

**VILLAGE OF WILLIAMSVILLE,  
NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information and Supplementary Information  
for the Year Ended May 31, 2017 and  
Independent Auditors' Reports*



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
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**Year Ended May 31, 2017**

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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, 2017, 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, 2017, 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.

## ***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 18, 2017 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 18, 2017



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended May 31, 2017**

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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, 2017. This document should be read in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

**Financial Highlights**

- The assets 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 \$8,318,703 (*net position*). This consists of \$6,875,907 net investment in capital assets, \$297,678 restricted for specific purposes, and unrestricted net position of \$1,145,118.
- The Village's total net position decreased \$371,692 during the year ended May 31, 2017.
- At the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,419,511 a decrease of \$593,585 in comparison with the prior year's fund balance of \$2,013,096.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,458,647, or approximately 38.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Village's discretion and constitutes approximately 54.9 percent of the General Fund's total fund balance of \$2,656,861 at May 31, 2017.
- The Village's total bonded indebtedness decreased by \$360,000 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 statements 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 \$8,318,703 at the close of the year ended May 31, 2017 as compared to \$8,690,395 at May 31, 2016.

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,	
	2017	2016
Current assets	\$ 3,042,929	\$ 4,794,983
Capital assets	<u>10,735,945</u>	<u>10,813,038</u>
Total assets	<u>13,778,874</u>	<u>15,608,021</u>
Deferred outflows of resources	<u>187,654</u>	<u>481,991</u>
Current liabilities	1,731,477	2,886,700
Noncurrent liabilities	<u>3,848,110</u>	<u>4,436,776</u>
Total liabilities	<u>5,579,587</u>	<u>7,323,476</u>
Deferred inflows of resources	<u>68,238</u>	<u>76,141</u>
Net investment in capital assets	6,875,907	7,056,232
Restricted	297,678	223,954
Unrestricted	<u>1,145,118</u>	<u>1,410,209</u>
Total net position	<u>\$ 8,318,703</u>	<u>\$ 8,690,395</u>

The largest portion of the Village’s net position, \$6,875,907, 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, \$297,678, 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 \$1,145,118 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, 2017 and May 31, 2016.

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

	<u>Year Ended May 31,</u>	
	<u>2017</u>	<u>2016</u>
Program revenues:		
Charges for services	\$ 1,995,562	\$ 1,984,737
Operating grants and contributions	60,120	54,761
Capital grants and contributions	469,817	1,634,878
General revenues	<u>2,854,396</u>	<u>2,887,602</u>
Total revenues	<u>5,379,895</u>	<u>6,561,978</u>
 Program expenses	 5,751,587	 4,780,189
 Special items—construction in progress	 <u>-</u>	 <u>1,204,132</u>
 Change in net position	 (371,692)	 2,985,921
 Net position—beginning	 <u>8,690,395</u>	 <u>5,704,474</u>
Net position—ending	<u>\$ 8,318,703</u>	<u>\$ 8,690,395</u>

Overall revenues of the primary government decreased by 18.0 percent primarily due to the decrease in capital grants and contributions. Total program expenses increased by 20.3 percent from the year ended May 31, 2016, primarily due to an increase in culture and recreation and home and community services.

A summary of sources of revenues for the years ended May 31, 2017 and May 31, 2016 is presented on the following page in Table 3.

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

	Year Ended May 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
Charges for services	\$ 1,995,562	\$ 1,984,737	\$ 10,825	0.5
Operating grants and contributions	60,120	54,761	5,359	9.8
Capital grants and contributions	469,817	1,634,878	(1,165,061)	(71.3)
Real property taxes and tax items	1,713,469	1,697,069	16,400	1.0
Other nonproperty taxes	959,571	951,943	7,628	0.8
Use of money and property	9,693	19,572	(9,879)	(50.5)
Sale of property and compensation for loss	12,808	15,630	(2,822)	(18.1)
Miscellaneous	32,951	31,227	1,724	5.5
State aid	125,904	172,161	(46,257)	(26.9)
Total revenues	<u>\$ 5,379,895</u>	<u>\$ 6,561,978</u>	<u>\$ (1,182,083)</u>	(18.0)

The Village's most significant source of revenues for the year ended May 31, 2017 were for charges for services of \$1,995,562, or 37.1 percent of total revenues, real property taxes and tax items of \$1,713,469, or 31.8 percent of total revenues, and other nonproperty taxes of \$959,571, or 17.8 percent of total revenues. The Village's most significant sources of revenue 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.

A summary of program expenses for the years ended May 31, 2017 and May 31, 2016 is presented below in Table 4.

**Table 4—Summary of Program Expenses**

	Year Ended May 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
General government support	\$ 852,142	\$ 895,248	\$ (43,106)	(4.8)
Public safety	893,550	886,264	7,286	0.8
Transportation	683,524	726,068	(42,544)	(5.9)
Economic assistance and opportunity	99,430	80,829	18,601	23.0
Culture and recreation	864,141	265,168	598,973	225.9
Home and community services	2,193,823	1,778,882	414,941	23.3
Interest and other fiscal charges	164,977	147,730	17,247	11.7
Total expenses	<u>\$ 5,751,587</u>	<u>\$ 4,780,189</u>	<u>\$ 971,398</u>	20.3

The Village's significant expense items for the year ended May 31, 2017 were home and community services of \$2,193,823, or 38.1 percent of total expenses, public safety of \$893,550, or 15.5 percent of total expenses, and culture and recreation of \$864,141, or 15.0 percent of total expenses. The Village's most 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.

## 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, 2017, the Village’s governmental funds reported a combined ending fund balance of \$1,419,511, a decrease of \$593,585 from the prior year. Excluding the Capital Projects Fund, the Village’s governmental funds combined ending fund balances totaled \$3,536,242. Approximately 41.2 percent of this amount (\$1,458,647) 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 (\$231,592) (2) restricted for particular purposes (\$293,128) or (3) assigned for particular purposes (\$1,552,875).

