

**VILLAGE OF WILLIAMSVILLE,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information and Supplementary Information
for the Year Ended May 31, 2014 and
Independent Auditors' Reports*

VILLAGE OF WILLIAMSVILLE, NEW YORK
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Year Ended May 31, 2014

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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, 2014, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2014, and the respective changes in financial position thereof 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 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 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 21, 2014 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.



October 21, 2014

VILLAGE OF WILLIAMSVILLE, NEW YORK
Management's Discussion and Analysis
Year Ended May 31, 2014

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, 2014. This document should be read in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$7,683,845 (net position). Of this amount, \$2,285,347 represents unrestricted net position which may be used to meet the Village's ongoing obligations to citizens and creditors.
- During the year ended May 31, 2014, the Village's total net position decreased by \$124,920.
- At the close of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$2,563,624, an increase of \$1,042,285 from the prior year ending fund balance. The positive change is due to current year due to the conversion of bond anticipation notes into long-term debt.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,637,332 or approximately 51.0 percent of total General Fund expenditures and interfund transfers.
- The Village's total bonded indebtedness increased by \$763,150 during the current year due to the issuance of a new serial bond, \$1,153,150 and principal payments of \$390,000.

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 classify the 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 government-wide financial statements can be found on pages 11-12 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 statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General 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 13-16 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 17 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 18-40 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 budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted budget. Required supplementary information can be found on pages 41-44 of this report.

The supplementary information section presents combining schedules for the Capital Projects Fund. This section can be found on pages 45-46 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 exceeded liabilities by \$7,683,845 at the close of the year ended May 31, 2014 as compared to \$7,808,765 at May 31, 2013.

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,	
	2014	2013
Current and other assets	\$ 3,241,776	\$ 3,102,750
Capital assets	<u>9,766,132</u>	<u>10,161,943</u>
Total assets	<u>13,007,908</u>	<u>13,264,693</u>
Current liabilities	558,830	1,467,133
Non-current liabilities	<u>4,610,183</u>	<u>3,834,374</u>
Total liabilities	<u>5,169,013</u>	<u>5,301,507</u>
Deferred inflows of resources	<u>155,050</u>	<u>154,421</u>
Net investment in capital assets	5,262,982	5,845,943
Restricted	135,516	153,776
Unrestricted	<u>2,285,347</u>	<u>1,809,046</u>
Total net position	<u>\$ 7,683,845</u>	<u>\$ 7,808,765</u>

The largest portion of the Village's net position 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, \$135,516, 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 \$2,285,347 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, 2014 and May 31, 2013.

Table 2—Condensed Statements of Changes in Net Position

	<u>Year Ended May 31,</u>	
	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 2,533,778	\$ 2,452,051
Operating grants and contributions	33,986	109,618
Capital grants and contributions	61,625	37,360
General revenues:	<u>2,816,193</u>	<u>2,682,643</u>
Total revenues	<u>5,445,582</u>	<u>5,281,672</u>
Program expenses	<u>5,570,502</u>	<u>4,730,740</u>
Change in net assets	(124,920)	550,932
Net position beginning of year	<u>7,808,765</u>	<u>7,257,833</u>
Net position end of year	<u>\$ 7,683,845</u>	<u>\$ 7,808,765</u>

Overall revenues increase by 3.1 percent primarily due to an increase in charges for services and state aid received by the Village. Total program expenses increase by 17.8 percent from the year ended May 31, 2013, primarily due to costs incurred on water meters and water lines in preparation for the transfer of the water system to the Erie County Water Authority.

A summary of sources of revenues for the years ended May 31, 2014 and May 31, 2013 is presented on the following page in Table 3.

Table 3—Summary of Sources of Revenues

	Year Ended May 31,		Increase/(Decrease)	
	2014	2013	Dollars	Percent %
Charges for services	\$ 2,533,778	\$ 2,452,051	\$ 81,727	3.3
Operating grants and contributions	33,986	109,618	(75,632)	-69.0
Capital grants and contributions	61,625	37,360	24,265	64.9
Real property taxes and tax items	1,563,603	1,530,984	32,619	2.1
Other non-property taxes	939,908	915,120	24,788	2.7
Use of money and property	14,912	11,538	3,374	29.2
Sale of property and compensation for loss	70,956	61,437	9,519	15.5
Miscellaneous	25,379	53,847	(28,468)	-52.9
State aid	201,435	109,717	91,718	83.6
Total revenues	<u>\$ 5,445,582</u>	<u>\$ 5,281,672</u>	<u>\$ 163,910</u>	3.1

The most significant source of revenues for the year ended May 31, 2014 were for charges for services which account for \$2,533,778 or 46.5 percent of total revenues, and \$2,452,051, or 46.4 percent of total revenues, for the year ended May 31, 2013. The next largest sources of revenues are real property taxes and tax items, which account for \$1,563,603, or 28.7 percent of total revenues, for the year ended May 31, 2014 and \$1,530,984 or 29.0 percent of total revenues, for the year ended May 31, 2013.

A summary of program expenses for the years ended May 31, 2014 and May 31, 2013 is presented below in Table 4.

Table 4—Summary of Program Expenses

	Year Ended May 31,		Increase/(Decrease)	
	2014	2013	Dollars	Percent %
General government	\$ 796,383	\$ 728,750	\$ 67,633	15.4
Public safety	860,360	877,604	(17,244)	18.6
Transportation	770,477	633,081	137,396	13.4
Economic assistance	60,632	1,441	59,191	0.0
Culture and recreation	267,830	290,951	(23,121)	6.2
Home and community services	2,657,040	2,052,168	604,872	43.4
Interest on long-term debt	157,780	146,745	11,035	3.1
Total program expenses	<u>\$ 5,570,502</u>	<u>\$ 4,730,740</u>	<u>\$ 839,762</u>	17.8

The Village's significant expense items for the year ended May 31, 2014 were home and community services of \$2,657,040 or 47.7 percent of total expenses (primarily water, sewer, and fire protection services), public safety of \$860,360, or 15.4 percent of total expenses, and general government support of \$796,383, or 14.3 percent of total expenses. Similarly, for the year ended May 31, 2013 significant expense items were home and

community services of \$2,052,168 or 43.4 percent of total expenses, public safety of \$877,604 or 18.6 percent of total expenses, and general government support of \$728,750 or 15.4 percent of total expenses.

The significant increase in home and community services was due to costs incurred on water meters and water lines in preparation for the transfer of the water system to the Erie County Water Authority.

Financial Analysis of the Governmental Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related 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 they represent 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, 2014, the Village’s governmental funds reported a combined ending fund balance of \$2,563,624, an increase of \$1,042,285 from the prior year. Excluding the Capital Projects Fund, the Village’s governmental funds combined ending fund balances totaled \$3,030,022. Approximately 54.0 percent of this amount (\$1,637,332) 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 (\$7,663) (2) restricted for particular purposes (\$135,516) or (3) assigned for particular purposes (\$1,249,511).

