

VILLAGE OF YOUNGSTOWN, NEW YORK

Financial Statements,
Required Supplementary Information,
and Additional Information

Year ended May 31, 2013

VILLAGE OF YOUNGSTOWN, NEW YORK
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**VILLAGE OF YOUNGSTOWN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2013**

As management of the Village of Youngstown, New York (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended May 31, 2013. 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

- Assets exceeded liabilities by \$684,800 (net assets/position),
- Governmental activity net position/assets increased by \$15,075,
- Governmental funds reported combined ending fund balance (deficit) of \$685,229 decreasing \$215,709 from 2012 as a result of prior year adjustments of \$231,213 for overstatement of assets and 2013 operating surplus of \$15,504. The general fund operated at a \$60,016 favorable budget variance while the water and sewer funds respectively operated at \$29,302 and \$69,566,
- The general fund reported an unassigned fund balance of \$19,146 at May 31, 2013 representing approximately 1.5% of the 2014 budgeted appropriations,
- The water and sewer funds reported assigned fund balances (deficit) of \$24,435 and \$38,935, respectively. The water fund balance represents 12.7% of the 2014 budgeted appropriations; the sewer fund balance represents 14.7% of the 2014 budgeted appropriations,
- The Village has no long-term indebtedness,
- The Village has \$40,000 in bond anticipation notes outstanding as of May 31, 2013, a reduction of \$5,000 from 2012.
- Modified audit opinion for 2013 due to GASB 34 capital assets and GASB 45 post-employment retirements benefits. Both GASB's will be implemented for fiscal year end 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which are comprised 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. The basic financial statements include two kinds of statements that present different views of the Village in compliance with GASB Statement Number 34.

Government-Wide Financial Statements – the government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, similar in format to a financial statement of a private-sector business.

The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

The government-wide statements include the Village's governmental activities. The governmental activities include most of the Village's basic services including general government, public safety, transportation, economic development, sanitation, culture and recreation, water and sewer. Property taxes and non-property tax (sales tax) and user fees fund most of these activities.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific activity of objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Government 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 funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources 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 four 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 balances for the general, sewer, water and capital project funds, each of which is considered a major fund. The Village adopts annual budgets for its general fund and all other operating funds. A budgetary comparison statement has been provided for the general, water and sewer funds, to demonstrate compliance with this budget.

The financial statements for governmental funds can be found in the fund financial statements, following the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found in the fund financial statements section of this report.

Notes to the Financial Statement – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position (net assets) may serve over time as a useful indicator of a government's financial position, assets exceeded liabilities by \$684,800 for 2013 fiscal year. The Village did not record capital assets and post-employment retirement benefits pursuant to GASB 34 and 45 respectively but intends to implement these for May 31, 2014.

Table 1 below is a summary of the Village's statement of net position as of May 31, 2013 (no comparison to 2012 as this is first year reporting under GASB 34):

	<u>2013</u>
Current and other assets	\$ 758,861
Capital assets (net)	-
Total Assets	<u>758,861</u>
Current liabilities	74,061
Long-term liabilities	-
Total Liabilities	<u>74,061</u>
Net Position	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	<u>684,800</u>
Total Net Position	<u>\$ 684,800</u>

Table 2 is comparison of current assets as compared to current liabilities for the government-wide activities as of May 31, 2013 (no comparison to 2012 as this is first year reporting under GASB 34):

	<u>2013</u>
Current assets	\$ 758,861
Current liabilities	74,061
Ratio of current assets to current liabilities	10.2

Of the current liability amount, \$40,000 is attributed to bond anticipation notes for 2013 eligible for long-term financing.

Government Activities. Table 3, as presented below, shows the key elements to the changes in net position for the year ended May 31, 2013 (no comparison to 2012 as this is first year reporting under GASB 34):

	<u>2013</u>
Revenues:	
Program Revenues:	
Charges for services	\$ 465,237
Operating grants and contributions	33,474
Capital grants and contributions	-
General Revenues:	
Property and other taxes	627,151
Other non-property taxes	483,730
Use of money and property	190
Sales and rental of property	39,801
State support	16,066
Miscellaneous	<u>8,586</u>
Total Revenues	<u>\$ 1,674,235</u>

Table 3, continued

Expenses:	
General government	365,486
Public safety	183,963
Health	-
Transportation	238,495
Economic assistance	6,075
Culture and recreation	184,945
Home and community services	490,595
Employee benefits	187,830
Interest and fiscal charges	1,771
Total Expenses	<u>\$ 1,659,160</u>
Increase (decrease) in net position	15,075
Net position beginning of year	<u>669,725</u>
Net position end of year	<u><u>\$ 684,800</u></u>