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 \$1,458,647 while the total fund balance increased to \$2,656,861. 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 38.4 percent of total General Fund expenditures and transfers out, while total fund balance represents 69.9 percent of that same amount. The fund balance of the General Fund increased \$169,205 primarily due to the proceeds from the sale of Village property slightly offset by an increase in public safety expenditures.

The fund balance of the Village’s Community Development Fund realized an increase of \$1 during the year ended May 31, 2017 due to interest earnings.

The Water Fund increased \$13,578 during the year ended May 31, 2017, primarily due to favorable departmental revenue coupled by a decrease in transfers out to the Capital Project Fund.

The Sewer Fund increased \$5,242 during the year ended May 31, 2017 as a result of normal operations.

The Debt Service Fund increased by \$18 during the year ended May 31, 2017 as a result of interest earnings.

The Village’s Capital Projects Fund decreased by \$781,629, due to capital outlay exceeding State Aid reimbursements.

## 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, 2017 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	\$ 3,319,499	\$ 3,780,223	\$ 3,972,248	\$ 192,025
Expenditures and other financing uses	<u>3,552,290</u>	<u>4,235,191</u>	<u>3,803,043</u>	<u>432,148</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (232,791)</u>	<u>\$ (454,968)</u>	<u>\$ 169,205</u>	<u>\$ 624,173</u>

**Original budget compared to final budget**—At the close of the fiscal year, the overall budgeted appropriations increased \$682,901. The increase was primarily attributable to additional costs associated with public safety and culture and recreation expenditures related to capital improvements, and transfers out for capital projects that were not anticipated during the adoption of the original budget. The increase in appropriations was supported by an increase in estimated revenues of \$400,604 and transfers in of \$60,120 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 yielded expenditures and transfers out coming under budget, primarily in transportation expenditures, and transfers out of \$123,806 and \$84,355, respectively. The Village budgeted for purchases of and repairs to equipment that were not made during the year. Due to these favorable variances and additional revenues related to the proceeds from the sale of Village property, 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, 2017, amounted to \$10,735,945 (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, 2017 and May 31, 2016 are presented in Table 6 on the following page.

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

	May 31,	
	2017	2016
Land	\$ 294,427	\$ 370,427
Construction in progress	3,211,045	1,578,539
Land improvements	463,001	522,218
Buildings	242,780	1,413,572
Building improvements	116,718	149,489
Machinery and equipment	19,231	266,658
Infrastructure	<u>6,388,743</u>	<u>6,512,135</u>
Total	<u>\$ 10,735,945</u>	<u>\$ 10,813,038</u>

Additional information on the Village’s capital assets can be found in Note 4 of this report.

**Long-term debt**—At May 31, 2017, the Village had total bonded debt outstanding of \$3,435,000 as compared to \$3,795,000 in the prior year. During the year ended May 31, 2017, the Village made scheduled debt payments of \$360,000.

A summary of the Village’s long-term debt liabilities at May 31, 2017 and May 31, 2016 are presented below in Table 7.

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

	May 31,	
	2017	2016
Serial bonds	\$ 3,435,000	\$ 3,795,000
Compensated absences	117,588	110,840
Net pension liability	<u>295,522</u>	<u>530,936</u>
Total	<u>\$ 3,848,110</u>	<u>\$ 4,436,776</u>

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

### **Economic Factors**

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during May 31, 2017 was 4.8 percent. This compares unfavorably to both the national and New York State’s average unemployment rates, both which were 4.3 percent.

### **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 Clerk-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, 2017**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,276,798
Restricted cash and cash equivalents	329,790
Receivables	27,856
Due from Agency Fund	2,284
Intergovernmental receivables	399,609
Prepaid items	6,592
Capital assets not being depreciated	3,505,472
Capital assets, net of accumulated depreciation	7,230,473
Total assets	13,778,874
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources—relating to pensions	187,654
Total deferred outflows of resources	187,654
<b>LIABILITIES</b>	
Accounts payable	353,836
Accrued liabilities	112,672
Intergovernmental payables	144,600
Due to retirement system	20,259
Unearned revenue	35,879
Retainage payable	65,231
Bond anticipation notes payable	999,000
Noncurrent liabilities:	
Due within one year	365,879
Due within more than one year	3,482,231
Total liabilities	5,579,587
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources—relating to pensions	68,238
Total deferred inflows of resources	68,238
<b>NET POSITION</b>	
Net investment in capital assets	6,875,907
Restricted for:	
Unemployment insurance	10,599
Capital	4,550
Debt	37,574
Community development	3,343
DPW equipment	111,277
Fire trucks	85,046
Fire equipment	45,289
Unrestricted	1,145,118
Total net position	\$ 8,318,703

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, 2017**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>in Net Position</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Primary</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Primary government:</b>					
Governmental activities:					
General government support	\$ 852,142	\$ 115,022	\$ 60,120	\$ -	\$ (677,000)
Public safety	893,550	458,002	-	-	(435,548)
Transportation	683,524	13,343	-	179,976	(490,205)
Economic assistance and opportunity	99,430	-	-	-	(99,430)
Culture and recreation	864,141	21,995	-	-	(842,146)
Home and community services	2,193,823	1,387,200	-	289,841	(516,782)
Interest and other fiscal charges	164,977	-	-	-	(164,977)
Total primary government	<u>\$ 5,751,587</u>	<u>\$ 1,995,562</u>	<u>\$ 60,120</u>	<u>\$ 469,817</u>	<u>(3,226,088)</u>
General revenues:					
					1,713,469
					959,571
					9,693
					12,808
					32,951
					125,904
Total general revenues					<u>2,854,396</u>
Change in net position					(371,692)
Net position—beginning					<u>8,690,395</u>
Net position—ending					<u>\$ 8,318,703</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, 2017**

