <u>(129,105)</u>        | <u>(129,105)</u>    | <u>(129,104)</u>                | <u>1</u>  |
| Net change in fund balances (deficit)      | -                       | -                   | 111,233                         | 111,233   |
| Fund balances (deficit)- beginning         | <u>(108,049)</u>        | <u>(108,049)</u>    | <u>(108,049)</u>                | <u>-</u>  |
| Fund balances (deficit) - ending           | <u>\$ (108,049)</u>     | <u>\$ (108,049)</u> | <u>\$ 3,184</u>                 | <u>\$ 111,233</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, 2013**

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual</u><br><u>Amounts</u> | <u>Variance</u><br><u>with Final</u><br><u>Budget</u> |
|--------------------------------------|-------------------------|-------------------|---------------------------------|---|
|                                      | <u>Original</u>         | <u>Final</u>      |                                 |   |
| <b>REVENUES</b>                      |                         |                   |                                 |   |
| Real property taxes                  | \$ 1,170                | \$ 1,170          | \$ 1,171                        | \$ 1  |
| Departmental income                  | 1,142,479               | 1,142,479         | 1,100,870                       | (41,609)  |
| Use of money and property            | 1,500                   | 1,500             | 1,552                           | 52  |
| Miscellaneous                        | -                       | 30,852            | 35,528                          | 4,676   |
| Total revenues                       | <u>1,145,149</u>        | <u>1,176,001</u>  | <u>1,139,121</u>                | <u>(36,880)</u>                                       |
| <b>EXPENDITURES</b>                  |                         |                   |                                 |   |
| Current:                             |                         |                   |                                 |   |
| General government support           | 46,545                  | 48,108            | 32,657                          | 15,451  |
| Home and community services          | 870,379                 | 870,379           | 618,114                         | 252,265   |
| Employee benefits                    | 70,677                  | 69,114            | 58,367                          | 10,747  |
| Debt service:                        |                         |                   |                                 |   |
| Interest                             | <u>7,500</u>            | <u>7,500</u>      | <u>-</u>                        | <u>7,500</u>  |
| Total expenditures                   | <u>995,101</u>          | <u>995,101</u>    | <u>709,138</u>                  | <u>285,963</u>  |
| Excess of revenues over expenditures | <u>150,048</u>          | <u>180,900</u>    | <u>429,983</u>                  | <u>249,083</u>  |
| <b>OTHER FINANCING USES</b>          |                         |                   |                                 |   |
| Transfers out                        | <u>(150,048)</u>        | <u>(180,900)</u>  | <u>(168,400)</u>                | <u>(12,500)</u>                                       |
| Total other financing uses           | <u>(150,048)</u>        | <u>(180,900)</u>  | <u>(168,400)</u>                | <u>(12,500)</u>                                       |
| Net change in fund balances          | -                       | -                 | 261,583                         | 236,583   |
| Fund balances - beginning            | <u>287,211</u>          | <u>287,211</u>    | <u>287,211</u>                  | <u>-</u>  |
| Fund balances - ending               | <u>\$ 287,211</u>       | <u>\$ 287,211</u> | <u>\$ 548,794</u>               | <u>\$ 236,583</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, 2013**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u><br><u>Amounts</u> | <u>Variance</u><br><u>with Final</u><br><u>Budget</u> |
|---|-------------------------|------------------|---------------------------------|---|
|   | <u>Original</u>         | <u>Final</u>     |                                 |   |
| <b>REVENUES</b>                           |                         |                  |                                 |   |
| Use of money and property                 | \$ -                    | \$ -             | \$ 75                           | \$ 75   |
| Total revenues                            | <u>-</u>                | <u>-</u>         | <u>75</u>                       | <u>75</u>   |
| <b>EXPENDITURES</b>                       |                         |                  |                                 |   |
| Current:                                  |                         |                  |                                 |   |
| Principal                                 | 385,000                 | 385,000          | 385,000                         | -   |
| Interest                                  | <u>150,469</u>          | <u>150,469</u>   | <u>150,469</u>                  | <u>-</u>  |
| Total expenditures                        | <u>535,469</u>          | <u>535,469</u>   | <u>535,469</u>                  | <u>-</u>  |
| Deficiency of revenues under expenditures | <u>(535,469)</u>        | <u>(535,469)</u> | <u>(535,394)</u>                | <u>75</u>   |
| <b>OTHER FINANCING SOURCES</b>            |                         |                  |                                 |   |
| Transfers in                              | <u>535,469</u>          | <u>535,469</u>   | <u>535,469</u>                  | <u>-</u>  |
| Total other financing sources             | <u>535,469</u>          | <u>535,469</u>   | <u>535,469</u>                  | <u>-</u>  |
| Net change in fund balances               | -                       | -                | 75                              | 75  |
| Fund balances - beginning                 | <u>36,151</u>           | <u>36,151</u>    | <u>36,151</u>                   | <u>-</u>  |
| Fund balances - ending                    | <u>\$ 36,151</u>        | <u>\$ 36,151</u> | <u>\$ 36,226</u>                | <u>\$ 75</u>  |

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

# VILLAGE OF WILLIAMSVILLE, NEW YORK

## Statement of Net Position - Agency Fund

May 31, 2013

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|                                   | <u>Agency<br/>Fund</u> |
|-----------------------------------|------------------------|
| <b>ASSETS</b>                     |                        |
| Cash                              | \$ 27,582              |
| Service award program assets      | <u>2,301,164</u>       |
| Total assets                      | <u>\$ 2,328,746</u>    |
| <br><b>LIABILITIES</b>            |                        |
| Accrued liabilities               | \$ 27,582              |
| Service award program liabilities | <u>2,301,164</u>       |
| Total liabilities                 | <u>\$ 2,328,746</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, 2013**

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**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.