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 \$1,637,332, while the total fund balance increased to \$2,141,250. 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 51.0 percent of total General Fund expenditures, while total fund balance represents 66.7 percent of that same amount.

The fund balance of the Village’s Community Development Fund realized an increase of \$5 during the year ended May 31, 2014 due to interest earnings.

The Water Fund increased \$124,870 during the year ended May 31, 2014, primarily due to an increase in revenues associated with departmental income.

The Sewer Fund increased \$176,174 during the year ended May 31, 2014, resulting primarily from an increase in departmental income.

The Debt Service Fund decreased by \$3,811 due to payments made on long-term debt largely offset by transfers in.

The Village’s Capital Projects Fund balance deficit was improved by \$613,873, due to the issuance of new long-term debt to redeem bond anticipation notes outstanding as well as transfers in.

General Fund Budgetary Highlights

The Village adopts an annual appropriated budget for the General Fund, Water Fund, Sewer Fund, and Debt Service Fund. Budgetary comparison schedules within the required supplementary information and other information sections of this report have been provided for the major funds to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended May 31, 2014 is presented below in Table 5.

Table 5—Summary of General Fund Results of Operations

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues and other financing sources	\$ 3,038,062	\$ 3,188,344	\$ 3,341,338	\$ 152,994
Expenditures and other financing uses	<u>3,250,534</u>	<u>3,553,599</u>	<u>3,210,164</u>	<u>343,435</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (212,472)</u>	<u>\$ (365,255)</u>	<u>\$ 131,174</u>	<u>\$ 496,429</u>

Original budget compared to final budget—During the year ended May 31, 2014, there was a \$303,065 increase in appropriations between the original and final amended General Fund budget. The increase was attributable to additional costs associated with transportation and culture and recreation that were not anticipated during the adoption of the original budget. The increase in appropriations was supported by an increase in estimated revenues of \$133,103 and additional appropriated fund balance. However, due to favorable variances for certain expenditure items the Village was not required to use any of their appropriated 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 yields no significant variances.

Capital Asset and Debt Administration

Capital assets—The Village’s investment in capital assets for its governmental activities as of May 31, 2014, amounted to \$9,766,132 (net of accumulated depreciation). This investment in capital assets includes land, 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, 2014 and May 31, 2013 are presented on the following page in Table 6.

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

	May 31,	
	2014	2013
Land	\$ 370,427	\$ 370,427
Land improvements	-	9,748
Buildings	525,691	555,188
Building improvements	251,880	287,890
Machinery and equipment	1,858,271	1,668,163
Infrastructure	<u>6,759,863</u>	<u>7,270,527</u>
Total	<u>\$ 9,766,132</u>	<u>\$ 10,161,943</u>

The Village’s infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. Additional information on the Village’s capital assets can be found in Note 4 of this report.

Long-term debt—At May 31, 2014, the Village had total serial bonds outstanding of \$4,503,150 as compared to \$3,740,000 in the prior year. During the year ended May 31, 2014, the Village issued \$1,153,150 of new serial bonds and made scheduled debt payments of \$390,000.

A summary of the Village’s long-term debt liabilities at May 31, 2014 and May 31, 2013 are presented on the following page in Table 7.

Table 7—Comparison of Long-Term Liabilities

	May 31,	
	2014	2013
Serial Bonds	\$ 4,503,150	\$ 3,740,000
Compensated Absences	<u>107,033</u>	<u>94,374</u>
Total	<u>\$ 4,610,183</u>	<u>\$ 3,834,374</u>

Economic Factors

The unemployment rate, not seasonally adjusted, for the Erie County region at May 30, 2014 was 6.3 percent. This compares favorably to New York State’s average unemployment rate of 6.5 percent and unfavorably to the national unemployment rate of 6.2 percent. These factors are considered in preparing the Village’s budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Village’s finances and to show the Village’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Village of Williamsville, 5565 Main Street, Williamsville, New York 14221.

BASIC FINANCIAL STATEMENTS

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Net Position
May 31, 2014

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,130,228
Restricted cash and cash equivalents	173,804
Receivables	541,820
Intergovernmental receivables	388,261
Prepaid items	7,663
Capital assets not being depreciated	370,427
Capital assets, net of accumulated depreciation	<u>9,395,705</u>
Total assets	<u>13,007,908</u>
LIABILITIES	
Accounts payable	267,401
Accrued liabilities	96,722
Intergovernmental payables	155,186
Unearned revenue	35,924
Retainage payable	3,597
Noncurrent liabilities:	
Due within one year	363,502
Due within more than one year	<u>4,246,681</u>
Total liabilities	<u>5,169,013</u>
DEFERRED INFLOWS OF RESOURCES	
Grant funding receivable	<u>155,050</u>
Total deferred inflows of resources	<u>155,050</u>
NET POSITION	
Net investment in capital assets	5,262,982
Restricted for:	
Unemployment insurance	10,582
Fire trucks	37,415
Restricted for debt	32,415
Community development	3,335
DPW equipment	36,530
Fire equipment	15,239
Unrestricted	<u>2,285,347</u>
Total net position	<u>\$ 7,683,845</u>

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

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Activities
Year Ended May 31, 2014

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary</u> <u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 796,383	\$ 124,211	\$ 33,986	\$ -	\$ (638,186)
Public safety	860,360	343,351	-	-	(517,009)
Transportation	770,477	5,231	-	53,242	(712,004)
Economic assistance and opportunity	60,632	-	-	-	(60,632)
Culture and recreation	267,830	21,035	-	8,383	(238,412)
Home and community services	2,657,040	2,039,950	-	-	(617,090)
Interest and other fiscal charges	157,780	-	-	-	(157,780)
Total primary government	<u>\$ 5,570,502</u>	<u>\$ 2,533,778</u>	<u>\$ 33,986</u>	<u>\$ 61,625</u>	(2,941,113)
General revenues:					
					1,563,603
					939,908
					14,912
					70,956
					25,379
					201,435
Total general revenues					<u>2,816,193</u>
Change in net position					(124,920)
Net position - beginning					<u>7,808,765</u>
Net position - ending					<u>\$ 7,683,845</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, 2014