	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,151,374	\$ -	\$ 169,106	\$ 956,318	\$ -	\$ -	\$ 2,276,798
Restricted cash and cash equivalents	287,911	3,343	-	-	37,574	962	329,790
Receivables	27,677	-	-	179	-	-	27,856
Due from other funds	1,417,082	-	54	-	-	5,000	1,422,136
Intergovernmental receivables	200,940	-	85,877	18,550	-	94,242	399,609
Prepaid items	6,592	-	-	-	-	-	6,592
Total assets	<u>\$ 3,091,576</u>	<u>\$ 3,343</u>	<u>\$ 255,037</u>	<u>\$ 975,047</u>	<u>\$ 37,574</u>	<u>\$ 100,204</u>	<u>\$ 4,462,781</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 308,503	\$ -	\$ -	\$ 17,196	\$ -	\$ 28,137	\$ 353,836
Accrued liabilities	63,326	-	-	6,518	-	-	69,844
Due to other funds	5,054	-	225,000	-	-	1,189,798	1,419,852
Intergovernmental payables	4,912	-	-	139,688	-	-	144,600
Due to retirement system	17,220	-	-	3,039	-	-	20,259
Unearned revenue	35,700	-	-	179	-	-	35,879
Bond anticipation notes payable	-	-	-	-	-	999,000	999,000
Total liabilities	<u>434,715</u>	<u>-</u>	<u>225,000</u>	<u>166,620</u>	<u>-</u>	<u>2,216,935</u>	<u>3,043,270</u>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	231,592	-	-	-	-	-	231,592
Restricted	252,211	3,343	-	-	37,574	4,550	297,678
Assigned	714,411	-	30,037	808,427	-	-	1,552,875
Unassigned	1,458,647	-	-	-	-	(2,121,281)	(662,634)
Total fund balances (deficit)	<u>2,656,861</u>	<u>3,343</u>	<u>30,037</u>	<u>808,427</u>	<u>37,574</u>	<u>(2,116,731)</u>	<u>1,419,511</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,091,576</u>	<u>\$ 3,343</u>	<u>\$ 255,037</u>	<u>\$ 975,047</u>	<u>\$ 37,574</u>	<u>\$ 100,204</u>	<u>\$ 4,462,781</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, 2017**

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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)		\$ 1,419,511
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$20,351,766 and the accumulated depreciation is \$9,615,821.		10,735,945
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	\$ 20,259	
Deferred outflows related to experience, changes in assumptions and investment earnings	167,395	
Deferred inflows of resources related to pension plans	<u>(68,238)</u>	<u>119,416</u>
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(65,231)
Net accrued interest expense for general obligation bonds not recorded in the funds at year-end.		(42,828)
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	\$ (3,435,000)	
Compensated absences	(117,588)	
Net pension liability	<u>(295,522)</u>	<u>(3,848,110)</u>
Total net position - governmental activities		<u>\$ 8,318,703</u>

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

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit)—Governmental Funds**  
**Year Ended May 31, 2017**

	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
<b>REVENUES</b>							
Real property taxes	\$ 1,683,792	\$ -	\$ -	\$ 54	\$ -	\$ -	\$ 1,683,846
Real property tax items	29,623	-	-	-	-	-	29,623
Non property tax items	959,571	-	-	-	-	-	959,571
Departmental income	134,789	-	303,634	1,083,566	-	-	1,521,989
Intergovernmental charges	342,038	-	-	-	-	-	342,038
Use of money and property	9,117	1	63	419	18	75	9,693
Licenses and permits	36,065	-	-	-	-	-	36,065
Fines and forfeitures	95,470	-	-	-	-	-	95,470
Sale of property and compensation for loss	462,808	-	-	-	-	-	462,808
Miscellaneous	32,951	-	-	-	-	-	32,951
State aid	125,904	-	-	-	-	469,817	595,721
Federal aid	-	60,120	-	-	-	-	60,120
Total revenues	<u>3,912,128</u>	<u>60,121</u>	<u>303,697</u>	<u>1,084,039</u>	<u>18</u>	<u>469,892</u>	<u>5,829,895</u>
<b>EXPENDITURES</b>							
Current:							
General government support	664,264	-	-	39,394	-	-	703,658
Public safety	822,911	-	-	-	-	-	822,911
Transportation	354,723	-	-	-	-	-	354,723
Economic assistance and opportunity	90,575	-	-	-	-	-	90,575
Culture and recreation	266,643	-	-	-	-	-	266,643
Home and community services	556,321	-	198,026	865,993	-	-	1,620,340
Employee benefits	348,990	-	-	54,199	-	-	403,189
Debt service:							
Principal	-	-	-	-	360,000	-	360,000
Interest	29,916	-	-	-	139,019	-	168,935
Capital outlay	-	-	-	-	-	1,632,506	1,632,506
Total expenditures	<u>3,134,343</u>	<u>-</u>	<u>198,026</u>	<u>959,586</u>	<u>499,019</u>	<u>1,632,506</u>	<u>6,423,480</u>
Excess (deficiency) of revenues over expenditures	<u>777,785</u>	<u>60,121</u>	<u>105,671</u>	<u>124,453</u>	<u>(499,001)</u>	<u>(1,162,614)</u>	<u>(593,585)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	60,120	-	-	-	499,019	380,985	940,124
Transfers out	(668,700)	(60,120)	(92,093)	(119,211)	-	-	(940,124)
Total other financing sources (uses)	<u>(608,580)</u>	<u>(60,120)</u>	<u>(92,093)</u>	<u>(119,211)</u>	<u>499,019</u>	<u>380,985</u>	<u>-</u>
Net change in fund balances (deficit)	169,205	1	13,578	5,242	18	(781,629)	(593,585)
Fund balances (deficit)—beginning	<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>
Fund balances (deficit)—ending	<u>\$ 2,656,861</u>	<u>\$ 3,343</u>	<u>\$ 30,037</u>	<u>\$ 808,427</u>	<u>\$ 37,574</u>	<u>\$ (2,116,731)</u>	<u>\$ 1,419,511</u>

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

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended May 31, 2017**

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) \$ (593,585)

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	\$ 1,920,455	
Loss on capital asset disposals	(1,282,876)	
Depreciation expense	<u>(714,672)</u>	(77,093)

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

Village pension contributions	\$ 20,259	
Cost of benefits earned net of employee contributions	<u>(71,279)</u>	<u>(51,020)</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. (7,204)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is 3,958

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	\$ 360,000	
Change in compensated absences	<u>(6,748)</u>	<u>353,252</u>

Change in net position of governmental activities \$ (371,692)

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, 2017**

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	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash	\$ 48,879
Service award program assets	<u>2,273,967</u>
Total assets	<u>\$ 2,322,846</u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 46,595
Due to other funds	2,284
Service award program liabilities	<u>2,273,967</u>
Total liabilities	<u>\$ 2,322,846</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, 2017**

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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, 2017 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 revenue 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, 2017; however, when the Village does have investments they are recorded at fair value in accordance with GASB.