***Description of Government-wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Village reports no business type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The Village reports no component units.

***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 the Mayor, Trustees (4), and the Village Justice.

GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

***Basis of Presentation—Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

***Basis of Presentation—Fund Financial Statements***

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. There are no nonmajor funds. Major individual governmental are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

- ◆ *General Fund*—the General Fund is the principal operating fund of the Village and includes all operations not required to be recorded in other funds.
- ◆ *Community Development Fund*—this fund 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 fund is used to record all revenues and expenditures related to Village water operations.
- ◆ *Sewer Fund*—this fund is used to record all revenues and expenditures related to 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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amounts is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except sales tax which is recognized when the exchange that the tax is based on has occurred. 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 and claims and judgments, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reports its assets and liabilities.

### ***Budgets and Budgetary Accounting***

Annual budgets for all 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. The Capital Projects Fund is appropriated on a project-length basis. The Community Development Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The Village's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board of Trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations).

The Community Development Fund and Capital Projects Fund appropriations are not included in the Village's annual budget. Instead appropriations are approved through a Village Board resolution at the grant/project's inception and lapse upon completion/termination of the grant/project.

Encumbrances outstanding at year-end are accounted for as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year and are re-appropriated to become part of the subsequent year's budget pursuant to state regulations.

The Village adheres to the procedures listed on the following page in establishing the budgetary data reflected in the financial statements.

- ◆ No later than March 20, the budget officer prepares and files a tentative budget with the Village Clerk.
- ◆ 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.
- ◆ A public hearing is required to be held on or before April 15 in order to obtain taxpayer comments.
- ◆ By May 1st the Board of Trustees is required to adopt a budget and appended salary and wage schedule.
- ◆ 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.
- ◆ 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.

- ◆ 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 assigns fund balance for all encumbrances it intends to honor in the subsequent period.
- ◆ During the fiscal year, the Village Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for object level budgetary control. All modifications to the budget must be approved by the Village Board. Revisions to the budget were made throughout the year. During the year ended May 31, 2013 the Village had a total of \$315,412 in supplemental appropriations.

The Village considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of May 31, 2013, there were no significant encumbrances. The Village assigned \$14,972 of fund balance for encumbrances at May 31, 2013.

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash, Cash Equivalents and Investments***—Cash, cash equivalents, and investments include cash on hand, demand deposits, time deposits and short-term highly liquid investments which are readily convertible to known amounts of cash and have an original maturity date within 90 days or less from the date of acquisition. The Village had no investments at May 31, 2013; however, when the Village does have investments they are recorded at fair value.

***Prepaid items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

***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. All infrastructure assets in the Village have been recorded in the fixed asset balances.

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 estimated useful lives listed on the following page.

| Class of Assets         | Useful Life |
|-------------------------|-------------|
| Land improvements       | 20          |
| Buildings               | 40          |
| Building improvements   | 20          |
| Machinery and equipment | 5 - 10      |
| Infrastructure assets   | 20 - 40     |

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has no such items to report.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which represents resources that have been received before timing requirements have been met. The Village reports deferred inflows from one source which represents grants receivable.

**Net Position Flow Assumption**—Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Fund Balance Flow Assumption**—Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**— Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village’s highest level of decision-making authority. The Village Board is the highest level of decision-making authority for the government that can, by Village Board Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.



Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Village Board has by resolution authorized the Mayor to assign fund balance. The Village Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

***Unearned Revenues***—Certain revenues (mainly the community block grant) have not met the revenue recognition criteria for government-wide or fund purpose. Therefore, the revenues have been classified as unearned or deferred.

### **Revenues and Expenditures/Expenses**

***Program Revenues***—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***—Village property taxes are levied annually on June 1. The Village tax rate is based on the amount per \$1,000 assessed valuation. Delinquent accounts of water and sewer billings are transferred to the Village real property tax roll annually for re-levy and collection. Taxes may be paid to the Village between June 1 and October 31.

Outstanding taxes as of November 1 are forwarded to Erie County for re-levy and collection. The County pays the Village the amount of its outstanding taxes prior to the end of the Village's fiscal year.

***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. Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

***Post-Employment Benefits***—Under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the Village provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10<sup>th</sup>) day of the month for the actual month covered. There is no associated cost to the Village under this program.

***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.

## **Other**

**Estimates**—The preparation of the financial statements, in conformity with generally accepted accounting principles, 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.

**Deficit Fund Balance**— The Capital Projects Fund has a deficit fund balance totaling \$1,080,271 at May 31, 2013. The deficit is due to project expenditures exceeding revenues and other sources during the current year and will be eliminated through the issuance of long-term debt and funding from operating transfers.

**Adoption of New Accounting Pronouncements**— During the year ended May 31, 2013, the Village adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Village elected to early implement GASB Statement No. 65. GASB Statement No. 63 amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement Nos. 63 and 65 did not have a material impact on the Village’s financial position or results from operations.

Additionally, during the year ended May 31, 2013, the Village 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*, GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. GASB Statement Nos. 57, 60, 62 and 64 did not have a material impact on the Village’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Village has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement 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-an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* effective for the year ending May 31, 2015; and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for the year ending May 31, 2016. The Village is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 61, 66, 67, 68, 69 and 70 will have on its financial position and results of operations.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy.