ASSETS	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
Cash and cash equivalents	\$ 1,340,405	\$ -	\$ 132,547	\$ 657,276	\$ -	\$ -	\$ 2,130,228
Restricted cash and cash equivalents	99,766	3,335	-	-	32,415	38,288	173,804
Receivables	24,038	-	315,328	202,454	-	-	541,820
Due from other funds	625,080	-	2,285	26,558	-	9,032	662,955
Intergovernmental receivables	233,211	155,050	-	-	-	-	388,261
Prepaid items	7,663	-	-	-	-	-	7,663
Total assets	\$ 2,330,163	\$ 158,385	\$ 450,160	\$ 886,288	\$ 32,415	\$ 47,320	\$ 3,904,731
LIABILITIES							
Accounts payable	\$ 91,981	\$ -	\$ 92,862	\$ 1,360	\$ -	\$ 81,198	\$ 267,401
Accrued liabilities	50,817	-	4,244	5,933	-	-	60,994
Retainage payable	-	-	-	-	-	3,597	3,597
Due to other funds	-	-	225,000	9,032	-	428,923	662,955
Intergovernmental payables	11,656	-	-	143,530	-	-	155,186
Unearned revenue	34,459	-	-	1,465	-	-	35,924
Total liabilities	188,913	-	322,106	161,320	-	513,718	1,186,057
DEFERRED INFLOWS OF RESOURCES							
Grant funding receivable	-	155,050	-	-	-	-	155,050
Total deferred inflows of resources	-	155,050	-	-	-	-	155,050
FUND BALANCES (DEFICIT)							
Nonspendable	7,663	-	-	-	-	-	7,663
Restricted	99,766	3,335	-	-	32,415	-	135,516
Assigned	396,489	-	128,054	724,968	-	-	1,249,511
Unassigned	1,637,332	-	-	-	-	(466,398)	1,170,934
Total fund balances (deficit)	2,141,250	3,335	128,054	724,968	32,415	(466,398)	2,563,624
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 2,330,163	\$ 158,385	\$ 450,160	\$ 886,288	\$ 32,415	\$ 47,320	\$ 3,904,731

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, 2014

Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances - governmental funds (page 13)		\$ 2,563,624
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$18,581,230 and the accumulated depreciation is \$8,815,098.		9,766,132
Net accrued interest expense for general obligation bonds not recorded in the funds at year end.		(35,728)
Long-term liabilities, including serial bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Serial bonds	\$ (4,503,150)	
Compensated absences	<u>(107,033)</u>	<u>(4,610,183)</u>
Total net position - governmental activities		<u>\$ 7,683,845</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 Balance (Deficit)—Governmental Funds
Year Ended May 31, 2014

	Special Revenue						Total Governmental Funds
	General	Community Development	Water	Sewer	Debt Service	Capital Projects	
REVENUES							
Real property taxes	\$ 1,537,646	\$ -	\$ -	\$ 1,062	\$ -	\$ -	\$ 1,538,708
Real property tax items	24,895	-	-	-	-	-	24,895
Non property tax items	939,908	-	-	-	-	-	939,908
Departmental income	47,018	-	963,873	1,076,077	-	-	2,086,968
Intergovernmental charges	308,594	-	-	-	-	-	308,594
Use of money and property	12,728	5	136	1,214	53	776	14,912
Licenses and permits	33,240	-	-	-	-	-	33,240
Fines and forfeitures	104,976	-	-	-	-	-	104,976
Sale of property and compensation for loss	62,155	-	8,801	-	-	-	70,956
State support	209,989	-	-	-	-	44,688	254,677
Federal support	-	33,986	-	-	-	-	33,986
Miscellaneous	24,474	-	8,060	1,228	-	-	33,762
Total revenues	<u>3,305,623</u>	<u>33,991</u>	<u>980,870</u>	<u>1,079,581</u>	<u>53</u>	<u>45,464</u>	<u>5,445,582</u>
EXPENDITURES							
Current:							
General government support	583,935	-	8,312	67,885	-	-	660,132
Public safety	615,644	-	-	-	-	-	615,644
Transportation	547,899	-	-	-	-	-	547,899
Economic assistance and opportunity	55,685	-	-	-	-	-	55,685
Culture and recreation	228,224	-	-	-	-	-	228,224
Home and community services	483,366	-	682,489	689,086	-	-	1,854,941
Employee benefits	314,172	-	39,886	56,056	-	-	410,114
Debt service:							
Principal	-	-	-	-	390,000	-	390,000
Interest	6,662	-	-	-	155,533	-	162,195
Capital outlay	-	-	-	-	-	631,613	631,613
Total expenditures	<u>2,835,587</u>	<u>-</u>	<u>730,687</u>	<u>813,027</u>	<u>545,533</u>	<u>631,613</u>	<u>5,556,447</u>
Excess (deficiency) of revenues over expenditures	<u>470,036</u>	<u>33,991</u>	<u>250,183</u>	<u>266,554</u>	<u>(545,480)</u>	<u>(586,149)</u>	<u>(110,865)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	35,715	-	-	-	541,669	73,245	650,629
Transfers out	(374,577)	(33,986)	(125,313)	(90,380)	-	(26,373)	(650,629)
Proceeds from issuance of debt	-	-	-	-	-	1,153,150	1,153,150
Total other financing sources (uses)	<u>(338,862)</u>	<u>(33,986)</u>	<u>(125,313)</u>	<u>(90,380)</u>	<u>541,669</u>	<u>1,200,022</u>	<u>1,153,150</u>
Net change in fund balances (deficits)	131,174	5	124,870	176,174	(3,811)	613,873	1,042,285
Fund balances (deficit) - beginning	<u>2,010,076</u>	<u>3,330</u>	<u>3,184</u>	<u>548,794</u>	<u>36,226</u>	<u>(1,080,271)</u>	<u>1,521,339</u>
Fund balances (deficit) - ending	<u>\$ 2,141,250</u>	<u>\$ 3,335</u>	<u>\$ 128,054</u>	<u>\$ 724,968</u>	<u>\$ 32,415</u>	<u>\$ (466,398)</u>	<u>\$ 2,563,624</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, 2014

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

Net change in fund balances (deficits) - total governmental funds (page 15) \$ 1,042,285

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

Capital asset additions	\$	410,676	
Loss on capital asset disposals		(12,440)	
Depreciation expense		<u>(794,047)</u>	(395,811)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 4,415

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:

Issuance of serial bonds	\$	(1,153,150)	
Principal payments of serial bonds		390,000	
Change in compensated absences		<u>(12,659)</u>	<u>(775,809)</u>

Change in net position of governmental activities \$ (124,920)

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, 2014

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 38,135
Service award program assets	<u>2,316,193</u>
Total assets	<u>\$ 2,354,328</u>
LIABILITIES	
Agency liabilities	\$ 38,135
Service award program liabilities	<u>2,316,193</u>
Total liabilities	<u>\$ 2,354,328</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, 2014

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. *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, 2014 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.

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 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. The Village does not report any nonmajor funds.