***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 \$500 or \$5,000 depending on the type of asset. 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, 2017, 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, 2017, 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, 2017, the Village reported \$35,700 and \$179 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 6.

**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, 2017, the Village implemented GASB Statement 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*. The objective of GASB Statement No. 72 is to enhance comparability of financial statements among governments by requiring measurements of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The objective of GASB Statement No. 76 is to reduce the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The objective of GASB Statement No. 77 is to improve financial reporting by state and local governments that enter into tax abatement agreements by requiring the disclosure of information about the nature and magnitude of tax abatements and will make these transactions more transparent to financial statement users. The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of GASB Statement No. 79 is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB Statements No. 72, 76, 77, 78 and 79 did not have a material impact on the Village financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Village has not completed the process of evaluating the impact that will result from adopting GASB Statements 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, No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, No. 85, *Omnibus* and No. 86, *Certain Debt Extinguishments Issues* effective for the year ending May 31, 2019, No. 83, *Certain Asset Retirement Obligations* and No. 84, *Fiduciary Activities* effective for the year ending May 30, 2020 and No. 87, *Leases* for the year ending December 31, 2021. The

Village is, therefore, unable to disclose the impact that adopting GASB Statements No. 73, 74, 75, 80, 81, 82, 83, 84, 85, 86 and 87 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, 2017, the Capital Projects Fund fund balance is in a deficit position in the amount of \$2,116,731. The deficit is partially caused by certain projects being temporarily financed through interfund loans, as well as the Village’s issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. The total deficit will be eliminated as resources are obtained (e.g., from grant revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within 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, 2017, are as follows:

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 500	\$ -	\$ 500
Deposits	2,606,088	48,879	2,654,967
Total	<u>\$ 2,606,588</u>	<u>\$ 48,879</u>	<u>\$ 2,655,467</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2017 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>2,154,967</u>	<u>2,552,188</u>
Total	<u>\$ 2,654,967</u>	<u>\$ 3,052,188</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, 2017, 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, 2017.

**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, 2017, the Village reported \$329,790 of restricted cash within its governmental funds.

### 3. RECEIVABLES

Major receivables accrued by the Village at May 31, 2017 consisted of the following:

**Receivables**—Represents amounts due from various sources. Receivables at May 31, 2017 are:

General Fund:		
Taxes receivable	\$ 192	
Other receivables	<u>27,485</u>	<u>\$ 27,677</u>

Sewer Fund:		
Special assessments		<u>\$ 179</u>

**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, 2017 are:

General Fund:		
Erie County - sales tax	\$ 166,026	
Erie County - mortgage tax	29,614	
New York State DEC	2,500	
Glen Park	<u>2,800</u>	<u>\$ 200,940</u>

Water Fund:		
Erie County Water Authority - service charges		<u>\$ 85,877</u>

Sewer Fund:		
New York State - grant funds		<u>\$ 18,550</u>

Capital Project Fund		
New York State - grant funds		<u>\$ 94,242</u>

#### 4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended May 31, 2017 was as follows:

	Balance 6/1/2016	Additions	Deletions	Balance 5/31/2017
Capital assets, not being depreciated:				
Land	\$ 370,427	\$ -	\$ (76,000)	\$ 294,427
Construction in progress	<u>1,578,539</u>	<u>1,632,506</u>	<u>-</u>	<u>3,211,045</u>
Total capital assets, not being depreciated	<u>1,948,966</u>	<u>1,632,506</u>	<u>(76,000)</u>	<u>3,505,472</u>
Capital assets, being depreciated:				
Land improvements	921,559	-	-	921,559
Buildings	2,054,852	60,120	(1,332,370)	782,602
Building improvements	1,219,540	-	-	1,219,540
Machinery and equipment	1,646,865	86,644	(46,350)	1,687,159
Infrastructure	<u>12,094,249</u>	<u>141,185</u>	<u>-</u>	<u>12,235,434</u>
Total capital assets, being depreciated	<u>17,937,065</u>	<u>287,949</u>	<u>(1,378,720)</u>	<u>16,846,294</u>
Less accumulated depreciation for:				
Land improvements	(399,341)	(59,217)	-	(458,558)
Buildings	(641,280)	(24,036)	125,494	(539,822)
Building improvements	(1,070,051)	(32,771)	-	(1,102,822)
Machinery and equipment	(1,380,207)	(334,071)	46,350	(1,667,928)
Infrastructure	<u>(5,582,114)</u>	<u>(264,577)</u>	<u>-</u>	<u>(5,846,691)</u>
Total accumulated depreciation	<u>(9,072,993)</u>	<u>(714,672)</u>	<u>171,844</u>	<u>(9,615,821)</u>
Total capital assets, being depreciated, net	<u>8,864,072</u>	<u>(426,723)</u>	<u>(1,206,876)</u>	<u>7,230,473</u>
Total capital assets, net	<u>\$ 10,813,038</u>	<u>\$ 1,205,783</u>	<u>\$ (1,282,876)</u>	<u>\$ 10,735,945</u>

During the year ended May 31, 2017, the Village sold a building, the related land, and the related building improvements, for \$450,000. The net book value of the building and land was \$1,282,876.