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 investments reported by the Village at May 31, 2013 are as follows:

|                               | Governmental<br>Activities | Fiduciary<br>Fund | Balance             |
|-------------------------------|----------------------------|-------------------|---------------------|
| Petty cash (uncollateralized) | \$ 450                     | \$ -              | \$ 450              |
| Deposits                      | <u>2,168,249</u>           | <u>27,582</u>     | <u>2,195,831</u>    |
| Total                         | <u>\$ 2,168,699</u>        | <u>\$ 27,582</u>  | <u>\$ 2,196,281</u> |

**Deposits**—All deposits are carried at fair value. The following is a summary of deposits:

|  | Bank<br>Balance     | Carrying<br>Balance |
|--|---------------------|---------------------|
| Insured (FDIC)   | \$ 250,000          | \$ 250,000          |
| Uninsured:   |                     |                     |
| Collateral held by bank's<br>agent in the Village's name | <u>1,973,226</u>    | <u>1,945,831</u>    |
|  | <u>\$ 2,223,226</u> | <u>\$ 2,195,831</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, 2013, the Village's deposits were FDIC insured or collateralized.

**Investments**—The Village had no investments at May 31, 2013

### 3. RECEIVABLES

Major revenues accrued by the Village at May 31, 2013 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, 2013 are:

General Fund:

|                          |    |               |                   |
|--------------------------|----|---------------|-------------------|
| Erie County - sales tax  | \$ | 153,076       |                   |
| New York State - various |    | 25,060        |                   |
| Justice Department       |    | <u>10,886</u> | <u>\$ 189,022</u> |

Community Development Fund:

|                               |  |  |                   |
|-------------------------------|--|--|-------------------|
| Town of Amherst - block grant |  |  | <u>\$ 154,421</u> |
|-------------------------------|--|--|-------------------|

Capital Projects Fund:

|                |  |  |                   |
|----------------|--|--|-------------------|
| New York State |  |  | <u>\$ 152,522</u> |
|----------------|--|--|-------------------|

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2013 was as follows:

|  | Balance<br>6/1/2012  | Additions         | Deletions           | Balance<br>5/31/2013 |
|--|----------------------|-------------------|---------------------|----------------------|
| Capital assets, not being depreciated:       |                      |                   |                     |                      |
| Land   | \$ 370,427           | \$ -              | \$ -                | \$ 370,427           |
| Construction in progress                     | 339,852              | 165,801           | (505,653)           | -                    |
| Total capital assets, not being depreciated  | <u>710,279</u>       | <u>165,801</u>    | <u>(505,653)</u>    | <u>370,427</u>       |
| Capital assets, being depreciated:           |                      |                   |                     |                      |
| Land improvements                            | 303,103              | -                 | -                   | 303,103              |
| Buildings                                    | 1,104,150            | 9,957             | -                   | 1,114,107            |
| Building improvements                        | 1,213,293            | -                 | -                   | 1,213,293            |
| Machinery and equipment                      | 4,574,386            | 299,965           | (456,252)           | 4,418,099            |
| Infrastructure                               | 10,174,632           | 614,182           | -                   | 10,788,814           |
| Total capital assets, being depreciated      | <u>17,369,564</u>    | <u>924,104</u>    | <u>(456,252)</u>    | <u>17,837,416</u>    |
| Less accumulated depreciation for:           |                      |                   |                     |                      |
| Land improvements                            | 259,780              | 33,575            | -                   | 293,355              |
| Buildings                                    | 531,130              | 27,789            | -                   | 558,919              |
| Building improvements                        | 890,313              | 35,090            | -                   | 925,403              |
| Machinery and equipment                      | 2,772,755            | 332,748           | (355,567)           | 2,749,936            |
| Infrastructure                               | 3,183,785            | 334,502           | -                   | 3,518,287            |
| Total accumulated depreciation               | <u>7,637,763</u>     | <u>763,704</u>    | <u>(355,567)</u>    | <u>8,045,900</u>     |
| Total capital assets, being depreciated, net | <u>9,731,801</u>     | <u>160,400</u>    | <u>(100,685)</u>    | <u>9,791,516</u>     |
| Governmental activities capital assets, net  | <u>\$ 10,442,080</u> | <u>\$ 326,201</u> | <u>\$ (606,338)</u> | <u>\$ 10,161,943</u> |

Depreciation expense was charged to the functions of the governmental activities for the year ended May 31, 2013 as follows:

| Function/ Program           | Allocated<br>Depreciation |
|-----------------------------|---------------------------|
| General Government          | \$ 64,811                 |
| Public Safety               | 231,135                   |
| Transportation              | 286,804                   |
| Culture and Recreation      | 26,837                    |
| Home and Community Services | 154,117                   |
|                             | <u>\$ 763,704</u>         |

**5. ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at May 31, 2013 were as follows:

|                              | <u>Governmental Funds</u> |                       |                       |
|------------------------------|---------------------------|-----------------------|-----------------------|
|                              | <u>General<br/>Fund</u>   | <u>Water<br/>Fund</u> | <u>Sewer<br/>Fund</u> |
| Salary and employee benefits | \$ 44,399                 | \$ 3,630              | \$ 5,388              |
| Total                        | <u>\$ 44,399</u>          | <u>\$ 3,630</u>       | <u>\$ 5,388</u>       |

**6. 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 for the first ten years of membership. 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 their entire length of service. 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 annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

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

| <u>Year</u> | <u>Contributions</u> |
|-------------|----------------------|
| 2013        | \$ 151,075           |
| 2012        | 124,748              |
| 2011        | 88,355               |

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, and has not bonded or amortized any of the excess amounts.

