

**VILLAGE OF WILLIAMSVILLE,  
NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information and Supplementary Information  
for the Year Ended May 31, 2016 and  
Independent Auditors' Reports*



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
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**Year Ended May 31, 2016**

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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, 2016, 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***

The Village's 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 control 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended May 31, 2016, the Village implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

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

### ***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 Supplementary Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of 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 basic 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 Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016 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.

*Drescher & Malecki LLP*

October 13, 2016



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended May 31, 2016**

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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, 2016. This document should be read in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,690,395 (*net position*). This consists of \$7,056,232 net investment in capital assets, \$223,954 restricted for specific purposes, and unrestricted net position of \$1,410,209.
- The Village's total net position increased \$2,985,921 during the year ended May 31, 2016.
- At the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,013,096 an increase of \$340,995 in comparison with the prior year's fund balance of \$1,672,101.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,186,203, or approximately 37.0 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Village's discretion and constitutes approximately 47.7 percent of the General Fund's total fund balance of \$2,487,656 at May 31, 2016.
- The Village's total bonded indebtedness decreased by \$350,000 as a result of scheduled principal payments.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise of 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 themselves.

**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 a private-sector business.

The *statement of net position* presents information on all of the Village's assets, liabilities and deferred inflows/outflows of resources, with the difference between them 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 Village'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 only 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 distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). 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 Village does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 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 funds' balance sheet and the governmental funds' 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 Fund, Community Development Fund, Water Fund, Sewer Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 14-17 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 is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Village maintains one fiduciary fund, the Agency Fund.

The fiduciary fund financial statement can be found on page 18 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 on pages 19-46 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the Village’s net pension liability and the budgetary comparison schedules for the General Fund, Water Fund, and Sewer Fund. Required Supplementary Information and a related note to the required supplementary information can be found on pages 47-52 of this report.

The supplementary information section presents combining schedules for the Capital Projects Fund. This section can be found on pages 53-54 of this report.

### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve over time as a useful indicator of a government’s financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,690,395 at the close of the year ended May 31, 2016 as compared to \$5,704,474, as restated, at May 31, 2015.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

**Table 1—Condensed Statements of Net Position**

	May 31,	
	2016	2015 (as restated)
Current assets	\$ 4,794,983	\$ 2,423,911
Capital assets	10,813,038	8,394,558
Total assets	<u>15,608,021</u>	<u>10,818,469</u>
Deferred outflows of resources	<u>481,991</u>	<u>52,005</u>
Current liabilities	2,886,700	697,152
Noncurrent liabilities	<u>4,436,776</u>	<u>4,359,963</u>
Total liabilities	<u>7,323,476</u>	<u>5,057,115</u>
Deferred inflows of resources	<u>76,141</u>	<u>108,885</u>
Net investment in capital assets	7,056,232	4,956,558
Restricted	223,954	363,371
Unrestricted	<u>1,410,209</u>	<u>384,545</u>
Total net position	<u>\$ 8,690,395</u>	<u>\$ 5,704,474</u>

The largest portion of the Village's net position, \$7,056,232, reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets. The Village uses these capital assets to provide services to citizens. Accordingly, 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.

An additional portion of the Village's net position, \$223,954, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of \$1,410,209 is unrestricted and represents resources that may be used to meet the Village's ongoing obligations.

Table 2, as presented below, shows the changes in net position for the years ended May 31, 2016 and May 31, 2015.

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended May 31,	
	2016	2015 (as restated)
Program revenues:		
Charges for services	\$ 1,984,737	\$ 1,755,973
Operating grants and contributions	54,761	119,595
Capital grants and contributions	1,634,878	144,357
General revenues	<u>2,887,602</u>	<u>3,011,320</u>
Total revenues	<u>6,561,978</u>	<u>5,031,245</u>
Program expenses	4,780,189	5,373,114
Special items—transfer of water operations	-	(1,567,001)
Special items—construction in progress	<u>1,204,132</u>	<u>-</u>
Change in net position	2,985,921	(1,908,870)
Net position—beginning	5,704,474	7,683,845
Restatement	-	(70,501)
Net position—ending	<u>\$ 8,690,395</u>	<u>\$ 5,704,474</u>

Overall revenues of the primary government increased by 30.4 percent primarily due to the increase in State aid related to various capital projects. Total program expenses decreased by 11.0 percent from the year ended May 31, 2015, primarily due to a decrease in home and community service related expenses for repairs and maintenance.

A summary of sources of revenues for the years ended May 31, 2016 and May 31, 2015 is presented on the following page in Table 3.

**Table 3—Summary of Sources of Revenues**

	Year Ended May 31,		Increase/(Decrease)	
	2016	2015	Dollars	Percent (%)
Charges for services	\$ 1,984,737	\$ 1,755,973	\$ 228,764	13.0
Operating grants and contributions	54,761	119,595	(64,834)	(54.2)
Capital grants and contributions	1,634,878	144,357	1,490,521	1,032.5
Real property taxes and tax items	1,697,069	1,699,820	(2,751)	(0.2)
Other nonproperty taxes	951,943	949,998	1,945	0.2
Use of money and property	19,572	17,828	1,744	9.8
Sale of property and compensation for loss	15,630	45,672	(30,042)	(65.8)
Miscellaneous	31,227	6,863	24,364	355.0
State aid	172,161	291,139	(118,978)	(40.9)
Total revenues	<u>\$ 6,561,978</u>	<u>\$ 5,031,245</u>	<u>\$ 1,530,733</u>	30.4

The Village's most significant source of revenues for the year ended May 31, 2016 were for charges for services of \$1,984,737, or 30.2 percent of total revenues, real property taxes and tax items of \$1,697,069, or 25.9 percent of total revenues, and capital grants and contributions of \$1,634,878, or 24.9 percent of total revenues. Similarly, the Village's most significant sources of revenue for the year ended May 31, 2015 were charges for services of \$1,755,973, or 34.9 percent of total revenues, real property taxes and tax items of \$1,699,820, or 33.8 percent of total revenues, and other nonproperty taxes of \$949,998, or 18.9 percent of total revenues.

A summary of program expenses for the years ended May 31, 2016 and May 31, 2015 is presented below in Table 4.

**Table 4—Summary of Program Expenses**

	Year Ended May 31,		Increase/(Decrease)	
	2016	2015	Dollars	Percent (%)
General government support	\$ 895,248	\$ 785,491	\$ 109,757	14.0
Public safety	886,264	735,735	150,529	20.5
Transportation	726,068	772,740	(46,672)	(6.0)
Economic assistance and opportunity	80,829	71,872	8,957	12.5
Culture and recreation	265,168	312,492	(47,324)	(15.1)
Home and community services	1,778,882	2,517,736	(738,854)	(29.3)
Interest and other fiscal charges	147,730	177,048	(29,318)	(16.6)
Total revenues	<u>\$ 4,780,189</u>	<u>\$ 5,373,114</u>	<u>\$ (592,925)</u>	(11.0)

The Village's significant expense items for the year ended May 31, 2016 were home and community services of \$1,778,882, or 37.2 percent of total expenses, general government support of \$895,248, or 18.7 percent of total expenses and public safety of \$886,264, or 18.5 percent of total expenses. Similarly, the Village's most significant expense items for the year ended May 31, 2015 were home and community services of \$2,517,736, or 46.9 percent of total expenses, general government support of \$785,491, or 14.6 percent of total expenses, and transportation of \$772,740, or 14.4 percent of total expenses.

## Financial Analysis of the Governmental 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 discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board.

At May 31, 2016, the Village’s governmental funds reported a combined ending fund balance of \$2,013,096, an increase of \$340,995 from the prior year. Excluding the Capital Projects Fund, the Village’s governmental funds combined ending fund balances totaled \$3,348,198. Approximately 35.4 percent of this amount (\$1,186,203) constitutes *unassigned fund balance*, which is available for spending at the Village’s discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form (\$232,008) (2) restricted for particular purposes (\$223,954) or (3) assigned for particular purposes (\$1,706,033).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,186,203 while the total fund balance increased to \$2,487,656. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 37.0 percent of total General Fund expenditures and transfers out, while total fund balance represents 77.5 percent of that same amount.