When reviewing above data, the following should be noted:

- Property taxes represent 37.3% and 29.8% of total revenues
- Sales tax revenue represents 25.1% of total revenues amounting to \$420,420
- Charges for services are primarily from water and sewer usage.
- Other non-property tax revenues consist of sales and mortgage taxes, franchise/utility fees
- Employee benefits are allocated to expense function on statement of activities; expenses above shown net of it.
- Beginning net position for 2013 was restated by \$231,213 due to overstatement of receivables in prior years.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Budget and actual revenues and expenditures for each fund are included as supplemental information.

Government funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the Village. At May 31, 2013, the unassigned fund balance was \$19,146. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned and total fund balance to total fund appropriations. Total and unassigned fund balances represent approximately 21.56% and 1.5%, respectively of 2014 budgeted general fund appropriations.

The fund balance for the General Fund was \$274,782 a decrease of \$155,509 (favorable budget variance of \$60,016) during the fiscal year ended May 31, 2013. Key factors in this decrease are as follows:

- Operating deficit for 2013 of \$40,649 as compared to budgeted deficit of \$100,665 with revenues exceeding budget by \$37,079 and expenditures and transfers were 22,936 under budget resulting in favorable operating budget variance of \$60,016. Prior year fund balance was decreased by \$114,860 due to overstated receivables as of 2011 and 2012. See pages 33-38 for detail.

- Water fund ended 2013 with a total fund balance \$257,166 representing 133.76% of 2014 budgeted fund appropriations. The fund had a net decrease of \$15,869 due to operating surplus for 2013 of \$29,302 favorable budget variance and prior year fund balance adjustment decrease of \$45,171 as a result of prior years overstatement of receivables. Revenues for 2013 were \$13,036 over budget and expenditures under budget by \$16,266. See pages 40-41 for detail.
- Sewer fund ended 2013 with a total fund balance of \$56,735 representing 21.4% of 2014 budgeted fund appropriations. The fund decreased by \$19,416 as a result of 2013 net surplus of \$51,766 (favorable budget variance of \$69,566) and prior year adjustment decrease to fund balance of \$71,182 resulting from prior years overstatement of receivables. Revenues for 2013 exceeded budget by \$40,851 and expenditures were under budget by \$28,715. See pages 43-44 for details.

Budgetary Highlights

Major budget differences between the original and final budgets follow:

- General fund budgeted appropriations (page 14) for economic opportunity, culture/recreation, home and community and transportation were increased by \$75, \$13,515, \$18,982 and \$76,390 respectively with corresponding decreases in general government, public safety, health, employee benefits, debt principal and interest resulting in no net increase in appropriations.
- The water and sewer funds (page 15) had minor changes with no net change in appropriations.

Capital Assets

The Village has not adopted a Capital Policy for the capitalization of assets and depreciation therefore for 2013 a modified opinion was issued by our auditors. Plans are to implement this during fiscal year end 2014.

Debt – As of May 31, 2013 the Village had no outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's general, water, and sewer funds are in good financial position with positive fund balances and adequate reserves. The 2014 financial outlook has challenges with continuing efforts to control costs and expanding economic development in the Village and property values increasing. The 2014 budget is structurally balanced and adequately addresses the rising costs of personnel costs and employee benefits such as health insurance and retirement plan. The adopted 2014 budget will raise \$35,117 more in real property taxes in 2014 than 2013. The 2014 budget appropriates total fund balance of \$-0- for all funds verses \$118,465 appropriated in 2013. Total fund appropriations for 2014 are \$1,747,304 which is \$45,650 or 2.7% lower than 2013.

CONTACTING THE VILLAGE'S FINANCE DEPARTMENT

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. If you have any questions about this report or need additional financial information, contact Ms. Barbara Castilon, Village Clerk/Treasurer, Village of Youngstown, NY 240 Lockport Street, Youngstown, New York 14174.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Youngstown, New York

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1H to the financial statements, management has not recorded capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Nor is the Village in compliance with GASB 45 Post Employment Retirement Benefits and compensated absences disclosures. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities and post-employment retirement benefit liability be recorded which would increase liabilities and expenses and decrease net position. The amount by which these departures would affect the assets, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion on Governmental Activities paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Village of Youngstown, New York, as of May 31, 2013, or the 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 on pages 1–5 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 of Youngstown, New York's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements and are the responsibility of management derived from and relate 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 individual fund financial statements are 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 May 8, 2014 on our consideration of the Village of Youngstown, New York'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 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 of Youngstown's internal control over financial reporting and compliance.