## 7. 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 in the Williamsville Volunteer Fire Department 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 the most recent report prepared by the actuary for the program year January 1, 2013.

**Program Financial Condition**

**Assets and Liabilities**

Actuarial Present Value of Benefits at January 1, 2012 \$ 2,345,516

| Less: Assets Available for Benefits       | <b>% of total</b> |                           |
|---|-------------------|---------------------------|
| Money Market                              | 2.6%              | \$ 60,156                 |
| U.S. Equities                             | 0.0%              | -                         |
| International Equities                    | 4.0%              | 93,587                    |
| Fixed Income                              | 69.5%             | 1,617,839                 |
| Mixed Assets                              | 23.3%             | 542,527                   |
| Other Assets                              | 0.1%              | 1,665                     |
| Benefits Payable                          | 0.4%              | 10,400                    |
| Total Net Assets Held for Benefits        |                   | <u>2,326,174</u>          |
| Deficiency of Assets over Normal Benefits |                   | <u><u>\$ (19,342)</u></u> |



### Receipts and Disbursements

|  |                 |                     |
|--|-----------------|---------------------|
| Plan Net Assets as of January 1, 2012          |                 | \$ 2,107,087        |
| Changes during the year:                       |                 |                     |
| +Plan contributions                            | \$ 111,482      |                     |
| +Investment income earned                      | 119,669         |                     |
| -Change in investment income receivable        | (618)           |                     |
| +/-Changes in fair market value of investments | 146,634         |                     |
| -Plan benefit withdrawals                      | (144,780)       |                     |
| -Change in benefits payable                    | 960             |                     |
| -Administrative and other fees/charges         | <u>(14,260)</u> | <u>219,087</u>      |
| Plan Net Assets as of December 31, 2012        |                 | <u>\$ 2,326,174</u> |

### Contributions

|  |           |
|--|-----------|
| Amount of sponsor's contribution recommended by actuary for 2013 | \$ 93,761 |
| Amount of sponsor's actual contribution                          | 93,761    |

### Administration Fees

|   |        |
|---|--------|
| Fees paid to designated program administrator | \$ 978 |
| Fee paid to actuary                           | 3,000  |

The Village accounts for amounts held for LOSAP within its Fiduciary Fund. As of May 31, 2013, program asset information was available which totaled \$2,301,164.

### 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  |

## 8. RISK MANAGEMENT

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, 2013, 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. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

## 9. SHORT-TERM DEBT

Short-term debt of the Village represents bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with certain criteria set forth in Accounting Standards Codification 470, *Debt*.

The following is a summary of changes in short-term debt for the year ended May 31, 2013:

|                | Year of<br>Issue/<br>Maturity | Interest<br>Rate | Balance<br>6/1/2012 | Additions  | Deletions | Balance<br>5/31/2013 |
|----------------|-------------------------------|------------------|---------------------|------------|-----------|----------------------|
| General Fund:  |                               |                  |                     |            |           |                      |
| Fire Equipment | 2012/2013                     | 1.16%            | \$ -                | \$ 576,000 | \$ -      | \$ 576,000           |
| Total          |                               |                  | \$ -                | \$ 576,000 | \$ -      | \$ 576,000           |

## 10. LONG-TERM DEBT

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Further, the unmatured principle of general long-term debt does not require current appropriation and expenditure of general fund financial resources.

The following is a summary of changes in long-term debt for the year ended May 31, 2013

|                      | Balance<br>6/1/2012 | Additions | Payments/<br>Adjustments | Balance<br>5/31/2013 | Due Within<br>One Year |
|----------------------|---------------------|-----------|--------------------------|----------------------|------------------------|
| Bonds payable        | \$ 4,125,000        | \$ -      | \$ 385,000               | \$ 3,740,000         | \$ 390,000             |
| Compensated absences | 75,112              | 23,874    | 4,612                    | 94,374               | 4,719                  |
| Total                | \$ 4,200,112        | \$ 23,874 | \$ 389,612               | \$ 3,834,374         | \$ 394,719             |

**Serial Bonds**—the Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are included in the government-wide statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Principal is paid annually; interest is paid semiannually and is recorded in the appropriate operating fund. A summary of additions and payments of serial bonds for the year ended May 31, 2013 is presented below:

| Fund and Purpose                    | Year of Issue | Interest Rate | Original Amount  | Principal            |          |                | Principal Outstanding 5/31/2013 |
|-------------------------------------|---------------|---------------|------------------|----------------------|----------|----------------|---------------------------------|
|                                     |               |               |                  | Outstanding 6/1/2012 | Issued   | Paid           |                                 |
| <b>General:</b>                     |               |               |                  |                      |          |                |                                 |
| Street Reconstruction               | 1999          | 4.68 - 5.02   | \$ 180,000       | \$ 30,000            | \$ -     | \$ 15,000      | \$ 15,000                       |
| Street Reconstruction - Contract 5  | 1999          | 4.68 - 5.02   | 110,000          | 20,000               | -        | 10,000         | 10,000                          |
| Village Hall Renovation             | 2004          | 3.50 - 4.00   | 285,000          | 145,000              | -        | 20,000         | 125,000                         |
| Street Reconstruction - Contract 9  | 2004          | 3.50 - 4.00   | 80,000           | 20,000               | -        | 10,000         | 10,000                          |
| Snow Plowing Equipment              | 2004          | 3.50 - 4.00   | 115,000          | 30,000               | -        | 15,000         | 15,000                          |
| Fire Truck                          | 2004          | 3.50 - 4.00   | 135,000          | 30,000               | -        | 15,000         | 15,000                          |
| Street Reconstruction - Contract 11 | 2004          | 3.50 - 4.00   | 220,000          | 50,000               | -        | 25,000         | 25,000                          |
| Street Sweeper                      | 2004          | 3.50 - 4.00   | 140,000          | 45,000               | -        | 15,000         | 30,000                          |
| Street Reconstruction - Contract 12 | 2004          | 3.50 - 4.00   | 425,000          | 250,000              | -        | 30,000         | 220,000                         |
| Storm Sewer Replacement             | 2007          | 4.38 - 4.50   | 20,000           | 15,000               | -        | 1,500          | 13,500                          |
| Plow Truck                          | 2007          | 4.38 - 4.50   | 125,000          | 81,300               | -        | 8,200          | 73,100                          |
| Road Reconstruction                 | 2007          | 4.38 - 4.50   | 135,000          | 90,000               | -        | 9,000          | 81,000                          |
| Village Hall Windows                | 2007          | 4.38 - 4.50   | 20,000           | 13,700               | -        | 1,300          | 12,400                          |
| Highway Improvements                | 2011          | 3.00 - 4.75   | 324,000          | 310,000              | -        | 16,000         | 294,000                         |
| Road Improvements 7/21/08           | 2011          | 3.00 - 4.75   | 346,666          | 330,000              | -        | 16,000         | 314,000                         |
| Highway Improvements 5/26/09        | 2011          | 3.00 - 4.75   | 225,000          | 210,000              | -        | 15,000         | 195,000                         |
| Floodgate Rehabilitation 5/26/09    | 2011          | 3.00 - 4.75   | 79,000           | 75,000               | -        | 5,000          | 70,000                          |
| Highway Reconstruction 6/28/10      | 2011          | 3.00 - 4.75   | 335,000          | 314,000              | -        | 18,000         | 296,000                         |
| DPW Equipment 9/27/10               | 2011          | 3.00 - 4.75   | 95,000           | 88,000               | -        | 8,000          | 80,000                          |
|                                     |               |               | <u>3,394,666</u> | <u>2,147,000</u>     | <u>-</u> | <u>253,000</u> | <u>1,894,000</u>                |

(continued)

(concluded)

**Water:**

|                                 |      |             |                  |                |          |               |                |
|---------------------------------|------|-------------|------------------|----------------|----------|---------------|----------------|
| Water Improvements 1/10/97      | 1999 | 4.68 - 5.02 | 121,000          | -              | -        | -             | -              |
| Water Improvements 11/19/97     | 1999 | 4.68 - 5.02 | 120,000          | 10,000         | -        | 5,000         | 5,000          |
| Water Improvements 9/2/98       | 1999 | 4.68 - 5.02 | 90,000           | 10,000         | -        | 5,000         | 5,000          |
| Water Improvements - Contract 5 | 1999 | 4.68 - 5.02 | 180,000          | 30,000         | -        | 15,000        | 15,000         |
| Water Improvements - Contract 9 | 2004 | 3.50 - 4.00 | 230,000          | 160,000        | -        | 10,000        | 150,000        |
| Stanton Waterline - Contract 11 | 2004 | 3.50 - 4.00 | 170,000          | 100,000        | -        | 10,000        | 90,000         |
| Coadman Waterline               | 2004 | 3.50 - 4.00 | 425,000          | 280,000        | -        | 20,000        | 260,000        |
| Farber/Garden Pkwy              | 2007 | 4.38 - 4.50 | 325,000          | 225,000        | -        | 20,000        | 205,000        |
| Public Improvements 2/25/08     | 2011 | 3.00 - 4.75 | 150,250          | 143,000        | -        | 7,000         | 136,000        |
|                                 |      |             | <u>1,811,250</u> | <u>958,000</u> | <u>-</u> | <u>92,000</u> | <u>866,000</u> |

**Sewer:**

|                     |      |             |                     |                     |             |                   |                     |
|---------------------|------|-------------|---------------------|---------------------|-------------|-------------------|---------------------|
| Public Improvements | 2011 | 3.00 - 4.75 | 1,062,500           | 1,020,000           | -           | 40,000            | 980,000             |
|                     |      |             | <u>1,062,500</u>    | <u>1,020,000</u>    | <u>-</u>    | <u>40,000</u>     | <u>980,000</u>      |
| Total All Funds     |      |             | <u>\$ 6,268,416</u> | <u>\$ 4,125,000</u> | <u>\$ -</u> | <u>\$ 385,000</u> | <u>\$ 3,740,000</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. The value recorded in the government-wide financial statements at May 31, 2013, for governmental activities is \$94,374. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable; however

management believes that funds will be available to meet such payments as they come due. A summary of changes in compensated absences for the year ended May 31, 2013 is as follows:

| Description          | Balance          | Additions        | Payments        | Balance          |
|----------------------|------------------|------------------|-----------------|------------------|
|                      | 6/1/2012         |                  |                 | 5/31/2013        |
| Compensated absences | <u>\$ 75,112</u> | <u>\$ 23,874</u> | <u>\$ 4,612</u> | <u>\$ 94,374</u> |