The Village reports the following major governmental funds:

- *General Fund*—the General Fund is the principal operating fund of the Village and accounts for all financial resources of the general government except those accounted for in another fund.
- *Community Development Fund*—this fund is used to record all activity related to the U.S. Department of Housing and Urban Development's Community Development Block Grant Program which is administered through the Town of Amherst, New York.
- *Water Fund*—this fund is used to record all revenues and expenditures related to Village water operations.
- *Sewer Fund*—this fund is used to record all revenues and expenditures related to Village sewer operations.
- *Debt Service Fund*—this fund is used to account for the payment of principal and interest on serial bonds and statutory installment bonds incurred in connection with all funds.
- *Capital Projects Fund*—this fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Village reports the following fund type:

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

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

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

Budgetary Information

The Village's annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- No later than March 20, the budget officer prepares and files a tentative budget with the Village Clerk.

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

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, 2014. The Village assigned \$478 of fund balance for encumbrances at May 31, 2014.

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 90 days or less from the date of acquisition. New York State statutes and various resolutions of the Village Board will govern the Village’s investment policy. Permissible investments include obligations of New York State or its localities. The Village had no investments at May 31, 2014; however, when the Village does have investments they are recorded at fair value based on quoted market prices.

Restricted Cash and Cash Equivalents—Restricted cash represents unspent proceeds from debt issuances, amounts restricted for future capital projects and amounts to supports restricted fund balance.

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

Capital Assets—Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost between \$500 and \$5,000 depending on the asset and an estimated useful life in excess of two years. 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. Major outlays for capital assets and improvements are capitalized as projects are incurred.

Land is not depreciated. The other property, plant, equipment, and infrastructure 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). The amount 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, 2014, the Village does not have any items that qualify for reporting in this category.

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, 2014, the Village reported a deferred inflow of resources on the governmental fund financial statements in the amount of \$156,213, which represents grant revenue that was received after eligibility requirements have been met but before time requirements have.

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 government that can, by Village Board Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Village Board has by resolution authorized the Mayor 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

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

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At May 31, 2014, the Village reported \$34,459 and \$1,465 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.

Compensated Absences—The Village labor agreements and Village Board rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for payment for fractional values of unused sick leave. These payments are budgeted annually without accrual. Estimated sick leave is accumulated and recorded for government-wide reporting purposes. Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

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, 2014, the Village implemented GASB Statements No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, and No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. GASB Statement No. 61 clarifies the manner in determining whether or not an organization should be included as a component unit, and GASB Statement No. 66 improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statements No. 61 and 66 did not have a material impact on the Village's financial position or results from operations.

Future Impacts of Accounting Pronouncements— The Village has not completed the process of evaluating the impact that will result from adopting No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; No. 69, *Government Combinations and Disposals of Government Operations*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* effective for the year ending May 31, 2015; and No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68* effective for the year ended May 31, 2016. The Village is, therefore, unable to disclose the impact that adopting GASB Statements No. 67, 68, 69, 70 and 71 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Fund Balance—At May 31, 2014, the Capital Projects Fund reported a deficit fund balance of \$466,398. The Capital Projects deficit will be remedied through future grant reimbursements of incurred project costs.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Clerk-Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, 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. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school town subdivision. Cash at year-end consisted of:

	Governmental Activities	Fiduciary Fund	Balance
Petty cash (uncollateralized)	\$ 600	\$ -	\$ 600
Deposits	<u>2,303,432</u>	<u>38,135</u>	<u>2,341,567</u>
Total	<u>\$ 2,304,032</u>	<u>\$ 38,135</u>	<u>\$ 2,342,167</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2014 as shown below:

	Carrying Amount	Bank Balance
FDIC insured	\$ 250,000	\$ 250,000
Uninsured:		
Collateral held by banks' agent in the Village's name	<u>2,091,567</u>	<u>2,465,203</u>
Total	<u>\$ 2,341,567</u>	<u>\$ 2,715,203</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of May 31, 2014, the Village's deposits were either insured or collateralized with securities held by the pledging bank's agent in the Village's name.

Restricted Cash and Cash Equivalents—Restricted cash represents unspent proceeds of debt and amounts restricted to support fund balance. At May 31, 2014, the Village reported \$173,804 of restricted cash within its governmental funds.

Investments—The Village had no investments at May 31, 2014.

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.

3. RECEIVABLES

Major receivables accrued by the Village at May 31, 2014 include:

Receivables—Represents primarily water and sewer fees receivable and other miscellaneous amounts due from other individuals and agencies. Receivables reported by the Village as of May 31, 2014 are:

General Fund:			
Taxes receivable	\$	1,272	
National Grid		11,049	
National Fuel		6,185	
Other receivables		<u>5,532</u>	\$ 24,038
Water Fund:			
Water rents receivable		298,003	
Insurance claim receivable		<u>17,325</u>	315,328
Sewer Fund:			
Sewer rents receivable		201,291	
Special assessments		<u>1,163</u>	<u>202,454</u>
Total governmental funds			<u>\$ 541,820</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, Erie County or other local governments. Intergovernmental receivables at May 31, 2014 are:

General Fund			
Erie County - sales tax	\$	166,477	
New York State - various		13,492	
New York State DOT		<u>53,242</u>	\$ 233,211
Community Development Fund			
Town of Amherst - block grant			<u>155,050</u>
Total governmental funds			<u>\$ 388,261</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended May 31, 2014 was as follows:

	Balance 6/1/2013	Increases	Decreases	Balance 5/31/2014
Capital assets, not being depreciated:				
Land	\$ 370,427	\$ -	\$ -	\$ 370,427
Total capital assets, not being depreciated	<u>370,427</u>	<u>-</u>	<u>-</u>	<u>370,427</u>
Capital assets, being depreciated:				
Land improvements	303,103	-	-	303,103
Buildings	1,114,107	-	-	1,114,107
Building improvements	1,213,293	-	-	1,213,293
Machinery and equipment	4,418,099	339,048	(37,289)	4,719,858
Infrastructure	<u>10,788,814</u>	<u>71,628</u>	<u>-</u>	<u>10,860,442</u>
Total capital assets, being depreciated	<u>17,837,416</u>	<u>410,676</u>	<u>(37,289)</u>	<u>18,210,803</u>
Less accumulated depreciation for:				
Land improvements	293,355	36,809	-	330,164
Buildings	558,919	27,980	-	586,899
Building improvements	925,403	35,283	-	960,686
Machinery and equipment	2,749,936	131,184	(24,849)	2,856,271
Infrastructure	<u>3,518,287</u>	<u>562,791</u>	<u>-</u>	<u>4,081,078</u>
Total accumulated depreciation	<u>8,045,900</u>	<u>794,047</u>	<u>(24,849)</u>	<u>8,815,098</u>
Total capital assets, being depreciated, net	<u>9,791,516</u>	<u>(398,738)</u>	<u>(12,440)</u>	<u>9,395,705</u>
Total capital assets, net	<u>\$ 10,161,943</u>	<u>\$ (398,738)</u>	<u>\$ (12,440)</u>	<u>\$ 9,766,132</u>

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

General Government	\$ 66,145
Public Safety	200,627
Transportation	317,143
Culture and Recreation	40,684
Home and Community Services	<u>169,448</u>
	<u>\$ 794,047</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at May 31, 2014, were as follows:

	General	Water	Sewer	Total Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Salary and employee benefits	\$ 50,817	\$ 4,244	\$ 5,933	\$ 60,994
Total	<u>\$ 50,817</u>	<u>\$ 4,244</u>	<u>\$ 5,933</u>	<u>\$ 60,994</u>

6. PENSION OBLIGATIONS

Retirement Benefits—The Village provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees’ Retirement System. This system provides various plans and options, some of which require employee contributions.