Brown + Company, LLP

Niagara Falls, New York
May 8, 2014

VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF NET POSITION
YEAR ENDED MAY 31, 2013

Assets:	
Cash	\$ 701,932
Accounts Receivable	55,849
Due From Fiduciary Fund	-
Due From Other Governments	1,080
Capital Assets (net of accumulated depreciation)	-
Capital Assets not depreciated-Land and Construction In Progress	-
Total Assets	<u>\$ 758,861</u>
Liabilities and Net Assets:	
Current Liabilities:	
Accounts Payable and Accrued Expense	\$ 33,633
Accrued Interest on Debt	428
Due to Fiduciary Fund	-
Due to Other Governments	-
Bond Anticipation Notes Payable	40,000
Total Liabilities	<u>74,061</u>
Net Position (Deficiency):	
Investment in Capital Assets, Net of Related Debt	\$ -
Restricted	-
Unrestricted	684,800
Net Position	<u>\$ 684,800</u>

See notes to financial statements.

**VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2013**

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
General Government	\$ 435,264	39,597	7,687	-	\$ (387,980)
Public Safety	215,121	-	-	-	(215,121)
Health	-	-	-	-	-
Transportation	269,521	-	25,787	-	(243,734)
Economic Assistance	6,075	-	-	-	(6,075)
Culture and Recreation	222,666	-	-	-	(222,666)
Home and Community Service	508,742	425,640	-	-	(83,102)
Interest and Charges	1,771	-	-	-	(1,771)
Total Governmental Activities	1,659,160	465,237	33,474	-	(1,160,449)

General Revenues:

Property Taxes and related interest/penalties	627,151
Sales Tax	420,420
Mortgage Tax	15,410
Franchise, Utility Fee and Cell Tower	47,900
Other Non-Property Tax	-
State Aid	16,066
Investment Earnings	190
Property Rentals	39,801
Gain on Capital Asset Sold	-
Miscellaneous/Sale of Equip.	8,586
Total General Revenues	1,175,524
Change in Net Position	15,075
Net Position - Beginning as previously stated	900,938
Prior period restatement	(231,213)
Net Position-Beginning restated	669,725
Net Position-Ending	684,800

See notes to financial statements

**VILLAGE OF YOUNGSTOWN, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2013**

	<u>Special Revenue</u>			Capital Projects	Total Governmental Funds
	<u>General</u>	<u>Water</u>	<u>Sewer</u>		
Assets:					
Cash and Investments	\$ 272,150	255,208	45,528	129,046	701,932
Accounts Receivable	2,329	21,286	32,234	-	55,849
Due From Other Funds	-	497	-	7,500	7,997
Due From Other Governments	800	280	-	-	1,080
Total Assets	<u>275,279</u>	<u>277,271</u>	<u>77,762</u>	<u>136,546</u>	<u>766,858</u>
Liabilities:					
Accounts Payable & Accrued Expenses	-	12,605	21,027	-	33,632
Due to Other Funds	497	7,500	-	-	7,997
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Bond Anticipation Notes Payable	-	-	-	40,000	40,000
Total Liabilities	<u>497</u>	<u>20,105</u>	<u>21,027</u>	<u>40,000</u>	<u>81,629</u>
Fund Balances:					
Committed:					
Compensated Absences	-	-	-	-	-
Assigned:					
Capital/equipment	152,787	232,731	-	-	385,518
Designated for Subsequent Year Expenditures	100,665	-	17,800	-	118,465
Unemployment	2,185	-	-	-	2,185
Water Services	-	24,435	-	-	24,435
Sewer Services	-	-	38,935	-	38,935
Capital Projects	-	-	-	96,546	96,546
Unassigned	19,145	-	-	-	19,145
Total Fund Balances	<u>274,782</u>	<u>257,166</u>	<u>56,735</u>	<u>96,546</u>	<u>685,229</u>
Total Liabilities and Fund Balances	<u>\$ 275,279</u>	<u>\$ 277,271</u>	<u>\$ 77,762</u>	<u>\$ 136,546</u>	<u>766,858</u>

See notes to financial statements.