The fund balance of the Village’s Community Development Fund realized an increase of \$3 during the year ended May 31, 2016 due to interest earnings.

The Water Fund decreased \$228,288 during the year ended May 31, 2016, primarily due to an increase in transfers out to the Capital Project Fund.

The Sewer Fund increased \$104,823 during the year ended May 31, 2016, resulting from an increase in department income combined with a decrease in home and community service expenditures related to normal operations.

The Debt Service Fund increased by \$3,303 due to the close out of capital projects and the excess proceeds of long term debt.

The Village’s Capital Projects Fund balance deficit was decreased by \$257,699, due to increased State Aid received related to ongoing projects.

## General Fund Budgetary Highlights

The Village’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the Village has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriated



fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended May 31, 2016 is presented below in Table 5.

**Table 5—Summary of General Fund Results of Operations**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 3,260,056	\$ 3,352,169	\$ 3,412,285	\$ 60,116
Expenditures and other financing uses	<u>3,485,801</u>	<u>3,652,994</u>	<u>3,208,830</u>	<u>444,164</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (225,745)</u>	<u>\$ (300,825)</u>	<u>\$ 203,455</u>	<u>\$ 504,280</u>

**Original budget compared to final budget**—At the close of the fiscal year, the overall budgeted appropriations increased \$167,193. The increase was primarily attributable to additional costs associated with public safety expenditures and transfers out that were not anticipated during the adoption of the original budget. The increase in appropriations was supported by an increase in estimated revenues and transfers in of \$92,113 and additional appropriation of fund balance.

**Final budget compared to actual results**—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yield favorable variances primarily in transportation expenditures and transfers out of \$122,740 and \$111,384, respectively. Due to these favorable variances, the Village was not required to use any of their appropriated fund balance.

### Capital Asset and Debt Administration

**Capital assets**—The Village’s investment in capital assets for its governmental activities as of May 31, 2016, amounted to \$10,813,038 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, buildings improvements, machinery and equipment and infrastructure.

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 at the years ended May 31, 2016 and May 31, 2015 are presented in Table 6 on the following page.

During the year ended May 31, 2016, the Village performed an inventory and analysis of completed capital assets and construction in progress. Through the analysis, the Village determined that certain items that were previously expensed met the criteria for capitalization, as a result the Village added \$1,204,132 in capital assets and is reported as a special item in the statement of activities.

**Table 6—Summary of Capital Assets (Net of Depreciation)**

	May 31,	
	2016	2015
Land	\$ 370,427	\$ 370,427
Construction in progress	1,578,539	-
Land improvements	522,218	522,772
Buildings	1,413,572	483,220
Building improvements	149,489	197,605
Machinery and equipment	266,658	538,843
Infrastructure	<u>6,512,135</u>	<u>6,281,691</u>
Total	<u>\$ 10,813,038</u>	<u>\$ 8,394,558</u>

Additional information on the Village's capital assets can be found in Note 5 of this report.

**Long-term debt**—At May 31, 2016, the Village had total bonded debt outstanding of \$3,795,000 as compared to \$4,145,000 in the prior year. During the year ended May 31, 2016, the Village made scheduled debt payments of \$350,000.

A summary of the Village's long-term debt liabilities at May 31, 2016 and May 31, 2015 are presented below in Table 7.

**Table 7—Comparison of Long-Term Liabilities**

	May 31,	
	2016	2015 (as restated)
Serial bonds	\$ 3,795,000	\$ 4,145,000
Compensated absences	110,840	96,678
Net pension liability	<u>530,936</u>	<u>118,285</u>
Total	<u>\$ 4,436,776</u>	<u>\$ 4,359,963</u>

Additional information on the Village's long-term liabilities can be found in Note 11 to the financial statements.

### **Economic Factors**

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during May 31, 2016 was 4.4 percent. This compares unfavorably to New York State's average unemployment rate of 4.2 percent and favorably to the national unemployment rate of 5.5 percent. These factors are considered in preparing the Village's budget.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. 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, 2016**

	<b>Primary Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,623,112
Restricted cash and cash equivalents	1,820,082
Receivables	48,375
Due from Agency Fund	495
Intergovernmental receivables	295,911
Prepaid items	7,008
Capital assets not being depreciated	1,948,966
Capital assets, net of accumulated depreciation	8,864,072
Total assets	15,608,021
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources—relating to pensions	481,991
Total deferred outflows of resources	481,991
<b>LIABILITIES</b>	
Accounts payable	610,374
Accrued liabilities	114,953
Intergovernmental payables	43,635
Due to retirement system	21,503
Unearned revenue	38,208
Retainage payable	58,027
Bond anticipation notes payable	2,000,000
Noncurrent liabilities:	
Due within one year	365,542
Due within more than one year	4,071,234
Total liabilities	7,323,476
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources—relating to pensions	76,141
Total deferred inflows of resources	76,141
<b>NET POSITION</b>	
Net investment in capital assets	7,056,232
Restricted for:	
Unemployment insurance	10,594
Capital	16,459
Debt	37,556
Community development	3,342
DPW equipment	78,222
Fire trucks	42,512
Fire equipment	35,269
Unrestricted	1,410,209
Total net position	\$ 8,690,395

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, 2016**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary</u> <u>Governmental</u> <u>Activities</u>
<b>Primary government:</b>					
Governmental activities:					
General government support	\$ 895,248	\$ 96,717	\$ 54,761	\$ -	\$ (743,770)
Public safety	886,264	392,660	-	-	(493,604)
Transportation	726,068	10,879	-	46,951	(668,238)
Economic assistance and opportunity	80,829	-	-	-	(80,829)
Culture and recreation	265,168	23,005	-	409,945	167,782
Home and community services	1,778,882	1,461,476	-	1,177,982	860,576
Interest and other fiscal charges	147,730	-	-	-	(147,730)
Total primary government	<u>\$ 4,780,189</u>	<u>\$ 1,984,737</u>	<u>\$ 54,761</u>	<u>\$ 1,634,878</u>	(1,105,813)
General revenues:					
					1,697,069
					951,943
					19,572
					15,630
					31,227
					172,161
					<u>1,204,132</u>
Total general revenues and special item					<u>4,091,734</u>
Change in net position					2,985,921
Net position—beginning, as restated (Note 2)					<u>5,704,474</u>
Net position—ending					<u>\$ 8,690,395</u>

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

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**May 31, 2016**

	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,796,482	\$ -	\$ -	\$ 826,630	\$ -	\$ -	\$ 2,623,112
Restricted cash and cash equivalents	204,582	3,342	176,185	223	37,556	1,398,194	1,820,082
Receivables	21,135	-	11,911	15,329	-	-	48,375
Due from other funds	634,961	-	-	-	-	-	634,961
Intergovernmental receivables	186,979	-	90,382	18,550	-	-	295,911
Prepaid items	7,008	-	-	-	-	-	7,008
Total assets	<u>\$ 2,851,147</u>	<u>\$ 3,342</u>	<u>\$ 278,478</u>	<u>\$ 860,732</u>	<u>\$ 37,556</u>	<u>\$ 1,398,194</u>	<u>\$ 5,429,449</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 242,147	\$ -	\$ 11,013	\$ 7,378	\$ -	\$ 349,836	\$ 610,374
Accrued liabilities	61,866	-	-	6,301	-	-	68,167
Due to other funds	-	-	251,006	-	-	383,460	634,466
Intergovernmental payables	3,216	-	-	40,419	-	-	43,635
Due to retirement system	18,277	-	-	3,226	-	-	21,503
Unearned revenue	37,985	-	-	223	-	-	38,208
Bond anticipation notes payable	-	-	-	-	-	2,000,000	2,000,000
Total liabilities	<u>363,491</u>	<u>-</u>	<u>262,019</u>	<u>57,547</u>	<u>-</u>	<u>2,733,296</u>	<u>3,416,353</u>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	232,008	-	-	-	-	-	232,008
Restricted	166,597	3,342	16,459	-	37,556	-	223,954
Assigned	902,848	-	-	803,185	-	-	1,706,033
Unassigned	1,186,203	-	-	-	-	(1,335,102)	(148,899)
Total fund balances (deficit)	<u>2,487,656</u>	<u>3,342</u>	<u>16,459</u>	<u>803,185</u>	<u>37,556</u>	<u>(1,335,102)</u>	<u>2,013,096</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,851,147</u>	<u>\$ 3,342</u>	<u>\$ 278,478</u>	<u>\$ 860,732</u>	<u>\$ 37,556</u>	<u>\$ 1,398,194</u>	<u>\$ 5,429,449</u>