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

Governmental activities:	
General government support	\$ 62,546
Public safety	178,850
Transportation	297,053
Culture and recreation	23,347
Home and community services	<u>152,876</u>
	<u>\$ 714,672</u>

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at May 31, 2017, were as follows:

	General Fund	Sewer Fund	Total Governmental Funds
Salary and employee benefits	\$ 63,326	\$ 6,518	\$ 69,844

## 6. PENSION PLANS

### *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 1, 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, 2017, the Village reported the liability shown on the following page for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2016 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, 2017
Net pension liability	\$ 295,522
Village's portion of the Plan's total net pension liability	0.0031451%

For the year ended May 31, 2017, the Village recognized a pension expense of \$162,238 for the ERS. At May 31, 2017 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	\$ 7,406	\$ 44,877
Changes of assumptions	100,961	-
Net difference between projected and actual earnings on pension plan investments	59,028	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	-	23,361
Village's contributions subsequent to the measurement date	20,259	-
Total	<u>\$ 187,654</u>	<u>\$ 68,238</u>

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2018. 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 Ending May 31,	ERS
2018	\$ 48,892
2019	48,892
2020	44,483
2021	(43,110)

**Actuarial Assumptions**—The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, 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, 2017
Actuarial valuation date	April 1, 2016
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, 2016 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 Asset class:	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2017	
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.8
Real estate	10.0	5.8
Alternative investments	0.0	0.0
Absolute return strategies	2.0	4.0
Opportunistic portfolio	3.0	5.9
Real assets	3.0	5.5
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
	<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)	\$ 943,839	\$ 295,522	\$ (252,629)

***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:

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2016
Employers' total pension liability/(asset)	\$ 177,400,586
Plan fiduciary net position	<u>168,004,363</u>
Employers' net pension (asset)/liability	<u>\$ 9,396,223</u>
System fiduciary net position as a percentage of total pension liability	94.7%

***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, 2017 represent the projected employer contribution for the period of April 1, 2016 through May 31, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2017 amounted to \$20,259.

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

The Village's financial statements are for the year ended May 31, 2017. However, the information contained in this note is based on information for the Length of Service Award Program ("LOSAP") as of December 31, 2016, 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, upon attaining the program's entitlement age, 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 of 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 RBC Wealth Management 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.

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, 2017.

## Program Financial Condition

### *Assets and Liabilities:*

Actuarial Present Value of Benefits at December 31, 2016		\$	2,904,766
Less: Assets available for benefits	<u>% of total</u>		
<i>Cash and short-term equivalents:</i>			
Cash and cash equivalents	0.73%	\$	16,334
<i>Investments at fair value:</i>			
U.S. equities	23.48%		524,462
International equities	10.03%		224,014
Fixed income	45.35%		1,013,114
Mixed assets	19.83%		442,831
<i>Other assets:</i>			
Interest receivable	0.01%		113
Benefits payable	0.57%		12,780
Total net assets available for benefits			<u>2,233,648</u>
Total unfunded benefits		\$	<u>(671,118)</u>

### *Receipts and Disbursements:*

Plan net assets, January 1, 2016		\$	2,159,584
Changes during the year:			
Add: Plan contributions			115,000
Investment income earned			121,096
Less: Plan benefit withdrawals			(161,598)
Change in benefits payable			640
Administrative fees			<u>(1,073)</u>
Net change			<u>74,065</u>
Plan net assets, December 31, 2016		\$	<u>2,233,649</u>

### *Contributions*

Amount of sponsor's contribution recommended by actuary for 2017	\$	135,230
Amount of sponsor's actual contribution		115,000

### *Administrative Fees*

Fees paid to designated program administrator	\$	1,073
Fees paid to actuary		3,350

## 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, 2017, program asset information was available which totaled \$2,273,967.

## 8. 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.

## 9. 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, 2017:

	Year of Issue/ Maturity	Interest Rate	Balance 6/1/2016	Additions	Redemptions	Balance 5/31/2017
Capital Projects Fund:						
East Spring Street Infrastructure	2015/2016	1.50%	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
East Spring Street Infrastructure	2016/2017	1.08%	-	999,000	-	999,000
Total			<u>\$ 2,000,000</u>	<u>\$ 999,000</u>	<u>\$ 2,000,000</u>	<u>\$ 999,000</u>

## 10. 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, 2017 follows:

	Balance 6/1/2016	Additions	Reductions	Balance 5/31/2017	Due Within One Year
Serial bonds	\$ 3,795,000	\$ -	\$ 360,000	\$ 3,435,000	\$ 360,000
Compensated absences	110,840	15,865	9,117	117,588	5,879
Net pension liability*	530,936	-	235,414	295,522	-
Total	<u>\$ 4,436,776</u>	<u>\$ 15,865</u>	<u>\$ 604,531</u>	<u>\$ 3,848,110</u>	<u>\$ 365,879</u>