**VILLAGE OF YOUNGSTOWNLEWISTON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED MAY 31, 2013**

Amounts reported for governmental activities in the statement of net assets are different than the balance sheet of governmental funds because:

Total fund balance - governmental funds	\$ 685,229
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$-0- and the accumulated depreciation is \$-0-.	-
To recognize interest accrual on debt; accrued interest for general obligation, BANS and capital lease obligations at year end.	(428)
Long-term liabilities, including serial bonds payable, capital leases compensated absences and related fica are not due and payable in the current period and therefore are not reported in the funds.	-
GASB 45 post employment benefits is a long term liability on statement of net assets and not recorded on government funds. This represents the actuarary value of the liability.	-
Rounding	(1)
Total net position - governmental activities	<u>\$ 684,800</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2013

Revenues	General	Water	Sewer	Capital Projects	Total Governmental Funds
Revenues:					
Real Property Taxes	624,548	-	-	-	624,548
Other Tax Items	2,603	-	-	-	2,603
Non-Property Tax Items	483,730	-	-	-	483,730
Departmental Income	7,888	174,852	250,788	-	433,528
Intergovernmental Charges	24,789	-	-	-	24,789
Use of Money and Property	39,801	108	2	80	39,991
Licenses and Permits	4,710	-	-	-	4,710
Fines and Forfeitures	2,210	-	-	-	2,210
Sale of Property and Compensation	2,236	-	-	-	2,236
Miscellaneous &/ Sale of property	13,437	600	-	-	14,037
State and Federal Aid	41,853	-	-	-	41,853
Gifts & Donations	-	-	-	-	-
Total Revenues	<u>1,247,805</u>	<u>175,560</u>	<u>250,790</u>	<u>80</u>	<u>1,674,235</u>
Expenditures					
General Government Support	337,584	27,881	21	-	365,486
Public Safety	183,963	-	-	-	183,963
Health	-	-	-	-	-
Transportation	238,495	-	-	-	238,495
Economic Opportunity and Development	6,075	-	-	-	6,075
Culture and Recreation	147,450	-	-	-	147,450
Home and Community Service	184,602	108,010	197,983	-	490,595
Employee Benefits	183,943	2,867	1,020	-	187,830
Capital Outlay	-	-	-	37,495	37,495
Debt Service - Principal	5,000	-	-	-	5,000
Debt Service - Interest	1,343	-	-	-	1,343
Bond Contract Expenditures	-	-	-	-	-
Total Expenditures	<u>1,288,455</u>	<u>138,758</u>	<u>199,024</u>	<u>37,495</u>	<u>1,663,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,650)</u>	<u>36,802</u>	<u>51,766</u>	<u>(37,415)</u>	<u>10,503</u>
Transfers from Funds	1	-	-	-	1
Transfers to Funds	-	(7,500)	-	7,500	-
BAN's Redeemed from Appropriations	-	-	-	5,000	5,000
Proceeds from Bond/Capital Lease Issue	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1</u>	<u>(7,500)</u>	<u>-</u>	<u>12,500</u>	<u>5,001</u>
Net Change in Fund Balance	(40,649)	29,302	51,766	(24,915)	15,504
Fund Balance, June 1	430,291	273,035	76,151	121,461	900,938
Prior year adjustments	(114,860)	(45,171)	(71,182)	-	(231,213)
Fund Balance, May 31	<u><u>274,782</u></u>	<u><u>257,166</u></u>	<u><u>56,735</u></u>	<u><u>96,546</u></u>	<u><u>685,229</u></u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ACTIVITIES
May 31, 2013

Amounted reported in governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	15,504
Proceeds and defeasement of long-term debt recorded as an other financing source for governmental funds, but it is not recorded in the statement of activities. Proceeds and defeasement of long-term debt are liabilities.		-
Capital lease proceeds recorded as revenue in government funds but is not recorded in statement of activities.		-
Debt service principal recorded as an expenditure for the governmental funds but it is not recorded in the statement of activities. Debt service principal payments for all debt are		5,000
Bond anticipation notes redeemed from appropriations are other financing sources for governmental funds, but is not recorded in the statement of activities as sources of revenue		(5,000)
Net capital outlay expenditures for capital assets are recorded in governmental funds as expenditures. Such expenditures are not recorded in the statement of activities because they are recorded as capital assets.		-
Construction in progress-capital outlays recorded as expenditures in governmental funds, not recorded on statement of activities, recorded on statement of net assets.		-
Depreciation recorded on the statement of activities but not in statement for governmental		-
Property taxes collected for payment of debt principal recorded as revenue for the governmental fund, but a reduction of outstanding debt on statement of net assets.		-
Governmental fund's report payments of interest on debt as an expense when due. The statement of activities reflects interest expense as it accrues, regardless of when paid. Interest accrued on statement of activities.		(428)
Prior year accrual for interest expense on debt on statement of activities.		-
The statement of activities records losses on sale/disposal of capital assets as a general government expense; whereas in governmental funds the gross proceeds from the sale increase financial resources. This represents gross proceeds in government funds.		-
The statement of activities records losses on sale/disposal of capital assets as a general government expense; whereas in governmental funds the gross proceeds from the sale increase financial resources. This represents the book loss recorded on statement of activities not recorded on fund statements.		-
Compensated absences are recorded in governmental funds as a reserve of fund balance but are liabilities on statement of net assets. This represents the change in value of compensated absences inclusive of accrued employer payroll tax (FICA).		-
GASB 45 post employment benefits liability recorded on statement of activities and not on governmental funds; this represents change in liability value.		-
Net change in long-term debt for governmental funds.		-
Rounding		(1)
Change in financial position of governmental activities.	\$	<u>15,075</u>