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



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**May 31, 2016**

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Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances - governmental funds (page 14)	\$	2,013,096
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$19,886,031 and the accumulated depreciation is \$9,072,993.		10,813,038
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to employer contributions	\$	22,743
Deferred outflows related to experience, investment earnings and changes in assumptions		459,248
Deferred inflows of resources related to pension plans		(76,141)
		405,850
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(58,027)
Net accrued interest expense for general obligation bonds not recorded in the funds at year end.		(46,786)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effect of these items are:		
Serial bonds	\$	(3,795,000)
Compensated absences		(110,840)
Net pension liability		(530,936)
		(4,436,776)
Total net position - governmental activities	\$	8,690,395

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)—Governmental Funds**  
**Year Ended May 31, 2016**

REVENUES	Special Revenue					Capital Projects	Total Governmental Funds
	General	Community Development	Water	Sewer	Debt Service		
Real property taxes	\$ 1,665,718	\$ -	\$ -	\$ 57	\$ -	\$ -	\$ 1,665,775
Real property tax items	31,294	-	-	-	-	-	31,294
Non property tax items	951,943	-	-	-	-	-	951,943
Departmental income	94,622	-	293,566	1,167,910	-	-	1,556,098
Intergovernmental charges	314,494	-	-	-	-	-	314,494
Use of money and property	18,523	3	47	396	16	587	19,572
Licenses and permits	32,205	-	-	-	-	-	32,205
Fines and forfeitures	81,940	-	-	-	-	-	81,940
Sale of property and compensation for loss	15,630	-	-	-	-	-	15,630
Miscellaneous	13,089	-	-	4,276	-	13,862	31,227
State aid	183,975	-	-	-	-	1,623,064	1,807,039
Federal aid	-	54,761	-	-	-	-	54,761
<b>Total revenues</b>	<b>3,403,433</b>	<b>54,764</b>	<b>293,613</b>	<b>1,172,639</b>	<b>16</b>	<b>1,637,513</b>	<b>6,561,978</b>
<b>EXPENDITURES</b>							
Current:							
General government support	680,416	-	-	37,109	-	-	717,525
Public safety	652,560	-	-	-	-	-	652,560
Transportation	365,924	-	-	-	-	-	365,924
Economic assistance and opportunity	69,185	-	-	-	-	-	69,185
Culture and recreation	207,527	-	-	-	-	-	207,527
Home and community services	519,211	-	111,012	752,722	-	-	1,382,945
Employee benefits	383,714	-	-	61,552	-	-	445,266
Debt service:							
Principal	-	-	-	-	350,000	-	350,000
Interest	-	-	-	-	150,950	-	150,950
Capital outlay	-	-	-	-	-	1,879,101	1,879,101
<b>Total expenditures</b>	<b>2,878,537</b>	<b>-</b>	<b>111,012</b>	<b>851,383</b>	<b>500,950</b>	<b>1,879,101</b>	<b>6,220,983</b>
Excess (deficiency) of revenues over expenditures	524,896	54,764	182,601	321,256	(500,934)	(241,588)	340,995
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	8,852	-	-	-	504,237	502,592	1,015,681
Transfers out	(330,293)	(54,761)	(410,889)	(216,433)	-	(3,305)	(1,015,681)
<b>Total other financing sources (uses)</b>	<b>(321,441)</b>	<b>(54,761)</b>	<b>(410,889)</b>	<b>(216,433)</b>	<b>504,237</b>	<b>499,287</b>	<b>-</b>
Net change in fund balances (deficit)	203,455	3	(228,288)	104,823	3,303	257,699	340,995
Fund balances (deficit)—beginning	2,284,201	3,339	244,747	698,362	34,253	(1,592,801)	1,672,101
Fund balances (deficit)—ending	\$ 2,487,656	\$ 3,342	\$ 16,459	\$ 803,185	\$ 37,556	\$ (1,335,102)	\$ 2,013,096

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 (Deficit)—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended May 31, 2016**

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Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit) - total governmental funds (page 16) \$ 340,995

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 position. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions (includes special item)	\$ 3,154,845	
Loss on capital asset disposals	(605)	
Depreciation expense	<u>(735,760)</u>	2,418,480

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Village pension contributions	\$ 136,456	
Cost of benefits earned net of employee contributions	<u>(191,041)</u>	<u>(54,585)</u>

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. (58,027)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 3,220

The issuance of long-term debt (e.g. serial bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred amortized into the statement of activities. Additionally, in the statement of activities, certain operating expenses 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). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Principal payments of serial bonds	\$ 350,000	
Change in compensated absences	<u>(14,162)</u>	<u>335,838</u>

Change in net position of governmental activities \$ 2,985,921

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, 2016**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 41,669
Service award program assets	<u>2,123,555</u>
Total assets	<u>\$ 2,165,224</u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 41,174
Due to other funds	495
Service award program liabilities	<u>2,123,555</u>
Total liabilities	<u>\$ 2,165,224</u>

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

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended May 31, 2016**

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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 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 the legally separate component units for which the primary government is financially accountable. The Village reports no component units.

***Financial Reporting Entity***

The Village, which was established in 1850, 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 at May 31, 2016 included:

Mayor  
Trustees (4)  
Village Justice

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.

***Transfer to Erie County Water Authority***—On June 2, 2014, the Village conveyed to the Erie County Water Authority (the "Authority") the assets, equipment, inventory, water mains, hydrants, appurtenances and infrastructure of the Village's water system in exchange for direct service from the Authority. The conveyance transferred all rights, titles, and interest and all of the personal property of the system to the Authority. As consideration for the transfer, the Village shall impose and the Authority shall bill and collect a surcharge on the users of the system in amounts that are equal to the annual payments of principal and interest to be made by the Village

on outstanding debt it has incurred for capital improvements to the system, accumulated deficits for the water system, and repayment of any additional infrastructure improvement.

***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 Village's funds. 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 and presents all funds separate. The Village does not report any nonmajor funds.

The Village reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the Village and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property tax.
- *Community Development Fund*—The Community Development 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*—The Water Fund is used to record all revenues and expenditures related to operation and maintenance of the water districts in the Village. The principal source of revenue for the Water Fund is from water surcharges.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to Village sewer operations. The principal source of revenue for the Sewer Fund is department income from sewer charges.
- *Debt Service Fund*—The Debt Service 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*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Additionally, the Village reports the following fund type:

*Fiduciary Fund*—These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Agency Fund*. Activities reported in the fiduciary funds include monies held in trust, deposits that are to be returned, and payroll withholdings due to other entities.

During the course of operations the Village 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 are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the 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 focus 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 *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 Village 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, charges for services provided, and state and federal aid associated with the current fiscal period are all considered 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 of availability. 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

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

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

***Cash, Cash Equivalents and Investments***—The Village’s cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Village had no investments at May 31, 2016; however, when the Village does have investments they are recorded at fair value based on quoted market value.

***Restricted Cash and Cash Equivalents***—Represents unspent proceeds of debt, amounts to support restricted fund balance and unearned revenue.