Plan Description—The Village participates in the New York and Local Employees’ Retirement System (ERS) and the Public Employees’ Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy—The Systems are noncontributory, except for employees who joined after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who join on or after January 1, 2010 (ERS) who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute three percent (3%) to six percent (6%) based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the New York State and Local Retirement Systems fiscal year ending March 31.

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

<u>Year</u>	<u>Contributions</u>
2014	\$ 133,371
2013	151,075
2012	124,748

Legislation requires participating employers to make payments on a current basis. The Village's contributions made to the Systems were equal to 100 percent of the contributions required for each year, and has not bonded or amortized any of the excess amounts.

7. LENGTH OF SERVICE AWARDS PROGRAM (“LOSAP”)

The Village established a defined benefit Length of Service Awards Program (“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 who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. 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. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age or becoming totally and permanently disabled or dying while an active member.

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

Fiduciary Investment and Control—Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by the fire company having members who participate in the program. The fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated Ceridian to assist in the administration of the program. The designated program administrator's functions include the payment of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by Penflex, Inc. who calculates and certifies monthly and other lump sum amounts to be paid.

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

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

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary with a valuation date of January 1, 2014.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2013			\$ 2,428,919
Less: Assets available for benefits	<u>% of total</u>		
<i>Cash and short-term investments:</i>			
Cash and cash equivalents	2.27%	\$	52,958
<i>Investments at fair value:</i>			
U.S. equities	2.95%		68,667
International equities	4.30%		100,118
Fixed income	46.19%		1,075,397
Mixed assets	39.05%		909,255
<i>Other assets:</i>			
Other assets	4.70%		109,339
Interest receivable	0.06%		1,400
Benefits payable	0.48%		<u>11,140</u>
Total net assets available for benefits			<u>2,328,274</u>
Total unfunded benefits			<u>\$ (100,645)</u>

Receipts and Disbursements

Plan net assets, January 1, 2013		\$ 2,326,174
Changes during the year:		
Add: Plan contributions	\$ 93,761	
Investment income earned	38,530	
Less: Plan benefit withdrawals	(129,940)	
Change in benefits payable	740	
Administrative fees	<u>(992)</u>	
Net change		<u>2,099</u>
Plan net assets, December 31, 2013		<u>\$ 2,328,273</u>

Contributions

Amount of sponsor's contribution recommended by actuary for 2014	\$ 101,977
Amount of sponsor's actual contribution	101,977

Administrative Fees

Fees paid to designated program administrator	\$ 992
Fee paid to actuary	3,000

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 6%.

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, 2014, program asset information was available which totaled \$2,316,193.

8. RISK MANAGEMENT

General Liability—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. For the year ended May 31, 2014, automobile insurance is limited to \$1 million per accident. The general liability coverage is limited to \$1 million per occurrence and an annual aggregate \$3 million limit. There have not been any significant changes in any type of insurance coverage from the prior year, nor have

there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years. The deductibles applicable to the Village include \$1,000 for property coverage, along with \$100 and \$500 of fire department vehicle damage and scheduled contractor's equipment damage, respectively.

9. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes must be converted into long-term obligations within five years after the original issue date. The following is a summary of changes in the Village's BAN activity for the fiscal year ended May 31, 2014:

	Year of Issue/ Maturity	Interest Rate	Balance 6/1/2013	Additions	Redemptions	Balance 5/31/2014
General Fund:						
Fire Equipment	2012/2013	1.16%	\$ 576,000	\$ -	\$ 576,000	\$ -
Total			\$ 576,000	\$ -	\$ 576,000	\$ -

10. LONG-TERM DEBT

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. 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 and compensated absences. The bonds payable of the Village are secured by its general credit and revenue raising powers, as per State statute.

A summary of the Village's long-term debt at May 31, 2014 follows:

	Balance 5/31/2013	Additions	Reductions	Balance 5/31/2014	Due Within One Year
Serial bonds	\$ 3,740,000	\$ 1,153,150	\$ 390,000	\$ 4,503,150	\$ 358,150
Compensated absences	94,374	14,409	1,750	107,033	5,352
Total	\$ 3,834,374	\$ 1,167,559	\$ 391,750	\$ 4,610,183	\$ 363,502

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.

On June 20, 2013, the Village issued \$1,153,150 of public improvement serial bonds. The bonds mature July 19, 2033 and bear interest rates ranging from 3.25 percent to 4.00 percent.

Principal is paid annually, interest is paid semi-annually and is recorded in the appropriate operating fund. A summary of additions and payments for the year ended May 31, 2014 is shown on the following page.