See notes to financial statements

VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2013

	Original Budget	Final Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Real Property Taxes	624,548	624,548	624,548	-
Other Tax Items	3,000	3,000	2,603	(397)
Non-Property Tax Items	460,000	460,000	483,730	23,730
Department Income	11,950	11,950	7,888	(4,062)
Intergovernmental Charges	23,000	23,000	24,789	1,789
Use of Money and Property	30,703	30,703	39,801	9,098
Licenses and Permits	2,800	2,800	4,710	1,910
Fines and Forfeitures	2,200	2,200	2,210	10
Sale of Property & Comp for Loss	1,175	1,175	2,236	1,061
Miscellaneous	1,275	1,275	5,750	4,475
State and Federal Aid	42,575	42,575	41,853	(722)
Gifts and Donations	7,500	7,500	7,687	187
Total Revenues	1,210,726	1,210,726	1,247,805	37,079
Expenditures:				
General Government Support	404,170	338,172	337,584	588
Public Safety	185,050	183,968	183,963	5
Health	222	-	-	-
Transportation	165,359	241,749	238,495	3,254
Economic Opportunity & Develop.	6,000	6,075	6,075	-
Culture and Recreation	152,215	165,730	147,450	18,280
Home & Community Services	165,675	184,657	184,602	55
Employee Benefits	185,200	183,945	183,943	2
Debt Service - Principal	45,000	5,000	5,000	-
Debt Service - Interest	2,500	1,343	1,343	-
Bond Contract Expenditures	-	-	-	-
Total Expenditures	1,311,391	1,310,639	1,288,455	22,184
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,665)	(99,913)	(40,650)	59,263
Other Financing Sources (Uses)				
Transfers from Funds	-	-	1	1
Transfers to Funds	-	-	-	-
BAN's Redeemed from Approp.	-	-	-	-
Proceeds from Bond Issue and Defeasement	-	-	-	-
Total Other Financing Sources (uses)	-	-	1	1
Net Change in Fund Balance	(100,665)	(99,913)	(40,649)	59,264
Fund Balance June 1	430,291	430,291	430,291	-
Prior year adjustments	-	-	(114,860)	(114,860)
Fund Balance May 31	329,626	330,378	274,782	(55,596)

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MAY 31, 2013

	Water Fund						Sewer Fund		
	Original Budget	Final Budget	Budgetary		Variance Positive (Negative)	Original Budget	Budgetary		Variance Positive (Negative)
			Actual	Actual			Final Budget	Actual	
Revenues:									
Real Property Taxes	-	-	-	-	-	-	-	-	-
Other Tax Items	-	-	-	-	-	-	-	-	-
Non-Property Tax Items	-	-	-	-	-	-	-	-	-
Department Income	162,229	162,229	174,852	12,623	209,919	209,919	250,788	40,869	40,869
Intergovernmental Charges	-	-	-	-	-	-	-	-	-
Use of Money and Property	295	295	108	(187)	20	20	2	(18)	(18)
Licenses and Permits	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	600	600	-	-	-	-	-
Sale of Property and Compensation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-	-
Gifts and Donations	-	-	-	-	-	-	-	-	-
Total Revenues	162,524	162,524	175,560	13,036	209,939	209,939	250,790	40,851	40,851
Expenditures:									
General Government Support	27,371	27,881	27,881	-	-	-	21	(21)	(21)
Public Safety	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Economic Opportunity & Development	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Home & Community Services	124,731	124,221	108,010	16,211	226,457	226,457	197,983	28,474	28,474
Employee Benefits	2,922	2,922	2,867	55	1,282	1,282	1,020	262	262
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-	-	-	-
Bond Contract Expenditures	-	-	-	-	-	-	-	-	-
Total Expenditures	155,024	155,024	138,758	16,266	227,739	227,739	199,024	28,715	28,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,500	7,500	36,802	29,302	(17,800)	(17,800)	51,766	69,566	69,566
Other financing sources (uses)									
Transfers From Funds	-	-	-	-	-	-	-	-	-
Transfers To Funds	(7,500)	(7,500)	(7,500)	-	-	-	-	-	-
BANS's Redeemed from Appropriations	-	-	-	-	-	-	-	-	-
Proceeds From Bond Issue & Defeas.	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	(7,500)	(7,500)	(7,500)	-	-	-	-	-	-
Net Change in Fund Balance	-	-	29,302	29,302	(17,800)	(17,800)	51,766	69,566	69,566
Fund Balance June 1	273,035	273,035	273,035	-	76,151	76,151	76,151	-	-
Prior year adjustments	-	-	(45,171)	(45,171)	-	-	(71,182)	(71,182)	(71,182)
Fund Balance May 31	273,035	273,035	257,166	(15,869)	58,351	58,351	56,735	(1,616)	(1,616)