***Prepaid Items***—Certain payments 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 land improvements, buildings, building improvements, machinery and equipment and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land is not depreciated. The other capital assets of the Village are depreciated using the straight line method over the following estimated useful lives:

<u>Class of Assets</u>	<u>Estimated Useful Life</u>
Land improvements	20
Buildings	40
Building improvements	20
Machinery and equipment	5 - 10
Infrastructure assets	20 - 40



The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new truck included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

***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. At May 31, 2016, the Village has one item that qualifies for reporting in this category. This item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Village’s proportion of the collective net pension liability, and the difference during the measurement period between the Village’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date.

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. At May 31, 2016, the Village has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Village’s proportion of the collective net pension liability and the difference during the measurement periods between the Village’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements.

***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 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 Village 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 Village 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 Village 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 Village for specific purposes, but do not meet the criteria to be classified as committed. The Village Board has by resolution authorized the Mayor and Clerk-Treasurer 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.

### ***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.

***Unearned Revenue***—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At May 31, 2016, the Village reported \$37,985 and \$223 of unearned revenue in the General Fund and Sewer Fund, respectively. The Village received rents and charges in advance but has not performed the services and therefore recognizes a liability.

***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***—Most Village employees are granted vacation, personal leave, and sick leave and earn compensatory absences in varying amounts. 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.

**Pensions**—The Village is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

**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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**Adoption of New Accounting Pronouncements**—During the year ended May 31, 2016, the Village implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and recognize liabilities/(assets), deferred outflows of resources, deferred inflows of resources and expenses related to pensions.

**Future Impacts of Accounting Pronouncements**—The Village has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending May 31, 2017, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending May 31, 2018, and No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending May 31, 2019. The Village is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 will have on its financial position and results of operations when such statements are adopted.

## *Stewardship, Compliance and Accountability*

### *Legal Compliance—Budgets*

***Budgets and Budgetary Accounting***—The Village follows these procedures in establishing the budgetary data reflected in the basic 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 Clerk-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.
- 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.

***Deficit Fund Balance***—At May 31, 2016, the Capital Projects Fund fund balance is in a deficit position in the amount of \$1,335,102. This deficit is planned to be remedied through proceeds from future debt issuances and anticipated grant reimbursements of incurred project costs.

## **2. RESTATEMENT OF NET POSITION**

For the fiscal year ended May 31, 2016, the Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and No. 71 resulted in the reporting of deferred outflows of resources, deferred inflows of resources and liabilities related to the Village's participation in the New York State Employees' Retirement System.

The Village's net position has been restated as follows:

	<u>Governmental Activities</u>
Net position—May 31, 2015, as previously stated	\$ 5,774,975
GASB Statements No. 68 and No. 71 implementation:	
Beginning system liability—Employees' Retirement System	(118,285)
Beginning deferred outflows of resources for:	
Differences between expected and actual experience	3,786
Net difference between projected and actual investment earnings on pension plan investments	20,545
Contributions subsequent to the measurement date	27,674
Beginning deferred inflows of resources for:	
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(4,221)</u>
Net position—May 31, 2015, as restated	<u>\$ 5,704,474</u>

### 3. 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 New York 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, time deposits and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at May 31, 2016, are as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Petty cash (uncollateralized)	\$ 500	\$ -	\$ 500
Deposits	<u>4,442,694</u>	<u>41,669</u>	<u>4,484,363</u>
Total	<u>\$ 4,443,194</u>	<u>\$ 41,669</u>	<u>\$ 4,484,863</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2016 as follows:

	Carrying Amount	Bank Balance
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by pledging bank's agent in the Village's name	<u>3,984,363</u>	<u>4,357,960</u>
Total	<u>\$ 4,484,363</u>	<u>\$ 4,857,960</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of May 31, 2016, the Village's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Village's name.

**Investments**—The Village had no investments at May 31, 2016.

**Interest Rate Risk**—In accordance with its investment policy, the Village manages exposures by limiting investments to low risk type investments governed by New York State statutes.

**Restricted Cash and Cash Equivalents**—The Village reports unspent proceeds of debt, amounts to support restricted fund balance and unearned revenue as restricted cash and cash equivalents. At May 31, 2016, the Village reported \$1,820,082 of restricted cash within its governmental funds.

#### 4. RECEIVABLES

Major receivables accrued by the Village at May 31, 2016 consisted of the following:

**Receivables**—Represents amounts due from various sources. Receivables at May 31, 2016 are:

General Fund:		
Taxes receivable	\$ 3,969	
National Grid	5,266	
Other receivables	<u>11,900</u>	<u>\$ 21,135</u>
Water Fund:		
Water rents receivable		<u>\$ 11,911</u>
Sewer Fund:		
Sewer rents receivable	7,971	
Accounts receivable	7,135	
Special assessments	<u>223</u>	<u>\$ 15,329</u>

**Water Rents Receivable**—Represents outstanding billings for water services that have been provided to Village residents. Water rents receivable at May 31, 2016 were \$11,911 within the Water Fund. The Village believes an allowance for doubtful accounts is not necessary.

**Sewer Rents Receivable**—Represents overdue sewer billings and other receivables related to sewer charges. Total receivables in the Sewer Fund were \$15,329. The Village believes an allowance for doubtful accounts is not necessary.

**Intergovernmental Receivables**—Represents amounts due from other units of government, such as Federal, New York State, County of Erie, or other local governments. Intergovernmental receivables at May 31, 2016 are:

General Fund:		
Erie County - sales tax	\$ 165,846	
New York State - various	9,793	
Justice Department	8,540	
Glen Park	<u>2,800</u>	<u>\$ 186,979</u>
Water Fund:		
Erie County Water Authority - service charges		<u>\$ 90,382</u>
Sewer Fund:		
New York State - grant funds		<u>\$ 18,550</u>

## 5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended May 31, 2016 was as follows:

	Balance 6/1/2015	Additions	Deletions	Balance 5/31/2016
Capital assets, not being depreciated:				
Land	\$ 370,427	\$ -	\$ -	\$ 370,427
Construction in progress	-	1,578,539	-	1,578,539
Total capital assets, not being depreciated	<u>370,427</u>	<u>1,578,539</u>	<u>-</u>	<u>1,948,966</u>
Capital assets, being depreciated:				
Land improvements	921,559	-	-	921,559
Buildings	1,098,041	956,811	-	2,054,852
Building improvements	1,220,365	-	(825)	1,219,540
Machinery and equipment	1,592,622	54,243	-	1,646,865
Infrastructure	<u>11,528,997</u>	<u>565,252</u>	<u>-</u>	<u>12,094,249</u>
Total capital assets, being depreciated	<u>16,361,584</u>	<u>1,576,306</u>	<u>(825)</u>	<u>17,937,065</u>
Less accumulated depreciation for:				
Land improvements	(398,787)	(554)	-	(399,341)
Buildings	(614,821)	(26,459)	-	(641,280)
Building improvements	(1,022,760)	(47,291)	-	(1,070,051)
Machinery and equipment	(1,053,779)	(326,648)	220	(1,380,207)
Infrastructure	<u>(5,247,306)</u>	<u>(334,808)</u>	<u>-</u>	<u>(5,582,114)</u>
Total accumulated depreciation	<u>(8,337,453)</u>	<u>(735,760)</u>	<u>220</u>	<u>(9,072,993)</u>
Total capital assets, being depreciated, net	<u>8,024,131</u>	<u>840,546</u>	<u>(605)</u>	<u>8,864,072</u>
Total capital assets, net	<u>\$ 8,394,558</u>	<u>\$ 2,419,085</u>	<u>\$ (605)</u>	<u>\$ 10,813,038</u>

On June 2, 2014, the Village conveyed to the Erie County Water Authority (the "Authority") the assets, equipment, inventory, water mains, hydrants, appurtenances and infrastructure of the Village's water System in exchange for direct service from the Authority.