Fund and Purpose	Year of Issue	Interest Rate	Maturity	Original Amount	Principal			Principal Outstanding 5/31/2014
					Outstanding 6/1/2013	Additions	Payments	
General:								
Street Reconstruction	1999	4.68 - 5.02	9/1/2013	\$ 180,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Street Reconstruction - Contract 5	1999	4.68 - 5.02	9/1/2013	110,000	10,000	-	10,000	-
Village Hall Renovation	2004	3.50 - 4.00	9/15/2024	285,000	125,000	-	20,000	105,000
Street Reconstruction - Contract 9	2004	3.50 - 4.00	9/15/2024	80,000	10,000	-	10,000	-
Snow Plowing Equipment	2004	3.50 - 4.00	9/15/2024	115,000	15,000	-	15,000	-
Fire Truck	2004	3.50 - 4.00	9/15/2024	135,000	15,000	-	15,000	-
Street Reconstruction - Contract 11	2004	3.50 - 4.00	9/15/2024	220,000	25,000	-	25,000	-
Street Sweeper	2004	3.50 - 4.00	9/15/2024	140,000	30,000	-	15,000	15,000
Street Reconstruction - Contract 12	2004	3.50 - 4.00	9/15/2024	425,000	220,000	-	30,000	190,000
Storm Sewer Replacement	2007	4.38 - 4.50	1/1/2022	20,000	13,500	-	1,500	12,000
Plow Truck	2007	4.38 - 4.50	1/1/2022	125,000	73,100	-	8,200	64,900
Road Reconstruction	2007	4.38 - 4.50	1/1/2022	135,000	81,000	-	9,000	72,000
Village Hall Windows	2007	4.38 - 4.50	1/1/2022	20,000	12,400	-	1,300	11,100
Highway Improvements	2011	3.00 - 4.75	2/15/2031	324,000	294,000	-	15,000	279,000
Road Improvements 7/21/08	2011	3.00 - 4.75	2/15/2031	346,666	314,000	-	15,000	299,000
Highway Improvements 5/26/09	2011	3.00 - 4.75	2/15/2031	225,000	195,000	-	15,000	180,000
Floodgate Rehabilitation 5/26/09	2011	3.00 - 4.75	2/15/2031	79,000	70,000	-	5,000	65,000
Highway Reconstruction 6/28/10	2011	3.00 - 4.75	2/15/2031	335,000	296,000	-	21,000	275,000
DPW Equipment 9/27/10	2011	3.00 - 4.75	2/15/2031	95,000	80,000	-	7,000	73,000
Fire Truck	2013	3.25 - 4.00	6/15/2022	470,250	-	470,250	-	470,250
Fire Apparatus	2013	3.25 - 4.00	6/15/2022	72,900	-	72,900	-	72,900
Street Sweeper	2013	3.25 - 4.00	6/15/2022	200,000	-	200,000	-	200,000
				<u>4,137,816</u>	<u>1,894,000</u>	<u>743,150</u>	<u>253,000</u>	<u>2,384,150</u>
Water:								
Water Improvements 11/19/97	1999	4.68 - 5.02	9/1/2013	120,000	5,000	-	5,000	-
Water Improvements 9/2/98	1999	4.68 - 5.02	9/1/2013	90,000	5,000	-	5,000	-
Water Improvements - Contract 5	1999	4.68 - 5.02	9/1/2013	180,000	15,000	-	15,000	-
Water Improvements - Contract 9	2004	3.50 - 4.00	9/15/2024	230,000	150,000	-	10,000	140,000
Stanton Waterline - Contract 11	2004	3.50 - 4.00	9/15/2024	170,000	90,000	-	10,000	80,000
Coadman Waterline	2004	3.50 - 4.00	9/15/2024	425,000	260,000	-	20,000	240,000
Farber/Garden Pkwy	2007	4.38 - 4.50	1/1/2022	325,000	205,000	-	20,000	185,000
Public Improvements 2/25/08	2011	3.00 - 4.75	2/15/2031	150,250	136,000	-	7,000	129,000
				<u>1,690,250</u>	<u>866,000</u>	<u>-</u>	<u>92,000</u>	<u>774,000</u>
Sewer:								
Public Improvements	2011	3.00 - 4.75	2/15/2031	1,062,500	980,000	-	45,000	935,000
Public Improvements	2013	3.25 - 4.00	6/15/2022	410,000	-	410,000	-	410,000
				<u>1,472,500</u>	<u>980,000</u>	<u>410,000</u>	<u>45,000</u>	<u>1,345,000</u>
Total All Funds				<u>\$ 7,300,566</u>	<u>\$ 3,740,000</u>	<u>\$ 1,153,150</u>	<u>\$ 390,000</u>	<u>\$ 4,503,150</u>

Annual principal requirements to amortize all debt outstanding as of May 31, 2014 are:

Year ending May 31,	Principal		Total
	Serial Bonds	Compensated Absences	
2015	\$ 358,150	\$ 5,352	\$ 363,502
2016	350,000	-	350,000
2017	360,000	-	360,000
2018	360,000	-	360,000
2019	370,000	-	370,000
2020-2024	1,495,000	-	1,495,000
2025-2029	880,000	-	880,000
Beyond	330,000	101,681	431,681
	<u>\$ 4,503,150</u>	<u>\$ 107,033</u>	<u>\$ 4,610,183</u>

Annual interest payments due on serial bonds:

Year ending May 31,	Bonds
2015	\$ 162,773
2016	150,953
2017	139,023
2018	126,748
2019	113,972
2020-2024	386,340
2025-2029	154,482
Beyond	24,409
	<u>\$ 1,258,700</u>

Compensated Absences—As explained in Note 1, the Village records the value of compensated absences. A noncurrent liability totaling \$107,033 has been recorded, of which management estimates that \$5,352 is due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

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.

Capital assets, net of accumulated depreciation	\$ 9,766,132
Deduct:	
Serial bonds	<u>(4,503,150)</u>
Net investment in capital assets	<u>\$ 5,262,982</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.
- **Unrestricted amounts**—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. At May 31, 2014, the Village reported \$7,663 of nonspendable fund balance.

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, 2014 includes:

	General	Community	Debt Service	Total
	Fund	Development	Fund	Governmental
	Fund	Fund	Fund	Funds
Unemployment insurance	\$ 10,582	\$ -	\$ -	\$ 10,582
Fire trucks	37,415	-	-	37,415
Restricted for debt	-	-	32,415	32,415
Community development	-	3,335	-	3,335
DPW equipment	36,530	-	-	36,530
Fire equipment	<u>15,239</u>	<u>-</u>	<u>-</u>	<u>15,239</u>
Total restricted fund balance	<u>\$ 99,766</u>	<u>\$ 3,335</u>	<u>\$ 32,415</u>	<u>\$ 135,516</u>

- **Restricted for Unemployment Insurance**—Represents funds reserved for costs associated with noninsured unemployment claims.

- **Restricted for Fire Trucks**—Represents resources that have been legally restricted for future purchases of fire trucks.
- **Restricted for 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 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, 2014, the Village had 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, 2014 and include:

	General Fund	Water Fund	Sewer Fund	Total Governmental Funds
Encumbrances	\$ 478	\$ -	\$ -	\$ 478
Subsequent year's expenditures	197,500	-	65,800	263,300
Youth and recreation	2,219	-	-	2,219
Trees	65,901	-	-	65,901
Village Hall expenditures	20,526	-	-	20,526
Meeting house	29,727	-	-	29,727
Parks	41,759	-	-	41,759
DPW	38,379	-	-	38,379
Specific use:				
Water	-	128,054	-	128,054
Sewer	-	-	659,168	659,168
Total assigned fund balance	<u>\$ 396,489</u>	<u>\$ 128,054</u>	<u>\$ 724,968</u>	<u>\$ 1,249,511</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.
- **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 DPW*—Represents available fund balance being appropriated to meet expenditures for the Department of Public Works.
- *Assigned to Water Fund*—Represents available fund balance for expenditures from the Water Fund.
- *Assigned to Sewer Fund*—Represents available fund balance for expenditures form the Sewer Fund.