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
May 31, 2013

Assets:	
Cash and Investments	\$ 19,080
Fire Service Awards	-
Due from other funds	-
Total Assets	<u>\$ 19,080</u>
Liabilities:	
Due to other funds	\$ -
Due to other governments	\$ 800
Amounts Held in Custody for Others	18,280
Total Liabilities	<u>\$ 19,080</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Youngstown have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. Reporting Entity

The Village of Youngstown, New York, which was incorporated in 1854, is governed by Village Law, general laws of the State of New York, and various local laws and ordinances. The Village Board is the legislative body responsible for overall operations. The mayor serves as chief executive officer and the Village administrator serves as the chief fiscal officer. The Village's receivables consist of water and sewer rents due from customers who are Village of Youngstown residents.

The following basic services are provided: General government support, police and fire protection, street maintenance, recreation programs, safety inspection, street lighting, water service, and sewage collection and treatment. All governmental activities and functions performed for the Village of Youngstown are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes organizations, functions, and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Independently elected officials of the Village consist of the following:

Mayor

Councilmen (4)

The financial reporting entity was determined in accordance with Government Accounting Standards Statement No. 14, *The Financial Reporting Entity* which defines the primary government and redefines and establishes the criteria for which potential component units are included in the reporting entity.

Excluded From the Reporting Entity

Although the following organization is related to the Village, it is not included in the Village reporting entity because of the reasons noted:

The Youngstown-Porter School District was created by state legislation which designates the school board as the governing authority. School board members are elected by the qualified voters of the district. The Board designates management and exercises complete responsibility for all fiscal matters. The Village Board exercises no oversight over school operations.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Based on the criteria outlined in Government Accounting Standards Statement No. 14, there are no component units to be included in the Village's financial reporting.

B. Government-Wide and Fund Financial Statements

The Village has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis- for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*.

GASB Statement No. 34 creates new basic financial statements for reporting the Village's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and financial statements which present information for individual major funds, rather than by fund type.

The government-wide financial statements (i.e., statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government, as a whole. The effects of interfund activity have been removed from these statements. The statements distinguish between governmental and business type activities. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Operating grants include operating-specific and discretionary (either operation of capital) grants while the capital grants column reflects capital-specific grants. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the Village's governmental activities. Direct revenues include charges paid by the recipients of goods or services offered by the Village, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Fiduciary Fund Types

Fiduciary Fund Types include Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Funds and Agency Funds are used to account for assets held by the Village in a trustee capacity as an agent for individuals, private organizations, and other governments. Private Purpose Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured.

Accrual Basis - Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Modified Accrual Basis Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales tax is considered measurable when in the hands of the Niagara County Treasurer and is recognized as revenue at that time.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus/Basis of Accounting, Continued

Revenues from federal, state, or other grants designated for specific Village expenditure are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at year-end is recorded as deferred revenue or due from other governments, respectively.

Revenues accrued at May 31, 2013 are listed in Note 6. There were no significant revenues considered as not subject to accrual. Interest is accrued as it is earned.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include:

1. Principal and interest on indebtedness are not recognized as expenditure until due.
2. Compensated absences such as accumulated unpaid vacation pay, sick pay, and other employee payments are charged as an expenditure when paid.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting along with the fiduciary fund financial statements.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The Village reports the following major governmental funds:

General Fund – This is the principal fund of the Village and includes all operations not required to be recorded in other 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 or acquisition of equipment.