The following schedule sets forth the remaining annual maturities on the Village's long-term and compensated absences at May 31, 2013:

| Year      | Principal           |                      | Total               |
|-----------|---------------------|----------------------|---------------------|
|           | Serial Bonds        | Compensated Absences |                     |
| 2014      | \$ 390,000          | \$ 4,719             | \$ 394,719          |
| 2015      | 285,000             | -                    | 285,000             |
| 2016      | 275,000             | -                    | 275,000             |
| 2017      | 280,000             | -                    | 280,000             |
| 2018      | 280,000             | -                    | 280,000             |
| 2019-2023 | 1,280,000           | -                    | 1,280,000           |
| 2024-2028 | 755,000             | -                    | 755,000             |
| 2029-2031 | <u>195,000</u>      | <u>89,655</u>        | <u>284,655</u>      |
| Total     | <u>\$ 3,740,000</u> | <u>\$ 94,374</u>     | <u>\$ 3,834,374</u> |

Annual interest payments due on serial bonds:

| Year ending |                     |
|-------------|---------------------|
| May 31,     | Interest            |
| 2014        | \$ 136,407          |
| 2015        | 124,613             |
| 2016        | 115,200             |
| 2017        | 105,788             |
| 2018        | 96,113              |
| 2019-2023   | 328,788             |
| 2024-2028   | 121,100             |
| 2029-2031   | <u>16,400</u>       |
| Total       | <u>\$ 1,044,409</u> |

**11. NET POSITION AND FUND BALANCE**

The government wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets, restricted and unrestricted.

- ◆ **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets and remaining unspent debt proceeds reduce the balance in this category.

The following schedule presents a reconciliation of capital assets (net of accumulated depreciation), net of total indebtedness to net assets invested in capital assets, net of related debt.

|   |                     |
|---|---------------------|
| Capital assets, net of accumulated depreciation | \$ 10,161,943       |
| Less related debt:                              |                     |
| Bonds payable                                   | (3,740,000)         |
| Bond anticipation notes payable                 | <u>(576,000)</u>    |
| Net investment in capital assets                | <u>\$ 5,845,943</u> |

- ◆ **Restricted net position**—In the government-wide statements, net position is considered restricted due to have external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation. Restrictions of the Village at May 31, 2013, and include:

| <u>Description:</u>    |                   |
|------------------------|-------------------|
| Unemployment insurance | \$ 10,568         |
| Fire trucks            | 32,036            |
| Fire equipment         | 10,013            |
| DPW equipment          | 61,603            |
| Debt service           | 36,226            |
| Community development  | <u>3,330</u>      |
|                        | <u>\$ 153,776</u> |

- ◆ **Unrestricted net position**—This category represents net position 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. Nonspendable fund balance maintained by the Village at May 31, 2013 includes:

**Nonspendable Fund Balance**

- *Prepaid Items*—Represents amounts prepaid to vendors and employees that are applicable to future accounting periods. The General Fund reported \$9,157 in prepaid items.

**Restricted Fund Balance**—In the fund financial statements, restricted fund balances have external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation. Restrictions of the Village at May 31, 2013, and include:

|                        |                   |
|------------------------|-------------------|
| Unemployment insurance | \$ 10,568         |
| Fire trucks            | 32,036            |
| Fire equipment         | 10,013            |
| DPW equipment          | 61,603            |
| Debt service           | 36,226            |
| Community development  | <u>3,330</u>      |
|                        | <u>\$ 153,776</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 fire equipment*—Represents funds that have been legally restricted for the future purchase of fire equipment.
- ◆ *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.

**Assigned Fund Balance**—Assigned funds represent amounts intended to be used for a specific purpose. For example, the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Village at May 31, 2013. Assignments are listed on the following page.

- ◆ *Assigned to Encumbrances*—Representing amounts related to unperformed (executory) contracts for goods and services. The Village has \$14,972 of fund balance assigned to encumbrances at May 31, 2013.
- ◆ *Assigned to Subsequent Year's Expenditures*—Represents available fund balance being appropriated to meet expenditure requirements in the 2013-2014 fiscal year, \$197,500 at May 31, 2013.
- ◆ *Assigned to Youth and Recreation*—Represents available fund balance being appropriated to meet Youth and Recreation program expenditures in the 2013-2014 fiscal year, \$3,777 at May 31, 2013.
- ◆ *Assigned to Trees*—Represents available fund balance being appropriated to meet expenditures for replacement tree requirements in the 2013-2014 fiscal year, \$42,955 at May 31, 2013.
- ◆ *Assigned to Village Hall Expenditures*—Represents available fund balance being appropriated to meet expenditures for Village Hall improvements in the 2013-2014 fiscal year, \$25,935 at May 31, 2013.
- ◆ *Assigned to Meeting House*—Represents available fund balance being appropriated for Meeting House improvements in the 2013-2014 fiscal year, \$30,679 at May 31, 2013.
- ◆ *Assigned to Parks*—Represents available fund balance being appropriated to meet expenditures for park improvements in the 2013-2014 fiscal year, \$25,764 at May 31, 2013.
- ◆ *Assigned to DPW*—Represents available fund balance being appropriated to meet expenditures for the Department of Public Works in the 2013-2014 fiscal year, \$21,379 at May 31, 2013.
- ◆ *Assigned to Beautification*—Represents available fund balance being appropriated to meet expenditures for Village enhancements in the 2013-2014 fiscal year, \$4,796 at May 31, 2013.
- ◆ *Assigned to Sewer Fund*—Represents available fund balance for expenditures from the Sewer Fund in the 2013-2014 fiscal year, \$548,794 at May 31, 2013.
- ◆ *Assigned to Water Fund*—Represents available fund balance for expenditures from the Water Fund in the 2013-2014 fiscal year, \$3,184 at May 31, 2013.