12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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, 2014 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$ 625,080	\$ -
Water Fund	2,285	225,000
Sewer Fund	26,558	9,032
Capital Projects Fund	9,032	428,923
Total	<u>\$ 662,955</u>	<u>\$ 662,955</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The Village made the following transfers during the year ended May 31, 2014:

Fund	Transfers in:			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Transfer out:				
General Fund	\$ -	\$ 335,008	\$ 39,568	\$ 374,576
Community Development Fund	18,386	-	15,600	33,986
Water Fund	-	125,313	-	125,313
Sewer Fund	-	81,348	9,032	90,380
Capital Projects Fund	17,329	-	9,045	26,374
	<u>\$ 35,715</u>	<u>\$ 541,669</u>	<u>\$ 73,245</u>	<u>\$ 650,629</u>

13. AGENCY FUND

An agency fund exists for temporary deposit funds. The following is a summary of The Agency Fund for the year ended May 31, 2014:

	Balance 6/1/2013	Additions	Deductions	Balance 5/31/2014
Assets:				
Cash	\$ 27,582	\$ 1,412,190	\$ (1,401,637)	\$ 38,135
Service Awards Program Assets	<u>2,301,164</u>	<u>15,029</u>	<u>-</u>	<u>2,316,193</u>
Total assets	<u>\$ 2,328,746</u>	<u>\$ 1,427,219</u>	<u>\$ (1,401,637)</u>	<u>\$ 2,354,328</u>
Liabilities:				
Agency liabilities	\$ 27,582	\$ 430,910	\$ (420,357)	\$ 38,135
Amounts held for Service Award Program	<u>2,301,164</u>	<u>15,029</u>	<u>-</u>	<u>2,316,193</u>
Total liabilities	<u>\$ 2,328,746</u>	<u>\$ 445,939</u>	<u>\$ (420,357)</u>	<u>\$ 2,354,328</u>

14. LABOR RELATIONS

Village employees are represented by one bargaining unit with the balance governed by Village Board rules and regulations. Negotiated contracts are in place through May 31, 2016 for the Village of Williamsville DPW Employee's Union.

15. CONTINGENCIES

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

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

16. JOINT VENTURE

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

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

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

Total assets	\$	37,390
Total liabilities	\$	4,182
Fund balance	\$	33,208

The Village has appropriated \$23,000 for spending in fiscal year 2015.

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

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

17. SUBSEQUENT EVENTS

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 Water System in exchange for Direct Service from the Authority. The conveyance transferred all rights, titles, and interest to all of the personal property of the system to the Authority.

Management has evaluated subsequent events through October 21, 2014, which is the date the financial statements are available for issuance, have determined, other than the item discussed above 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 Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—General Fund
Year Ended May 31, 2014

	<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>
REVENUES				
Real property taxes	\$ 1,534,781	\$ 1,534,781	\$ 1,537,646	\$ 2,865
Real property tax items	24,500	24,500	24,895	395
Non property tax items	865,000	865,000	939,908	74,908
Departmental income	46,275	46,275	47,018	743
Intergovernmental charges	283,700	291,812	308,594	16,782
Use of money and property	7,000	13,310	12,728	(582)
Licenses and permits	23,000	23,000	33,240	10,240
Fines and forfeitures	80,000	80,000	104,976	24,976
Sale of property and compensation for loss	12,600	62,066	62,155	89
Miscellaneous	3,250	12,980	24,474	11,494
State support	157,956	199,055	209,989	10,934
Total revenues	<u>3,038,062</u>	<u>3,152,779</u>	<u>3,305,623</u>	<u>152,844</u>
EXPENDITURES				
Current:				
General government support	649,568	604,467	583,935	20,532
Public safety	600,611	693,244	615,644	77,600
Transportation	431,851	627,071	547,899	79,172
Economic assistance and opportunity	17,500	56,075	55,685	390
Culture and recreation	178,019	259,383	228,224	31,159
Home and community services	564,168	529,286	483,366	45,920
Employee benefits	404,521	391,038	314,172	76,866
Debt service:				
Interest	6,700	6,700	6,662	38
Total expenditures	<u>2,852,938</u>	<u>3,167,264</u>	<u>2,835,587</u>	<u>331,677</u>
Excess of revenues over expenditures	<u>185,124</u>	<u>(14,485)</u>	<u>470,036</u>	<u>484,521</u>
OTHER FINANCING USES				
Transfers in	-	35,565	35,715	150
Transfers out	<u>(397,596)</u>	<u>(386,335)</u>	<u>(374,577)</u>	<u>11,758</u>
Total other financing uses	<u>(397,596)</u>	<u>(350,770)</u>	<u>(338,862)</u>	<u>11,908</u>
Net change in fund balances*	(212,472)	(365,255)	131,174	496,429
Fund balances - beginning	<u>2,010,076</u>	<u>2,010,076</u>	<u>2,010,076</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,797,604</u>	<u>\$ 1,644,821</u>	<u>\$ 2,141,250</u>	<u>\$ 496,429</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.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Water Fund
Year Ended May 31, 2014

	<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>
REVENUES				
Departmental income	\$ 939,340	\$ 939,340	\$ 963,873	\$ 24,533
Use of money and property	-	-	136	136
Sale of property and compensation for loss	-	8,801	8,801	-
Miscellaneous	-	-	8,060	8,060
Total revenues	<u>939,340</u>	<u>948,141</u>	<u>980,870</u>	<u>32,729</u>
EXPENDITURES				
Current:				
General government support	184,140	99,340	8,312	91,028
Home and community service	584,997	683,595	682,489	1,106
Employee benefits	<u>44,889</u>	<u>39,892</u>	<u>39,886</u>	<u>6</u>
Total expenditures	<u>814,026</u>	<u>822,827</u>	<u>730,687</u>	<u>92,140</u>
Excess of revenues over expenditures	<u>125,314</u>	<u>125,314</u>	<u>250,183</u>	<u>124,869</u>
OTHER FINANCING USES				
Transfers out	<u>(125,314)</u>	<u>(125,314)</u>	<u>(125,313)</u>	<u>1</u>
Total other financing uses	<u>(125,314)</u>	<u>(125,314)</u>	<u>(125,313)</u>	<u>1</u>
Net change in fund balances (deficit)	-	-	124,870	124,870
Fund balances (deficit)- beginning	<u>3,184</u>	<u>3,184</u>	<u>3,184</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 3,184</u>	<u>\$ 3,184</u>	<u>\$ 128,054</u>	<u>\$ 124,870</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Sewer Fund
Year Ended May 31, 2014