Water Fund – This fund is used to record all revenues and expenditures related to the delivery of safe water throughout the Village. (Special Revenue Fund)

Sewer Fund – This fund is used to record all revenues and expenditures related to sewer operations and maintenance throughout the Village. (Special Revenue Fund)

Additionally, the Village reports the following fiduciary fund type that is used to account for assets held by the Village in a custodial capacity:

Agency Funds – These funds are used to account for assets held by the Village as an agent for individuals, other governments, or other funds. The Agency Funds are custodial in nature and do not involve measurement of results of operations. The Agency Funds include temporary payroll withholdings and deposits which are reported as liabilities.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus/Basis of Accounting, Continued

Government-wide and proprietary fund financial statements apply all applicable Governmental Accounting Standards Board ("GASB") pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to the general rule is the chargeback for services, such as printing and computer services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

D. Budgets

Annual budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified. A reconciliation to convert GAAP basis fund balances to the budgetary basis is provided in Note 10.

Capital Project Fund appropriations are not included in the Village's annual budget. Instead, appropriations are approved through a Village Board resolution at the projects' inception and lapse upon termination of the project. Accordingly, the Capital Projects Fund budget is not presented in the Combined Statement of Revenues, Expenditures, and Changes in fund Balance - Budget and Actual, since a comparison of the budgeted amounts within the current year's expenditures would not be meaningful.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation; is employed as an extension of budgetary control in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. Appropriations authorized for the current year are increased by the encumbrances of the prior year. There were no outstanding encumbrances as of May 31, 2013.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Cash and Investments

Investments are stated at fair value. Cash includes amounts in demand deposits, as well as short-term investments with a maturity date within one year of the date acquired by the Village.

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

H. Capital Assets and Post Employment Retirement Benefits

In the government-wide financial statements, fixed assets are to be accounted for as capital assets and depreciated pursuant GASB 34, Post Employment Retirement Benefit liability is to be recorded pursuant to GASB45 and compensated absences is to be assigned fund balance. The Village's financial statements as of May 31, 2013 omit these required values and disclosures and are not in compliance with Accounting Principles Generally Accepted in the United States of America.

I. Compensated Absences

Village employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. (note 1H)

J. Pensions

Nearly all Village employees are members of New York State retirement systems. The Village is invoiced annually by the systems of its share of the cost.

K. Post-Employment Retirement Benefits

In addition to providing pension benefits, the Village provides post-retirement benefits in the form of health, dental, and life insurance.(note 1H)

L. Insurance

The Village purchases insurance covering the liability for most risk including, but not limited to, general liability, vehicle liability, excess liability, and workers' compensation insurance. The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. See Notes 6 and 14 for detail of receivables and accruals as of May 31, 2013.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

N. Restrictions, Reserves, and Designations

The government-wide fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net position (assets). Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category represents net position (assets) of the Village not restricted for any project or other purpose.

For the fund financial statements, see Note 10 for classifications of fund balance.

2. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting

The Village employs the following budgetary procedures:

- * No later than March 31, the Village clerk submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village except for the following:
 - * Capital Projects Fund
 - * Trust and Agency Fund
- * After public hearings are held to obtain taxpayer comments, but no later than May 1, the Village Board adopts the Village budget.
- * All modifications of the budget must be approved by the Village Board.
- * Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project.
- * Formal annual budgetary accounts are employed as a management control device for the General and Special Revenue funds.
- * Expenditures may not legally exceed appropriations. During the year, several supplemental appropriations were necessary.
- * The Village Board is provided monthly budget performance reports comparing actual to budget revenues and expenditures.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

3. CASH AND INVESTMENTS

Assets

Cash and Investments

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

The Village treasurer is authorized to use interest bearing demand deposits and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, repurchase agreements, and obligations of the State of New York and its localities.

Fund	Book Carrying Balance	Bank Balance		
General, water, sewer	\$ 572,587	\$ 613,312	Insured (FDIC)	\$ 215,117
			Collateralized	\$ 520,055
Trust and Agency	19,080	19,967	Insured (FDIC)	\$ 19,967
			Collateralized	\$ -
Capital Projects	129,046	129,046	Insured (FDIC)	\$ 129,046
			Collateralized	\$ -
Total	\$ 720,713	\$ 762,325	Insured (FDIC)	\$ 364,130
			Collateralized	\$ 520,055

All deposits including certificates of deposit are carried at cost plus accrued interest. All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Collateral is held by the Village Custodial Bank. All of the Village's bank accounts were adequately collateralized with total pledged collateral from custodial banks of \$520,055 or 130.6% of the required amount. Petty cash totaling \$300 is not reflected in above totals. Any overdraft amounts are shown as a liability on the statement of net position. (None as of May 31, 2013.)