\*Reductions to the net pension liability are shown net of additions

**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, 2017 is presented below:

Fund and Purpose	Year of Issue	Interest Rate (%)	Maturity	Original Amount	Principal Outstanding 6/1/2016	Additions	Payments	Principal Outstanding 5/31/2017
<b>General:</b>								
Village Hall Renovations	2004	3.50-4.00	9/15/2024	\$ 285,000	\$ 65,000	\$ -	\$ 20,000	\$ 45,000
Street Reconstruction	2004	3.50-4.00	9/15/2024	425,000	130,000	-	30,000	100,000
Storm Sewer Replacement	2007	4.38-4.50	1/1/2022	20,000	9,000	-	1,500	7,500
Plow Truck	2007	4.38-4.50	1/1/2022	125,000	48,500	-	8,200	40,300
Road Reconstruction	2007	4.38-4.50	1/1/2022	135,000	54,000	-	9,000	45,000
Village Hall Windows	2007	4.38-4.50	1/1/2022	20,000	8,500	-	1,300	7,200
Highway Improvements 2007	2011	3.00-4.75	2/15/2031	324,000	243,000	-	20,000	223,000
Highway Improvements 2008	2011	3.00-4.75	2/15/2031	346,666	263,000	-	20,000	243,000
Highway Improvements 2009	2011	3.00-4.75	2/15/2031	225,000	152,000	-	15,000	137,000
Floodgate Rehabilitation	2011	3.00-4.75	2/15/2031	79,000	55,000	-	6,000	49,000
Highway Reconstruction 2010	2011	3.00-4.75	2/15/2031	335,000	235,000	-	20,000	215,000
DPW Equipment	2011	3.00-4.75	2/15/2031	95,000	63,000	-	7,000	56,000
Fire Truck	2013	3.25-4.00	6/15/2022	470,250	430,000	-	20,000	410,000
Fire Apparatus	2013	3.25-4.00	6/15/2022	72,900	55,000	-	10,000	45,000
Street Sweeper	2013	3.25-4.00	6/15/2022	200,000	150,000	-	30,000	120,000
				<u>3,157,816</u>	<u>1,961,000</u>	<u>-</u>	<u>218,000</u>	<u>1,743,000</u>
<b>Water:</b>								
Water Improvements	2004	3.50-4.00	9/15/2024	230,000	120,000	-	10,000	110,000
Stanton Waterline	2004	3.50-4.00	9/15/2024	170,000	60,000	-	10,000	50,000
Coadman Waterline	2004	3.50-4.00	9/15/2024	425,000	200,000	-	20,000	180,000
Farber/Garden Parkway	2007	4.38-4.50	1/1/2022	325,000	145,000	-	20,000	125,000
Waterline Improvements	2011	3.00-4.75	2/15/2031	150,250	115,000	-	7,000	108,000
				<u>1,300,250</u>	<u>640,000</u>	<u>-</u>	<u>67,000</u>	<u>573,000</u>
<b>Sewer:</b>								
Sewer Improvements	2011	3.00-4.75	2/15/2031	1,062,500	824,000	-	55,000	769,000
Sewer Improvements	2013	3.25-4.00	6/15/2022	410,000	370,000	-	20,000	350,000
				<u>1,472,500</u>	<u>1,194,000</u>	<u>-</u>	<u>75,000</u>	<u>1,119,000</u>
Total all governmental funds				<u>\$5,930,566</u>	<u>\$3,795,000</u>	<u>\$ -</u>	<u>\$360,000</u>	<u>\$3,435,000</u>



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

Year Ended May 31,	Serial Bonds	Compensated Absences	Net Pension Liability	Total
2018	\$ 360,000	\$ 5,879	\$ -	\$ 365,879
2019	370,000	-	-	370,000
2020	360,000	-	-	360,000
2021	330,000	-	-	330,000
2022	310,000	-	-	310,000
2023-2027	1,080,000	-	-	1,080,000
2028-2032	570,000	-	-	570,000
2033	55,000	-	-	55,000
Thereafter	-	111,709	295,522	407,231
	<u>\$ 3,435,000</u>	<u>\$ 117,588</u>	<u>\$ 295,522</u>	<u>\$ 3,848,110</u>

Interest requirements on serial bonds payable are as follows:

Year Ended May 31,	Serial Bonds
2018	\$126,748
2019	113,972
2020	100,910
2021	88,360
2022	76,671
2023-2027	233,157
2028-2032	65,134
2033	1,000
	<u>\$805,952</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 sick 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, 2017 amounts to \$117,588, of which \$5,879 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 \$295,522. Refer to Note 6 for additional information related to the Village's net pension liability.

## 11. 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	\$ 10,735,945
Less:	
Serial bonds, net of water bonds	(2,862,000)
Bond anticipation notes	(999,000)
Add:	
Unspent bond anticipation notes proceeds	<u>962</u>
Net investment in capital assets	<u>\$ 6,875,907</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, 2017, the Village reported \$297,678 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, 2017 includes:

- **Prepaid Items**—The General Fund reported \$6,592 of nonspendable fund balance at May 31, 2017.
- **Long-Term Receivable**—The General Fund reported \$225,000 of nonspendable fund balance at May 31, 2017 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, 2017 includes:

	General Fund	Community Development Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Unemployment insurance	\$ 10,599	\$ -	\$ -	\$ -	\$ 10,599
Capital	-	-	-	4,550	4,550
Debt	-	-	37,574	-	37,574
Community development	-	3,343	-	-	3,343
DPW equipment	111,277	-	-	-	111,277
Fire trucks	85,046	-	-	-	85,046
Fire equipment	45,289	-	-	-	45,289
Total	<u>\$ 252,211</u>	<u>\$ 3,343</u>	<u>\$ 37,574</u>	<u>\$ 4,550</u>	<u>\$ 297,678</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 capital improvements 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, 2017, 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, 2017, the Village reported the following fund balance assignments:

	General Fund	Water Fund	Sewer Fund	Total Governmental Funds
Encumbrances	\$ 10,760	\$ -	\$ -	\$ 10,760
Subsequent year's expenditures	201,500	9,386	100,000	310,886
Youth and recreation	2,219	-	-	2,219
Trees	7,034	-	-	7,034
Village Hall expenditures	59,496	-	-	59,496
Meeting house	37,280	-	-	37,280
Parks	41,490	-	-	41,490
Department of public works	115,049	-	-	115,049
Beautification	12,317	-	-	12,317
Grants	227,266	-	-	227,266
Specific use—water	-	20,651	-	20,651
Specific use—sewer	-	-	708,427	708,427
Total	<u>\$ 714,411</u>	<u>\$ 30,037</u>	<u>\$ 808,427</u>	<u>\$ 1,552,875</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 2017-2018 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—Water Fund**—Represents fund balance within the Water Fund that is assigned for a specific purpose.
- **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.

## 12. 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, 2017 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$ 1,417,082	\$ 5,054
Water Fund	54	225,000
Capital Projects Fund	5,000	1,189,798
Agency Fund	-	2,284
Total	<u>\$ 1,422,136</u>	<u>\$ 1,422,136</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. At May 31, 2017, 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 and anticipates being able to begin to pay back the funds during the year ended May 31, 2018. 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, 2017:

Fund	Transfers in:			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Transfers out:				
General Fund	\$ -	\$ 287,715	\$ 380,985	\$ 668,700
Community Development Fund	60,120	-	-	60,120
Water Fund	-	92,093	-	92,093
Sewer Fund	-	119,211	-	119,211
Total	<u>\$ 60,120</u>	<u>\$ 499,019</u>	<u>\$ 380,985</u>	<u>\$ 940,124</u>

Transfers are used primarily to move amounts to fulfill commitments to finance various capital projects, to pay down on outstanding debt or to transfer revenue to support community development expenditures.