## 12. INTERFUND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund receivables and payables of the Village as of May 31, 2013 consisted of the items shown in the following table:

| Fund                       | Interfund         |                   | Transfers         |                   |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
|                            | Receivables       | Payables          | In                | Out               |
| General Fund               | \$ 965,105        | \$ -              | \$ -              | \$ 396,317        |
| Water Fund                 | -                 | 225,000           | -                 | 129,104           |
| Sewer Fund                 | -                 | -                 | -                 | 168,400           |
| Debt Service Fund          | -                 | -                 | 535,469           | -                 |
| Capital Projects Fund      | -                 | 740,105           | 171,401           | -                 |
| Community Development Fund | -                 | -                 | -                 | 13,049            |
| Total                      | <u>\$ 965,105</u> | <u>\$ 965,105</u> | <u>\$ 706,870</u> | <u>\$ 706,870</u> |

Significant interfund transactions during the fiscal year ended May 31, 2013 consisted of a reduction of interfund payable in the water fund and capital project funds of approximately \$72,300 and \$125,000 respectively.

## 13. 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, 2013:

|   | Balance<br>6/1/2012 | Additions         | Deductions          | Balance<br>5/31/2013 |
|---|---------------------|-------------------|---------------------|----------------------|
| <b>Assets:</b>                            |                     |                   |                     |                      |
| Cash                                      | \$ 20,272           | \$ 411,577        | \$ (404,267)        | \$ 27,582            |
| Service Awards Program Assets             | <u>2,106,376</u>    | <u>194,788</u>    | <u>-</u>            | <u>2,301,164</u>     |
| Total Assets                              | <u>\$ 2,126,648</u> | <u>\$ 606,365</u> | <u>\$ (404,267)</u> | <u>\$ 2,328,746</u>  |
| <b>Liabilities:</b>                       |                     |                   |                     |                      |
| Agency liabilities                        | \$ 20,272           | \$ 411,267        | \$ (404,267)        | \$ 27,272            |
| Amounts held for<br>Service Award Program | <u>2,106,376</u>    | <u>194,788</u>    | <u>-</u>            | <u>2,301,164</u>     |
| Total liabilities                         | <u>\$ 2,126,648</u> | <u>\$ 606,055</u> | <u>\$ (404,267)</u> | <u>\$ 2,328,436</u>  |

## 14. 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, 2016.



**15. CONTINGENCIES**

*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.

**16. 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      | \$ | 32,759 |
| Total liabilities | \$ | 5,926  |
| Fund balance      | \$ | 26,833 |

The Village has appropriated \$23,000 for spending in fiscal year 2014.

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.

**17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 11, 2013, which is the date the financial statements are available for issuance, and have reported that on June 11, 2013, the Village issued Serial Bonds in the amount of \$1,153,150 for the purpose of funding previous project expenditures in the capital project fund. There are no other subsequent events that require disclosure under generally accepted accounting principles.

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**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Capital Projects Fund**  
**Combining Balance Sheet**  
**May 31, 2013**

|  | <u>Equipment</u> | <u>2010<br/>Roads</u> | <u>Picture<br/>Main St.</u> | <u>Mill<br/>Rock</u> | <u>2008<br/>Mill<br/>Preservation</u> | <u>2009<br/>Mill<br/>Preservation</u> | <u>N. Ellicott<br/>Sewers</u> | <u>Compre-<br/>hensive<br/>Zoning</u> | <u>Totals</u>      |
|--|------------------|-----------------------|-----------------------------|----------------------|---------------------------------------|---------------------------------------|-------------------------------|---------------------------------------|--------------------|
| <b>ASSETS</b>                                  |                  |                       |                             |                      |                                       |                                       |                               |                                       |                    |
| Cash and cash equivalents                      | \$ 22,666        | \$ 1,806              | \$ 697                      | \$ 63                | \$ -                                  | \$ -                                  | \$ 90,635                     | \$ 150                                | \$ 116,017         |
| Due from other governments                     | -                | -                     | -                           | -                    | 80,981                                | 71,541                                | -                             | -                                     | 152,522            |
| Total assets                                   | <u>\$ 22,666</u> | <u>\$ 1,806</u>       | <u>\$ 697</u>               | <u>\$ 63</u>         | <u>\$ 80,981</u>                      | <u>\$ 71,541</u>                      | <u>\$ 90,635</u>              | <u>\$ 150</u>                         | <u>\$ 268,539</u>  |
| <b>LIABILITIES AND FUND BALANCES</b>           |                  |                       |                             |                      |                                       |                                       |                               |                                       |                    |
| Accounts payable                               | \$ -             | \$ -                  | \$ 2,413                    | \$ -                 | \$ 825                                | \$ 825                                | \$ 28,642                     | \$ -                                  | \$ 32,705          |
| Due to other funds                             | -                | -                     | -                           | -                    | 90,166                                | 178,185                               | 471,754                       | -                                     | 740,105            |
| Bond anticipation notes payable                | <u>576,000</u>   | -                     | -                           | -                    | -                                     | -                                     | -                             | -                                     | 576,000            |
| Total liabilities                              | <u>576,000</u>   | -                     | <u>2,413</u>                | -                    | <u>90,991</u>                         | <u>179,010</u>                        | <u>500,396</u>                | -                                     | <u>1,348,810</u>   |
| <b>FUND BALANCES (DEFICITS)</b>                |                  |                       |                             |                      |                                       |                                       |                               |                                       |                    |
| Assigned                                       | -                | 1,806                 | -                           | 63                   | -                                     | -                                     | -                             | -                                     | 1,869              |
| Unassigned                                     | <u>(553,334)</u> | -                     | <u>(1,716)</u>              | -                    | <u>(10,010)</u>                       | <u>(107,469)</u>                      | <u>(409,761)</u>              | 150                                   | <u>(1,082,140)</u> |
| Total fund balances (deficits)                 | <u>(553,334)</u> | <u>1,806</u>          | <u>(1,716)</u>              | <u>63</u>            | <u>(10,010)</u>                       | <u>(107,469)</u>                      | <u>(409,761)</u>              | <u>150</u>                            | <u>(1,080,271)</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 22,666</u> | <u>\$ 1,806</u>       | <u>\$ 697</u>               | <u>\$ 63</u>         | <u>\$ 80,981</u>                      | <u>\$ 71,541</u>                      | <u>\$ 90,635</u>              | <u>\$ 150</u>                         | <u>\$ 268,539</u>  |