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

Governmental activities:	
General government support	\$ 67,363
Public safety	186,302
Transportation	304,762
Culture and recreation	43,856
Home and community services	<u>133,477</u>
	<u>\$ 735,760</u>

During the year ended May 31, 2016, the Village performed an inventory and analysis of completed capital assets and construction in progress. Through the analysis, the Village determined that certain items that were previously expensed met the criteria for capitalization, as a result the Village added \$1,204,132 in capital assets and is reported as a special item in the statement of activities.



## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at May 31, 2016, were as follows:

	General Fund	Sewer Fund	Total Governmental Funds
Salary and employee benefits	<u>\$ 61,866</u>	<u>\$ 6,301</u>	<u>\$ 68,167</u>

## 7. PENSION PLANS

The Village participates in the New York State and Local Employees' Retirement System. This cost-sharing multiple-employer public employee retirement system computes contribution requirements based on the New York State Retirement and Social Security Law.

### *Plan Descriptions and Benefits Provided*

**Employees' Retirement System ("ERS")**—The Village participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during ERS' fiscal year ending March 31.

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**—At May 31, 2016, the Village reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2015 with update procedures used to roll forward the total pension liability to the measurement dates. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Village.

Measurement date	March 31, 2016
Net pension liability	\$ 530,936
Village's portion of the Plan's total net pension liability	0.0033080%

For the year ended May 31, 2016, the Village recognized a pension expense of \$54,584 for the ERS. At May 31, 2016 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,683	\$ 62,934
Changes of assumptions	141,585	-
Net difference between projected and actual earnings on pension plan investments	314,980	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	-	13,207
Village's contributions subsequent to the measurement date	22,743	-
Total	<u>\$ 481,991</u>	<u>\$ 76,141</u>

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended May 31,	ERS
2017	\$ 97,286
2018	97,286
2019	97,286
2020	91,249

**Actuarial Assumptions**—The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table on the following page, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the actuarial assumptions as shown below:

	ERS
Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS	
	March 31, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Domestic equities	38.0 %	7.3 %
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Alternative investments	0.0	0.0
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bonds and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
	<u>100.0 %</u>	

**Discount Rate**—The discount rate used to calculate the total pension liability/(asset) was 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**—The chart on the following page presents the Village’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0% for ERS, as well as what the Village’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	\$ 1,197,222	\$ 530,936	\$ (32,047)

**Pension Plan Fiduciary Net Position**—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	March 31, 2016
Employers' total pension liability/(asset)	\$ 172,303,544
Plan fiduciary net position	<u>156,253,265</u>
Employers' net pension (asset)/liability	<u>\$ 16,050,279</u>
System fiduciary net position as a percentage of total pension liability	90.68%

**Payables to the Pension Plan**—For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2016 represent the projected employer contribution for the period of April 1, 2016 through May 31, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2016 amounted to \$21,503.

## 8. LENGTH OF SERVICE AWARDS PROGRAM ("LOSAP")

The Village's financial statements are for the year ended May 31, 2016. However, the information contained in this note is based on information for the Length of Service Award Program ("LOSAP") as of December 31, 2015, which is the most recent plan year for which complete information is available.

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 is the sponsor of the program.

### ***Program Description***

***Participation, Vesting and Service Credit***—Active volunteer firefighters in the Village of Williamsville Volunteer Fire Department who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five 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 fifty-five. 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 five 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 ten 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 ten 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 receive 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 by 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 general administration in questions of eligibility, as well as, to compute, certify, and direct the Trustee with respect to entitlement and 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's Board of Trustees, subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" standard 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 with a valuation date of January 1, 2016.

**Program Financial Condition**

**Program Financial Condition**

***Assets and Liabilities:***

Actuarial Present Value of Benefits at December 31, 2015			\$	2,765,551
Less: Assets available for benefits		<u>% of total</u>		
<i>Cash and short-term equivalents:</i>				
Cash and cash equivalents		2.66%	\$	57,467
<i>Investments at fair value:</i>				
U.S. equities		15.63%		337,542
International equities		15.46%		333,922
Fixed income		46.03%		994,026
Mixed assets		19.65%		424,351
<i>Other assets:</i>				
Other assets		0.01%		135
Benefits payable		0.56%		12,140
Total net assets available for benefits				<u>2,159,583</u>
Total unfunded benefits			\$	<u>(605,968)</u>

***Receipts and Disbursements:***

Plan net assets, January 1, 2015			\$	2,309,987
Changes during the year:				
Add: Plan contributions				99,027
Changes in benefits payable				360
Less: Loss on investment				(104,678)
Plan benefit withdrawals				(144,060)
Administrative fees				<u>(1,053)</u>
Net change				<u>(150,404)</u>
Plan net assets, December 31, 2015			\$	<u>2,159,583</u>

***Contributions***

Amount of sponsor's contribution recommended by actuary for 2016	\$	107,291
Amount of sponsor's actual contribution		115,000

***Administrative Fees***

Fees paid to designated program administrator	\$	1,053
Fees paid to actuary		3,200

**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 method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are based on an assumed rate of return on investment of 5.5%.

Mortality tables used for retirement are based on the 1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007.

The Village accounts for service award program assets within its Agency Fund. As of May 31, 2016, program asset information was available which totaled \$2,123,555.

**9. RISK MANAGEMENT**

The Village is exposed to various risks of losses related to damage and destruction of assets, injuries to employees, and natural disasters. The Village purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

The Village purchases insurance for: automobile, general, and umbrella liability. 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. The umbrella liability insurance is limited to \$10 million per occurrence, and an aggregate \$20 million limit.

## 10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made. The following is a summary of the Village’s short term debt for the year ended May 31, 2016:

	Year of Issue/ Maturity	Interest Rate	Balance 6/1/2015	Additions	Redemptions	Balance 5/31/2016
Capital Projects Fund:						
East Spring Street						
Infrastructure	2015/2016	1.50%	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
Total			\$ -	\$ 2,000,000	\$ -	\$ 2,000,000

## 11. LONG-TERM LIABILITIES

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 during the current period when debt is issued. 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. Further, the unmatured principle of general long-term debt does not require current appropriation and expenditure of general fund financial resources.

The Village’s outstanding long-term liabilities include serial bonds payable, compensated absences and net pension liability. The bonds payable of the Village are secured by its general credit and revenue raising powers, as per New York State statute.

A summary of the Village’s long-term liabilities at May 31, 2016 follows:

	Balance 6/1/2015 (as restated)	Additions	Reductions	Balance 5/31/2016	Due Within One Year
Serial bonds	\$ 4,145,000	\$ -	\$ 350,000	\$ 3,795,000	\$ 360,000
Compensated absences	96,678	19,805	5,643	110,840	5,542
Net pension liability*	118,285	412,651	-	530,936	-
Total	\$ 4,359,963	\$ 432,456	\$ 355,643	\$ 4,436,776	\$ 365,542

\*Additions to the net pension liability are shown net of reductions

**Serial Bonds**—The Village issues general obligation bonds to provide funds for building construction, renovations, technology improvements, and capital equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with



maturities that range from 9 to 20 years. Principal is paid annually, interest is paid semi-annually and are recorded in the General Fund, Water Fund, and Sewer Fund.