### 13. 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, 2017 is presented below:

	Balance 6/1/2016	Additions	Deductions	Balance 5/31/2017
<b>ASSETS:</b>				
Cash	\$ 41,669	\$ 1,459,850	\$ (1,452,640)	\$ 48,879
Service Award Program Assets	<u>2,123,555</u>	<u>150,412</u>	<u>-</u>	<u>2,273,967</u>
Total assets	<u>\$ 2,165,224</u>	<u>\$ 1,610,262</u>	<u>\$ (1,452,640)</u>	<u>\$ 2,322,846</u>
<b>LIABILITIES:</b>				
Agency liabilities	\$ 41,174	\$ 1,456,488	\$ (1,451,067)	\$ 46,595
Due to other funds	495	3,362	(1,573)	2,284
Amounts held for Service Award Program	<u>2,123,555</u>	<u>150,412</u>	<u>-</u>	<u>2,273,967</u>
Total liabilities	<u>\$ 2,165,224</u>	<u>\$ 1,610,262</u>	<u>\$ (1,452,640)</u>	<u>\$ 2,322,846</u>

### 14. 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, 2020.

### 15. 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, 2017. The Village assigned \$10,760 of fund balance for encumbrances at May 31, 2017.

## 16. TAX ABATEMENTS

The Village is subject to tax abatements granted by the Town of Amherst Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Village, the abatements have resulted in reductions of property taxes, which the Village administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by IDA, the Village collected \$11,192 during 2017 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$12,390 in property taxes.

## 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	\$ 23,885
Total liabilities	\$ 4,473
Fund balance	\$ 19,412

The Village has appropriated \$54,000 for spending in fiscal year 2018.

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 18, 2017, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION



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

	Year Ended May 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Village's proportion of the net pension liability	0.0031451%	0.0033080%	0.0035014%	0.0035014%
Village's proportionate share of the net pension liability	<u>\$ 295,522</u>	<u>\$ 530,936</u>	<u>\$ 118,285</u>	<u>\$ 158,222</u>
Village's covered-employee payroll	\$ 894,599	\$ 845,231	\$ 843,298	\$ 829,378
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.0%	62.8%	14.0%	19.1%
Plan fiduciary net position as a percentage of the total net pension liability	94.7%	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 Four Fiscal Years\***

	Year Ended May 31,			
	2017	2016	2015	2014
Contractually required contributions	\$ 113,700	\$ 136,456	\$ 166,041	\$ 133,371
Contributions in relation to the contractually required contribution	<u>(113,700)</u>	<u>(136,456)</u>	<u>(166,041)</u>	<u>(133,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 898,123	\$ 853,460	\$ 843,622	\$ 831,700
Contributions as a percentage of covered-employee payroll	12.7%	16.0%	19.7%	16.0%

\*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, 2017**

	<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	\$ 1,681,788	\$ 1,681,788	\$ 1,683,792	\$ 2,004
Real property tax items	32,500	32,500	29,623	(2,877)
Non property tax items	910,000	910,000	959,571	49,571
Departmental income	72,000	75,342	134,789	59,447
Intergovernmental charges	314,100	321,652	342,038	20,386
Use of money and property	6,500	8,500	9,117	617
Licenses and permits	31,000	31,000	36,065	5,065
Fines and forfeitures	75,000	75,000	95,470	20,470
Sale of property and compensation for loss	7,800	255,294	462,808	207,514
Miscellaneous	3,000	24,463	32,951	8,488
State support	185,811	304,564	125,904	(178,660)
Total revenues	<u>3,319,499</u>	<u>3,720,103</u>	<u>3,912,128</u>	<u>192,025</u>
<b>EXPENDITURES</b>				
Current:				
General government support	712,049	695,625	664,264	31,361
Public safety	713,765	892,422	822,911	69,511
Transportation	474,612	478,529	354,723	123,806
Economic assistance and opportunity	70,792	94,548	90,575	3,973
Culture and recreation	198,343	287,602	266,643	20,959
Home and community services	566,776	593,909	556,321	37,588
Employee benefits	408,966	409,584	348,990	60,594
Debt Service:				
Interest	29,917	29,917	29,916	1
Total expenditures	<u>3,175,220</u>	<u>3,482,136</u>	<u>3,134,343</u>	<u>347,793</u>
Excess of revenues over expenditures	<u>144,279</u>	<u>237,967</u>	<u>777,785</u>	<u>539,818</u>
<b>OTHER FINANCING USES</b>				
Transfers in	-	60,120	60,120	-
Transfers out	(377,070)	(753,055)	(668,700)	84,355
Total other financing uses	<u>(377,070)</u>	<u>(692,935)</u>	<u>(608,580)</u>	<u>84,355</u>
Net change in fund balances*	(232,791)	(454,968)	169,205	624,173
Fund balances—beginning	<u>2,487,656</u>	<u>2,487,656</u>	<u>2,487,656</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,254,865</u>	<u>\$ 2,032,688</u>	<u>\$ 2,656,861</u>	<u>\$ 624,173</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, 2017**

	<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>				
Departmental income	\$ 240,000	\$ 290,121	\$ 303,634	\$ 13,513
Use of money and property	-	-	63	63
Total revenues	<u>240,000</u>	<u>290,121</u>	<u>303,697</u>	<u>13,576</u>
<b>EXPENDITURES</b>				
Current:				
Home and community service	<u>147,907</u>	<u>198,028</u>	<u>198,026</u>	<u>2</u>
Total expenditures	<u>147,907</u>	<u>198,028</u>	<u>198,026</u>	<u>2</u>
Excess of revenues over expenditures	<u>92,093</u>	<u>92,093</u>	<u>105,671</u>	<u>13,578</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(92,093)</u>	<u>(92,093)</u>	<u>(92,093)</u>	<u>-</u>
Total other financing uses	<u>(92,093)</u>	<u>(92,093)</u>	<u>(92,093)</u>	<u>-</u>
Net change in fund balances	-	-	13,578	13,578
Fund balances—beginning	<u>16,459</u>	<u>16,459</u>	<u>16,459</u>	<u>-</u>
Fund balances—ending	<u>\$ 16,459</u>	<u>\$ 16,459</u>	<u>\$ 30,037</u>	<u>\$ 13,578</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, 2017**