	<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>		
REVENUES				
Real property taxes	\$ 1,119	\$ 1,119	\$ 1,062	\$ (57)
Departmental income	1,132,734	1,132,734	1,076,077	(56,657)
Use of money and property	1,200	1,200	1,214	14
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>1,228</u>
Total revenues	<u>1,135,053</u>	<u>1,135,053</u>	<u>1,079,581</u>	<u>(55,472)</u>
EXPENDITURES				
Current:				
General government support	50,134	70,730	67,885	2,845
Home and community services	934,641	905,013	689,086	215,927
Employee benefits	<u>68,930</u>	<u>68,930</u>	<u>56,056</u>	<u>12,874</u>
Total expenditures	<u>1,053,705</u>	<u>1,044,673</u>	<u>813,027</u>	<u>231,646</u>
Excess of revenues over expenditures	<u>81,348</u>	<u>90,380</u>	<u>266,554</u>	<u>176,174</u>
OTHER FINANCING USES				
Transfers out	<u>(81,348)</u>	<u>(90,380)</u>	<u>(90,380)</u>	<u>-</u>
Total other financing uses	<u>(81,348)</u>	<u>(90,380)</u>	<u>(90,380)</u>	<u>-</u>
Net change in fund balances	-	-	176,174	176,174
Fund balances - beginning	<u>548,794</u>	<u>548,794</u>	<u>548,794</u>	<u>-</u>
Fund balances - ending	<u>\$ 548,794</u>	<u>\$ 548,794</u>	<u>\$ 724,968</u>	<u>\$ 176,174</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Notes to the Required Supplementary Information
Year Ended May 31, 2014

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
Year Ended May 31, 2014

	<u>Equipment</u>	<u>2010 Roads</u>	<u>Picture Main St.</u>	<u>Mill Rock</u>	<u>2008 Mill Preservation</u>	<u>2009 Mill Preservation</u>	<u>2010 Mill Preservation</u>	<u>N. Ellicott Sewers</u>	<u>Water Meter Replacement</u>	<u>Cayuga Waterline</u>	<u>Spring Street</u>	<u>Compre- hensive Zoning</u>	<u>Totals</u>
ASSETS													
Restricted cash and cash equivalents	\$ 3,284	\$ 1,809	\$ -	\$ 63	\$ -	\$ -	\$ 15,606	\$ 17,526	\$ -	\$ -	\$ -	\$ -	\$ 38,288
Due from other funds	-	-	-	-	-	-	-	9,032	-	-	-	-	9,032
Total assets	<u>3,284</u>	<u>1,809</u>	<u>\$ -</u>	<u>63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,606</u>	<u>\$ 26,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,320</u>
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,162	\$ 71,036	\$ -	\$ -	\$ 81,198
Due to other funds	-	-	-	-	-	72,722	15,599	26,558	271,409	40,495	2,140	-	428,923
Retainage payable	-	-	-	-	-	-	-	-	-	3,597	-	-	3,597
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,722</u>	<u>15,599</u>	<u>26,558</u>	<u>281,571</u>	<u>115,128</u>	<u>2,140</u>	<u>-</u>	<u>513,718</u>
FUND BALANCES (DEFICITS)													
Assigned	3,284	1,809	-	63	-	-	7	-	-	-	-	-	5,163
Unassigned	-	-	-	-	-	(72,722)	-	-	(281,571)	(115,128)	(2,140)	-	(471,561)
Total fund balances (deficits)	<u>3,284</u>	<u>1,809</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>(72,722)</u>	<u>7</u>	<u>-</u>	<u>(281,571)</u>	<u>(115,128)</u>	<u>(2,140)</u>	<u>-</u>	<u>(466,398)</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,284</u>	<u>\$ 1,809</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,606</u>	<u>\$ 26,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,320</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balance (Deficit)—Capital Projects Fund
Year Ended May 31, 2014

	<u>Equipment</u>	<u>2010 Roads</u>	<u>Picture Main St.</u>	<u>Mill Rock</u>	<u>2008 Mill Preservation</u>	<u>2009 Mill Preservation</u>	<u>2010 Mill Preservation</u>	<u>N. Ellicott Sewers</u>	<u>Water Meter Replacement</u>	<u>Cayuga Waterline</u>	<u>Spring Street</u>	<u>Compre- hensive Zoning</u>	<u>Totals</u>
REVENUES													
Use of money and property	\$ 113	\$ 3	\$ -	\$ -	\$ 36	\$ 33	\$ 7	\$ 584	\$ -	\$ -	\$ -	\$ -	\$ 776
State aid	-	-	-	-	19,019	25,669	-	-	-	-	-	-	44,688
Total revenues	<u>113</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>19,055</u>	<u>25,702</u>	<u>7</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,464</u>
EXPENDITURES													
Capital outlay	<u>192,172</u>	<u>-</u>	<u>25,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,600</u>	<u>-</u>	<u>281,571</u>	<u>115,128</u>	<u>2,140</u>	<u>-</u>	<u>631,613</u>
Total expenditures	<u>192,172</u>	<u>-</u>	<u>25,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,600</u>	<u>-</u>	<u>281,571</u>	<u>115,128</u>	<u>2,140</u>	<u>-</u>	<u>631,613</u>
Excess (deficiency) of revenues over expenditures	<u>(192,059)</u>	<u>3</u>	<u>(25,002)</u>	<u>-</u>	<u>19,055</u>	<u>25,702</u>	<u>(15,593)</u>	<u>584</u>	<u>(281,571)</u>	<u>(115,128)</u>	<u>(2,140)</u>	<u>-</u>	<u>(586,149)</u>
OTHER FINANCING SOURCES (USES)													
Transfers in	12,850	-	26,718	-	-	9,045	15,600	9,032	-	-	-	-	73,245
Transfers out	(7,323)	-	-	-	(9,045)	-	-	(9,855)	-	-	-	(150)	(26,373)
Proceeds from issuance of long-term debt	<u>743,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,150</u>
Total other financing sources (uses)	<u>748,677</u>	<u>-</u>	<u>26,718</u>	<u>-</u>	<u>(9,045)</u>	<u>9,045</u>	<u>15,600</u>	<u>409,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>1,200,022</u>
Net change in fund balances (deficits)	556,618	3	1,716	-	10,010	34,747	7	409,761	(281,571)	(115,128)	(2,140)	(150)	613,873
Fund balances (deficits) - beginning	<u>(553,334)</u>	<u>1,806</u>	<u>(1,716)</u>	<u>63</u>	<u>(10,010)</u>	<u>(107,469)</u>	<u>-</u>	<u>(409,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>(1,080,271)</u>
Fund balances (deficits) - ending	<u>\$ 3,284</u>	<u>\$ 1,809</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ (72,722)</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ (281,571)</u>	<u>\$ (115,128)</u>	<u>\$ (2,140)</u>	<u>\$ -</u>	<u>\$ (466,398)</u>

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, 2014, 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 21, 2014.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged by 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

October 21, 2014

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Findings and Responses
Year Ended May 31, 2014

No findings were reported.

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