A summary of reductions in serial bonds for the year ended May 31, 2016 is presented below:

Fund and Purpose	Year of Issue	Interest Rate (%)	Maturity	Original Amount	Principal Outstanding 6/1/2015	Additions	Payments	Principal Outstanding 5/31/2016
<b>General:</b>								
Village Hall Renovations	2004	3.50-4.00	9/15/2024	\$ 285,000	\$ 85,000	\$ -	\$ 20,000	\$ 65,000
Street Reconstruction	2004	3.50-4.00	9/15/2024	425,000	160,000	-	30,000	130,000
Storm Sewer Replacement	2007	4.38-4.50	9/15/2024	20,000	10,500	-	1,500	9,000
Plow Truck	2007	4.38-4.50	1/1/2022	125,000	56,700	-	8,200	48,500
Road Reconstruction	2007	4.38-4.50	1/1/2022	135,000	63,000	-	9,000	54,000
Village Hall Windows	2007	4.38-4.50	1/1/2022	20,000	9,800	-	1,300	8,500
Highway Improvements	2011	3.00-4.75	2/15/2031	324,000	262,000	-	19,000	243,000
Road Improvements 7/21/08	2011	3.00-4.75	2/15/2031	346,666	282,000	-	19,000	263,000
Highway Improvements 5/26/09	2011	3.00-4.75	2/15/2031	225,000	166,000	-	14,000	152,000
Floodgate Rehabilitation 5/26/09	2011	3.00-4.75	2/15/2031	79,000	61,000	-	6,000	55,000
Highway Reconstruction 6/28/10	2011	3.00-4.75	2/15/2031	335,000	254,000	-	19,000	235,000
DPW Equipment 9/27/10	2011	3.00-4.75	2/15/2031	95,000	69,000	-	6,000	63,000
Fire Truck	2013	3.25-4.00	6/15/2022	470,250	450,000	-	20,000	430,000
Fire Apparatus	2013	3.25-4.00	6/15/2022	72,900	65,000	-	10,000	55,000
Street Sweeper	2013	3.25-4.00	6/15/2022	200,000	175,000	-	25,000	150,000
				<u>3,157,816</u>	<u>2,169,000</u>	<u>-</u>	<u>208,000</u>	<u>1,961,000</u>
<b>Water:</b>								
Water Improvements	2004	3.50-4.00	9/15/2024	230,000	130,000	-	10,000	120,000
Stanton Waterline	2004	3.50-4.00	9/15/2024	170,000	70,000	-	10,000	60,000
Coadman Waterline	2004	3.50-4.00	9/15/2024	425,000	220,000	-	20,000	200,000
Farber/Garden Parkway	2007	4.38-4.50	1/1/2022	325,000	165,000	-	20,000	145,000
Public Improvements 2/25/08	2011	3.00-4.75	2/15/2031	150,250	122,000	-	7,000	115,000
				<u>1,300,250</u>	<u>707,000</u>	<u>-</u>	<u>67,000</u>	<u>640,000</u>
<b>Sewer:</b>								
Public Improvements	2011	3.00-4.75	2/15/2031	1,062,500	879,000	-	55,000	824,000
Public Improvements	2013	3.25-4.00	6/15/2022	410,000	390,000	-	20,000	370,000
				<u>1,472,500</u>	<u>1,269,000</u>	<u>-</u>	<u>75,000</u>	<u>1,194,000</u>
Total all governmental funds				<u>\$ 5,930,566</u>	<u>\$ 4,145,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 3,795,000</u>

The following is a maturity schedule of the Village's indebtedness:

Year Ended May 31,	Serial Bonds	Compensated Absences	Net Pension Liability	Total
2017	\$ 360,000	\$ 5,542	\$ -	\$ 365,542
2018	360,000	-	-	360,000
2019	370,000	-	-	370,000
2020	360,000	-	-	360,000
2021	330,000	-	-	330,000
2022-2026	1,235,000	-	-	1,235,000
2027-2031	670,000	-	-	670,000
2032	110,000	-	-	110,000
Thereafter	-	105,298	530,936	636,234
	<u>\$ 3,795,000</u>	<u>\$ 110,840</u>	<u>\$ 530,936</u>	<u>\$ 4,436,776</u>

Interest requirements on serial bonds payable are as follows:

Year Ended May 31,	Serial Bonds
2017	\$ 139,023
2018	126,747
2019	113,972
2020	100,910
2021	88,360
2022-2026	279,884
2027-2031	91,847
2032	4,231
	<u>\$ 944,974</u>

**Compensated Absences**—As explained in Note 1, the Village records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. Employees are allowed to accumulate 160 days which can be carried over into the next fiscal year. All days in excess of the 160 days accumulated, but unused, as of June 1<sup>st</sup> will be paid out at a rate of fifty percent (50%) of the employee's regular rate of pay. The liability for compensated absences at May 31, 2016 amounts to \$110,840, of which \$5,542 has been included as due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

**Net Pension Liability**—The Village reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System. The net pension liability is estimated to be \$530,936 in governmental activities. Refer to Note 7 for additional information related to the Village's net pension liability.

## 12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment 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 (net of amounts reserved to pay debt) that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The following is a reconciliation of the Village’s governmental activities net investment in capital assets.

Capital assets, net of accumulated depreciation	\$ 10,813,038
Less:	
Serial bonds, net of water bonds	(3,155,000)
Bond anticipation notes	(2,000,000)
Add:	
Unspent bond anticipation notes proceeds	<u>1,398,194</u>
Net investment in capital assets	<u>\$ 7,056,232</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At May 31, 2016, the Village reported \$223,954 of restricted net position.
- **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, 2016 includes:

- **Prepaid Items**—The General Fund reported \$7,008 of nonspendable fund balance at May 31, 2016.
- **Long-Term Receivable**—The General Fund reported \$225,000 of nonspendable fund balance at May 31, 2016 associated with amounts due from the Water Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the Village at May 31, 2016 includes:

	General Fund	Community Development Fund	Water Fund	Debt Service Fund	Total Governmental Funds
Unemployment insurance	\$ 10,594	\$ -	\$ -	\$ -	\$ 10,594
Capital	-	-	16,459	-	16,459
Debt	-	-	-	37,556	37,556
Community development	-	3,342	-	-	3,342
DPW equipment	78,222	-	-	-	78,222
Fire trucks	42,512	-	-	-	42,512
Fire equipment	35,269	-	-	-	35,269
Total	<u>\$ 166,597</u>	<u>\$ 3,342</u>	<u>\$ 16,459</u>	<u>\$ 37,556</u>	<u>\$ 223,954</u>

- ***Restricted for Unemployment Insurance***—Represents funds reserved for costs associated with noninsured unemployment claims.
- ***Restricted for Capital***—Represents resources that have been restricted related to the water system for capital improvements of the water system, and repayment of any additional infrastructure improvements.
- ***Restricted for Debt***—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 expenditures pursuant to Community Development Block Grant requirements.
- ***Restricted for DPW Equipment***—Represents funds accumulated for future purchases of Department of Public Works equipment.
- ***Restricted for Fire Trucks***—Represents fund that have been restricted for the future purchase of fire trucks.
- ***Restricted for Fire Equipment***—Represents funds that have been legally restricted for the future purchase of fire equipment.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Village’s highest level of decision-making authority. As of May 31, 2016, the Village reported no committed fund balance.

In the fund financial statements, assignments are not legally required to be segregations but are segregated for specific purposes by the Village. At May 31, 2016, the Village reported the following fund balance assignments:

	General Fund	Sewer Fund	Total Governmental Funds
Encumbrances	\$ 31,291	\$ -	\$ 31,291
Subsequent year's expenditures	201,500	150,925	352,425
Youth and recreation	2,219	-	2,219
Trees	23,045	-	23,045
Village Hall expenditures	45,107	-	45,107
Meeting house	37,532	-	37,532
Parks	48,710	-	48,710
Department of public works	124,215	-	124,215
Beautification	2,317	-	2,317
Grants	386,912	-	386,912
Specific use—sewer	-	652,260	652,260
Total	<u>\$ 902,848</u>	<u>\$ 803,185</u>	<u>\$ 1,706,033</u>

- **Assigned to Encumbrances**—Represents amounts related to unperformed (executory) contracts for goods and services.
- **Assigned to Subsequent Year's Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2016-2017 budget.
- **Assigned to Youth and Recreation**—Represents available fund balance being appropriated to meet Youth and Recreation program expenditures.
- **Assigned to Trees**—Represents available fund balance being appropriated to meet expenditures for replacement tree requirements.
- **Assigned to Village Hall Expenditures**—Represents available fund balance being appropriated to meet expenditures for Village Hall improvements.
- **Assigned to Meeting House**—Represents available fund balance being appropriated for Meeting House improvements.
- **Assigned to Parks**—Represents available fund balance being appropriated to meet expenditures for park improvements.
- **Assigned to Department of Public Works**—Represents available fund balance being appropriated to meet expenditures for the Department of Public Works.
- **Assigned to Beautification**—Represents available fund balance being appropriated to meet expenditure requirements for Village beautification.
- **Assigned to Grants**—Represents available fund balance being appropriated for the future matching amount to grants received.
- **Assigned to Specific Use—Sewer Fund**—Represents fund balance within the Sewer Fund that is assigned for a specific purpose.