	<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>				
Real property taxes	\$ 54	\$ 54	\$ 54	\$ -
Departmental income	1,164,497	1,164,497	1,083,566	(80,931)
Use of money and property	200	200	419	219
Total revenues	<u>1,164,751</u>	<u>1,164,751</u>	<u>1,084,039</u>	<u>(80,712)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	56,758	56,337	39,394	16,943
Home and community services	976,288	976,276	865,993	110,283
Employee benefits	<u>63,418</u>	<u>63,851</u>	<u>54,199</u>	<u>9,652</u>
Total expenditures	<u>1,096,464</u>	<u>1,096,464</u>	<u>959,586</u>	<u>136,878</u>
Excess of revenues over expenditures	<u>68,287</u>	<u>68,287</u>	<u>124,453</u>	<u>56,166</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(219,212)</u>	<u>(219,212)</u>	<u>(119,211)</u>	<u>100,001</u>
Total other financing uses	<u>(219,212)</u>	<u>(219,212)</u>	<u>(119,211)</u>	<u>100,001</u>
Net change in fund balances*	(150,925)	(150,925)	5,242	156,167
Fund balances—beginning	<u>803,185</u>	<u>803,185</u>	<u>803,185</u>	<u>-</u>
Fund balances—ending	<u>\$ 652,260</u>	<u>\$ 652,260</u>	<u>\$ 808,427</u>	<u>\$ 156,167</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, 2017**

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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.



## SUPPLEMENTARY INFORMATION



**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Combining Balance Sheet—Capital Projects Fund**  
**May 31, 2017**

	<u>Equipment</u>	<u>2009 Mill Preservation</u>	<u>2010 Mill Preservation</u>	<u>Spring Street</u>	<u>South Long Street</u>	<u>Picture Main Street</u>	<u>Roadwork</u>	<u>Totals</u>
<b>ASSETS</b>								
Restricted cash and cash equivalents	\$ -	\$ -	\$ -	\$ 962	\$ -	\$ -	\$ -	\$ 962
Due from other funds	-	-	-	-	-	-	5,000	5,000
Intergovernmental receivables	-	-	-	-	-	94,242	-	94,242
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962</u>	<u>\$ -</u>	<u>\$ 94,242</u>	<u>\$ 5,000</u>	<u>\$ 100,204</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 27,687	\$ -	\$ -	\$ 450	\$ 28,137
Due to other funds	80,999	-	-	881,269	79,378	148,152	-	1,189,798
Bond anticipation notes payable	-	-	-	999,000	-	-	-	999,000
Total liabilities	<u>80,999</u>	<u>-</u>	<u>-</u>	<u>1,907,956</u>	<u>79,378</u>	<u>148,152</u>	<u>450</u>	<u>2,216,935</u>
<b>FUND BALANCES (DEFICITS)</b>								
Restricted	-	-	-	-	-	-	4,550	4,550
Unassigned	(80,999)	-	-	(1,906,994)	(79,378)	(53,910)	-	(2,121,281)
Total fund balances (deficits)	<u>(80,999)</u>	<u>-</u>	<u>-</u>	<u>(1,906,994)</u>	<u>(79,378)</u>	<u>(53,910)</u>	<u>4,550</u>	<u>(2,116,731)</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962</u>	<u>\$ -</u>	<u>\$ 94,242</u>	<u>\$ 5,000</u>	<u>\$ 100,204</u>

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficits)—Capital Projects Fund**  
**Year Ended May 31, 2017**

	<b>Equipment</b>	<b>2009 Mill Preservation</b>	<b>2010 Mill Preservation</b>	<b>Spring Street</b>	<b>South Long Street</b>	<b>Picture Main Street</b>	<b>Roadwork</b>	<b>Totals</b>
<b>REVENUES</b>								
Use of money and property	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ 75
State aid	-	-	-	212,634	77,207	179,976	-	469,817
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,709</u>	<u>77,207</u>	<u>179,976</u>	<u>-</u>	<u>469,892</u>
<b>EXPENDITURES</b>								
Capital outlay	-	-	-	1,281,227	145,415	205,414	450	1,632,506
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,227</u>	<u>145,415</u>	<u>205,414</u>	<u>450</u>	<u>1,632,506</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,068,518)</u>	<u>(68,208)</u>	<u>(25,438)</u>	<u>(450)</u>	<u>(1,162,614)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	27,000	72,722	166,421	92,792	17,050	-	5,000	380,985
Total other financing sources (uses)	<u>27,000</u>	<u>72,722</u>	<u>166,421</u>	<u>92,792</u>	<u>17,050</u>	<u>-</u>	<u>5,000</u>	<u>380,985</u>
Net change in fund balances (deficits)	27,000	72,722	166,421	(975,726)	(51,158)	(25,438)	4,550	(781,629)
Fund balances (deficits)—beginning	<u>(107,999)</u>	<u>(72,722)</u>	<u>(166,421)</u>	<u>(931,268)</u>	<u>(28,220)</u>	<u>(28,472)</u>	<u>-</u>	<u>(1,335,102)</u>
Fund balances (deficits)—ending	<u>\$ (80,999)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,906,994)</u>	<u>\$ (79,378)</u>	<u>\$ (53,910)</u>	<u>\$ 4,550</u>	<u>\$ (2,116,731)</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, 2017, 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 18, 2017.

**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 or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

October 18, 2017

**VILLAGE OF WILLIAMSVILLE, NEW YORK**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended May 31, 2017**

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No findings were reported.

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