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Capital Projects Fund**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Year Ended May 31, 2013**

|  | <u>Equipment</u>    | <u>2010<br/>Roads</u> | <u>Picture<br/>Main St.</u> | <u>Mill<br/>Rock</u> | <u>2008<br/>Mill<br/>Preservation</u> | <u>2009<br/>Mill<br/>Preservation</u> | <u>N. Ellicott<br/>Sewers</u> | <u>Compre-<br/>hensive<br/>Zoning</u> | <u>Totals</u>         |
|--|---------------------|-----------------------|-----------------------------|----------------------|---------------------------------------|---------------------------------------|-------------------------------|---------------------------------------|-----------------------|
| <b>REVENUES</b>                                      |                     |                       |                             |                      |                                       |                                       |                               |                                       |                       |
| Use of money and property                            | \$ 107              | \$ 4                  | \$ 1                        | \$ -                 | \$ -                                  | \$ -                                  | \$ 40                         | \$ -                                  | \$ 152                |
| Miscellaneous  | -                   | -                     | -                           | -                    | -                                     | -                                     | -                             | 150                                   | 150                   |
| Total revenues                                       | <u>107</u>          | <u>4</u>              | <u>1</u>                    | <u>-</u>             | <u>-</u>                              | <u>-</u>                              | <u>40</u>                     | <u>150</u>                            | <u>302</u>            |
| <b>EXPENDITURES</b>                                  |                     |                       |                             |                      |                                       |                                       |                               |                                       |                       |
| Capital outlay:                                      |                     |                       |                             |                      |                                       |                                       |                               |                                       |                       |
| Home and community services                          | -                   | -                     | 48,881                      | -                    | 11,254                                | 31,686                                | 164,339                       | -                                     | 256,160               |
| Miscellaneous  | -                   | -                     | 336                         | -                    | 450                                   | 77                                    | -                             | -                                     | 863                   |
| Total expenditures                                   | <u>-</u>            | <u>-</u>              | <u>49,217</u>               | <u>-</u>             | <u>11,704</u>                         | <u>31,763</u>                         | <u>164,339</u>                | <u>-</u>                              | <u>257,023</u>        |
| Excess (deficiency) of revenues<br>over expenditures | <u>107</u>          | <u>4</u>              | <u>(49,216)</u>             | <u>-</u>             | <u>(11,704)</u>                       | <u>(31,763)</u>                       | <u>(164,299)</u>              | <u>150</u>                            | <u>(256,721)</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                       |                             |                      |                                       |                                       |                               |                                       |                       |
| Transfers in   | <u>20,000</u>       | <u>-</u>              | <u>47,500</u>               | <u>-</u>             | <u>-</u>                              | <u>13,049</u>                         | <u>90,852</u>                 | <u>-</u>                              | <u>171,401</u>        |
| Total other financing sources (uses)                 | <u>20,000</u>       | <u>-</u>              | <u>47,500</u>               | <u>-</u>             | <u>-</u>                              | <u>13,049</u>                         | <u>90,852</u>                 | <u>-</u>                              | <u>171,401</u>        |
| Net change in fund balances (deficits)               | 20,107              | 4                     | (1,716)                     | -                    | (11,704)                              | (18,714)                              | (73,447)                      | 150                                   | (85,320)              |
| Fund balances (deficits) - beginning                 | <u>(573,441)</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>      |
| Fund balances (deficits) - ending                    | <u>\$ (553,334)</u> | <u>\$ 1,806</u>       | <u>\$ (1,716)</u>           | <u>\$ 63</u>         | <u>\$ (10,010)</u>                    | <u>\$ (107,469)</u>                   | <u>\$ (409,761)</u>           | <u>\$ 150</u>                         | <u>\$ (1,080,271)</u> |

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Williamsville, New York (the "Village") as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 11, 2013.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

## **Purpose of this Report**

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

Handwritten signature of Duesch & Malach LLP

October 11, 2013