Unassigned fund balance represents the residual classification of the government's General Fund surplus, and Capital Projects Fund deficit.

If the Village must use funds for emergency expenditures the Board shall authorize the Clerk-Treasurer to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Village will use unassigned fund balance.

### 13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of May 31, 2016 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$ 634,961	\$ -
Water Fund	-	251,006
Capital Projects Fund	-	383,460
Agency Fund	-	495
Total	<u>\$ 634,961</u>	<u>\$ 634,961</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. At May 31, 2016, a long-term interfund receivable within the General Fund and due from the Water Fund of \$225,000 was outstanding and was not anticipated to be repaid within a year. The Village has reported this balance as nonspendable within the General Fund. All other balances are expected to be collected/paid within the subsequent year.

The Village made the following transfers during the year ended May 31, 2016:

Fund	Transfers in:			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Transfers out:				
General Fund	\$ -	\$ 284,786	\$ 45,507	\$ 330,293
Community Development Fund	8,834	-	45,927	54,761
Water Fund	-	94,653	316,236	410,889
Sewer Fund	-	121,511	94,922	216,433
Capital Projects Fund	18	3,287	-	3,305
Total	<u>\$ 8,852</u>	<u>\$ 504,237</u>	<u>\$ 502,592</u>	<u>\$ 1,015,681</u>

Transfers are used primarily to move amounts to fulfill commitments to finance various capital projects or pay down on outstanding debt.

#### 14. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended May 31, 2016 is presented below:

	Balance 6/1/2015	Additions	Deductions	Balance 5/31/2016
<b>ASSETS:</b>				
Cash	\$ 41,705	\$ 1,520,634	\$ (1,520,670)	\$ 41,669
Service Award Program Assets	<u>2,283,998</u>	<u>260,511</u>	<u>(420,828)</u>	<u>2,123,681</u>
Total assets	<u>\$ 2,325,703</u>	<u>\$ 1,781,145</u>	<u>\$ (1,941,498)</u>	<u>\$ 2,165,350</u>
<b>LIABILITIES:</b>				
Agency liabilities	\$ 37,592	\$ 424,427	\$ (428,081)	\$ 33,938
Due to other funds	4,113	4,113	(495)	7,731
Amounts held for Service Award Program	<u>2,283,998</u>	<u>260,511</u>	<u>(420,828)</u>	<u>2,123,681</u>
Total liabilities	<u>\$ 2,325,703</u>	<u>\$ 689,051</u>	<u>\$ (849,404)</u>	<u>\$ 2,165,350</u>

#### 15. LABOR RELATIONS

Village employees are represented by a bargaining unit with the balance governed by Village Board rules and regulations. The bargaining unit has a negotiated contract in place through May 31, 2016.

#### 16. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expended in the next year) and re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Village considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. There were no significant encumbrances at May 31, 2016. The Village assigned \$31,291 of fund balance for encumbrances at May 31, 2016.

#### 17. CONTINGENCIES

**Litigation**—The Village is involved in litigation in the ordinary course of its operations. 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. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Village. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

## 18. JOINT VENTURE

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

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

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

Total assets	\$	26,401
Total liabilities	\$	5,598
Fund balance	\$	20,803

The Village has appropriated \$48,000 for spending in fiscal year 2017.

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

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

## 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 13, 2016, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, except as noted below, that require disclosure under generally accepted accounting principles.

- On July 13, 2016, the Village issued a \$999,000 Bond Anticipation Note ("BAN") for various capital projects. The BAN bears an interest rate of 1.08 percent and matures on July 12, 2017.

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## REQUIRED SUPPLEMENTARY INFORMATION



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**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Schedule of the Village's Proportionate Share of the**  
**Net Pension Liability—Employees' Retirement System**  
**Last Three Fiscal Years\***

	Year Ended May 31,		
	2016	2015	2014
Measurement date	March 31, 2016	March 31, 2015	March 31, 2014
Village's proportion of the net pension liability	0.0033080%	0.0035014%	0.0035014%
Village's proportionate share of the net pension liability	<u>\$ 530,936</u>	<u>\$ 118,285</u>	<u>\$ 158,222</u>
Village's covered-employee payroll	\$ 845,231	\$ 843,298	\$ 829,378
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.8%	14.0%	19.1%
Plan fiduciary net position as a percentage of the total net pension liability	90.7%	97.9%	97.2%

\*Information prior to the year ended May 31, 2014 is not available.

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Schedule of the Village's Contributions—**  
**Employees' Retirement System**  
**Last Three Fiscal Years\***

	Year Ended May 31,		
	2016	2015	2014
Contractually required contributions	\$ 136,456	\$ 166,041	\$ 133,371
Contributions in relation to the contractually required contribution	<u>(136,456)</u>	<u>(166,041)</u>	<u>(133,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 845,231	\$ 843,298	\$ 829,378
Contributions as a percentage of covered-employee payroll	16.1%	19.7%	16.1%

\*Information prior to the year ended May 31, 2014 is not available.

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances—Budget and Actual—General Fund**  
**Year Ended May 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 1,661,745	\$ 1,661,745	\$ 1,665,718	\$ 3,973
Real property tax items	25,500	25,500	31,294	5,794
Non property tax items	910,000	910,000	951,943	41,943
Departmental income	57,200	62,879	94,622	31,743
Intergovernmental charges	284,000	294,641	314,494	19,853
Use of money and property	9,750	11,022	18,523	7,501
Licenses and permits	31,000	31,250	32,205	955
Fines and forfeitures	80,000	80,000	81,940	1,940
Sale of property and compensation for loss	11,800	14,064	15,630	1,566
Miscellaneous	3,250	7,036	13,089	6,053
State support	185,811	245,199	183,975	(61,224)
Total revenues	<u>3,260,056</u>	<u>3,343,336</u>	<u>3,403,433</u>	<u>60,097</u>
<b>EXPENDITURES</b>				
Current:				
General government support	722,526	698,069	680,416	17,653
Public safety	666,768	735,161	652,560	82,601
Transportation	465,077	488,664	365,924	122,740
Economic assistance and opportunity	69,483	70,189	69,185	1,004
Culture and recreation	202,089	225,085	207,527	17,558
Home and community services	541,444	565,090	519,211	45,879
Employee benefits	429,059	429,059	383,714	45,345
Total expenditures	<u>3,096,446</u>	<u>3,211,317</u>	<u>2,878,537</u>	<u>332,780</u>
Excess of revenues over expenditures	<u>163,610</u>	<u>132,019</u>	<u>524,896</u>	<u>392,877</u>
<b>OTHER FINANCING USES</b>				
Transfers in	-	8,833	8,852	19
Transfers out	(389,355)	(441,677)	(330,293)	111,384
Total other financing uses	<u>(389,355)</u>	<u>(432,844)</u>	<u>(321,441)</u>	<u>111,403</u>
Net change in fund balances*	(225,745)	(300,825)	203,455	504,280
Fund balances—beginning	<u>2,284,201</u>	<u>2,284,201</u>	<u>2,284,201</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,058,456</u>	<u>\$ 1,983,376</u>	<u>\$ 2,487,656</u>	<u>\$ 504,280</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 note to the required supplementary information is an integral part of this schedule.

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances—Budget and Actual—Water Fund**  
**Year Ended May 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Departmental income	\$ 240,000	\$ 240,000	\$ 293,566	\$ 53,566
Use of money and property	-	-	47	47
Total revenues	<u>240,000</u>	<u>240,000</u>	<u>293,613</u>	<u>53,613</u>
<b>EXPENDITURES</b>				
Current:				
Home and community service	<u>145,347</u>	<u>117,057</u>	<u>111,012</u>	<u>6,045</u>
Total expenditures	<u>145,347</u>	<u>117,057</u>	<u>111,012</u>	<u>6,045</u>
Excess of revenues over expenditures	<u>94,653</u>	<u>122,943</u>	<u>182,601</u>	<u>59,658</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(94,653)</u>	<u>(410,889)</u>	<u>(410,889)</u>	<u>-</u>
Total other financing uses	<u>(94,653)</u>	<u>(410,889)</u>	<u>(410,889)</u>	<u>-</u>
Net change in fund balances	-	(287,946)	(228,288)	59,658
Fund balances—beginning	<u>244,747</u>	<u>244,747</u>	<u>244,747</u>	<u>-</u>
Fund balances—ending	<u>\$ 244,747</u>	<u>\$ (43,199)</u>	<u>\$ 16,459</u>	<u>\$ 59,658</u>

The note to the required supplementary information is an integral part of this schedule.

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances—Budget and Actual—Sewer Fund**  
**Year Ended May 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 57	\$ 57	\$ 57	\$ -
Departmental income	1,164,471	1,164,471	1,167,910	3,439
Use of money and property	500	500	396	(104)
Miscellaneous	-	-	4,276	4,276
Total revenues	<u>1,165,028</u>	<u>1,165,028</u>	<u>1,172,639</u>	<u>7,611</u>
<b>EXPENDITURES</b>				
Current:				
General government support	53,175	38,175	37,109	1,066
Home and community services	885,313	900,313	752,722	147,591
Employee benefits	<u>69,278</u>	<u>69,278</u>	<u>61,552</u>	<u>7,726</u>
Total expenditures	<u>1,007,766</u>	<u>1,007,766</u>	<u>851,383</u>	<u>156,383</u>
Excess of revenues over expenditures	<u>157,262</u>	<u>157,262</u>	<u>321,256</u>	<u>163,994</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(293,112)</u>	<u>(293,112)</u>	<u>(216,433)</u>	<u>76,679</u>
Total other financing uses	<u>(293,112)</u>	<u>(293,112)</u>	<u>(216,433)</u>	<u>76,679</u>
Net change in fund balances*	(135,850)	(135,850)	104,823	240,673
Fund balances—beginning	<u>698,362</u>	<u>698,362</u>	<u>698,362</u>	<u>-</u>
Fund balances—ending	<u>\$ 562,512</u>	<u>\$ 562,512</u>	<u>\$ 803,185</u>	<u>\$ 240,673</u>

\*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

The note to the required supplementary information is an integral part of this schedule.



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Note to the Required Supplementary Information**  
**Year Ended May 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Budgetary basis of accounting*—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for the General Fund, Water Fund, Sewer Fund and Debt Service Fund. The Capital Projects Fund appropriations are not included in the Village’s annual budget. Instead, appropriations are approved through Board resolution at the projects inception and lapse at upon termination of the project. 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 funds are accepted by Board resolution and appropriations lapse upon fully expending such funds.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Village Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

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## SUPPLEMENTARY INFORMATION



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**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Combining Balance Sheet—Capital Projects Fund**  
**May 31, 2016**

	<u>Equipment</u>	<u>2009 Mill Preservation</u>	<u>2010 Mill Preservation</u>	<u>Water Meter Replacement</u>	<u>Cayuga Waterline</u>	<u>Spring Street</u>	<u>South Long Street</u>	<u>Safe Route to School</u>	<u>Picture Main Street</u>	<u>Totals</u>
<b>ASSETS</b>										
Restricted cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,398,194	\$ -	\$ -	\$ -	\$ 1,398,194
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,194</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,130	\$ 14,400	\$ -	\$ 10,306	\$ 349,836
Due to other funds	107,999	72,722	166,421	-	-	4,332	13,820	-	18,166	383,460
Bond anticipation notes payable	-	-	-	-	-	2,000,000	-	-	-	2,000,000
Total liabilities	<u>107,999</u>	<u>72,722</u>	<u>166,421</u>	<u>-</u>	<u>-</u>	<u>2,329,462</u>	<u>28,220</u>	<u>-</u>	<u>28,472</u>	<u>2,733,296</u>
<b>FUND BALANCES (DEFICITS)</b>										
Unassigned	(107,999)	(72,722)	(166,421)	-	-	(931,268)	(28,220)	-	(28,472)	(1,335,102)
Total fund balances (deficits)	<u>(107,999)</u>	<u>(72,722)</u>	<u>(166,421)</u>	<u>-</u>	<u>-</u>	<u>(931,268)</u>	<u>(28,220)</u>	<u>-</u>	<u>(28,472)</u>	<u>(1,335,102)</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,194</u>

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficits)—Capital Projects Fund**  
**Year Ended May 31, 2016**

	<u>Equipment</u>	<u>2009 Mill Preservation</u>	<u>2010 Mill Preservation</u>	<u>Water Meter Replacement</u>	<u>Cayuga Waterline</u>	<u>Spring Street</u>	<u>South Long Street</u>	<u>Safe Route to School</u>	<u>Picture Main Street</u>	<u>Totals</u>
<b>REVENUES</b>										
Use of money and property	\$ 16	\$ -	\$ 10	\$ -	\$ -	\$ 561	\$ -	\$ -	\$ -	\$ 587
Miscellaneous	-	-	-	-	-	13,862	-	-	-	13,862
State aid	-	-	244,824	297,162	102,838	529,602	3,556	409,945	35,137	1,623,064
Total revenues	<u>16</u>	<u>-</u>	<u>244,834</u>	<u>297,162</u>	<u>102,838</u>	<u>544,025</u>	<u>3,556</u>	<u>409,945</u>	<u>35,137</u>	<u>1,637,513</u>
<b>EXPENDITURES</b>										
Capital outlay	-	-	69,880	-	-	1,333,963	25,085	386,564	63,609	1,879,101
Total expenditures	<u>-</u>	<u>-</u>	<u>69,880</u>	<u>-</u>	<u>-</u>	<u>1,333,963</u>	<u>25,085</u>	<u>386,564</u>	<u>63,609</u>	<u>1,879,101</u>
Excess (deficiency) of revenues over expenditures	<u>16</u>	<u>-</u>	<u>174,954</u>	<u>297,162</u>	<u>102,838</u>	<u>(789,938)</u>	<u>(21,529)</u>	<u>23,381</u>	<u>(28,472)</u>	<u>(241,588)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	27,000	-	45,927	287,946	28,290	99,922	-	13,507	-	502,592
Transfers out	(3,305)	-	-	-	-	-	-	-	-	(3,305)
Total other financing sources (uses)	<u>23,695</u>	<u>-</u>	<u>45,927</u>	<u>287,946</u>	<u>28,290</u>	<u>99,922</u>	<u>-</u>	<u>13,507</u>	<u>-</u>	<u>499,287</u>
Net change in fund balances (deficits)	23,711	-	220,881	585,108	131,128	(690,016)	(21,529)	36,888	(28,472)	257,699
Fund balances (deficits)—beginning	(131,710)	(72,722)	(387,302)	(585,108)	(131,128)	(241,252)	(6,691)	(36,888)	-	(1,592,801)
Fund balances (deficits)—ending	<u>\$ (107,999)</u>	<u>\$ (72,722)</u>	<u>\$ (166,421)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (931,268)</u>	<u>\$ (28,220)</u>	<u>\$ -</u>	<u>\$ (28,472)</u>	<u>\$ (1,335,102)</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 Board of Trustees  
Village of Williamsville, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 the Village of Williamsville, New York (the "Village"), as of and for the year ended May 31, 2016, 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 13, 2016.

**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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 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 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 *Governmental Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

October 13, 2016

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended May 31, 2016**

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No findings were reported.

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