4. PROPERTY TAX

Village real property taxes are levied annually no later than May 15 and become a lien on June 1. The Village tax rate is based on the amount per \$1,000 assessed value. Delinquent accounts of the water and sewer departments are transferred to the Village's real property tax roll annually for collection. Taxes may be paid without penalty between June 1 and July 1. Interest of 5% is added if paid between July 2 and July 31. One additional percent is added for each month thereafter. Unpaid taxes are purchased by the county annually; therefore, the Village is assured of receiving 100% of its tax levy and delinquent accounts.

The State Constitution limits the amount that may be raised by the Village tax levy on real estate in any fiscal year to seven percent (7%) of the last five-year average full valuation of taxable real estate of the Village. (Note 9)

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables represent temporary loans or advances between funds. Interfund receivables and payables of the Village at May 31, 2013 consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	497
Water	497	7,500
Sewer	-	-
Capital	7,500	-
Trust & Agency	-	-
Total	\$ <u>7,997</u>	<u>7,997</u>

Transfers are routine annual events for both the accounting and budget process and are necessary to present funds in their proper classifications.

Individual fund operating transfers for the year ended May 31, 2013 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	-
Special Revenue Fund:		
Water	-	7,500
Sewer	-	-
Capital Projects	<u>7,500</u>	<u>-</u>
Total	\$ <u>7,500</u>	<u>7,500</u>

Interfund receivables, payables, and operating transfers are eliminated in the government wide Statement of Net Position and Statement of Activities.

6. RECEIVABLES

Accounts receivable and due from other governments represent revenues accrued by the Village for the following:

	<u>Accounts Receivable</u>	<u>Due from other Government</u>
General Fund:		
Tax items from Niagara County	\$ -	3,129
Special Revenue Fund:		
Water rents	21,286	280
Sewer rents	<u>31,968</u>	<u>266</u>
Total	\$ <u>53,254</u>	<u>3,675</u>

There were no significant revenues considered as not subject to accrual.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

7. SHORT-TERM DEBT

Short-term debt of the Village represents bond anticipation notes. These notes are reported as a fund liability in the Capital Projects Fund or the fund receiving the proceeds in accordance with FASB No. 6, as legal steps have not been taken to refinance on a long-term basis. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Village of Youngstown had \$40,000 in outstanding BAN's at May 31, 2013.

8. LONG TERM DEBT

The Village had no long-term debt outstanding at May 31, 2013.

9. CONSTITUTIONAL DEBT LIMIT

The Village's constitutional debt limit at May 31, 2013 is computed as follows:

Five-year average full valuation of taxable real estate (2009-2013)	\$	<u>93,259,538</u>
Debt limit at 7%		6,528,168
Net indebtedness (after statutory exclusions)		<u>40,000</u>
Net debt-contracting margin	\$	<u>6,488,168</u>
Percentage of debt contracting power exhausted (May 31, 2012 it was 0.61%)		<u>0.61%</u>

10. FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. It distinguishes fund balance between amounts that are considered *nonspendable*, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications such as restricted, committed, assigned, and unassigned. The new standards also clarify the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or "rainy-day" amounts should be reported.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

10. FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS, CONTINUED

Fund Balance Classifications

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Reserves represent funds that have been legally segregated for a specific future use by the Village at May 31, 2013 and include:

Committed for Compensated Absences – Represents monies which are restricted for accumulated unused sick time.

Assigned for Capital Projects – Represents the Village’s intention to utilize funds on future capital projects.

Assigned-Designated for Subsequent Years Expenditures – Represents amount of fund balance which per the subsequent year adopted budget will be utilized to support subsequent years expenditures.

General Fund	\$ <u> -</u>
Special Revenue Funds/Districts:	
Water Improvement	-
Sewer Operating	<u> -</u>
Total Special Revenue Fund Balance	<u> -</u>
Total fund balance assigned for 2014 expenditures	\$ <u> -</u>

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

10. FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS, CONTINUED

The Village reports their budgetary status with the actual data including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of fund balances computed on a GAAP basis and budgetary basis. Capital funds are excluded.

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
GAAP BASIS:			
Fund Balances – May 31, 2013	\$ 274,782	257,166	56,735
Deduct committed and assigned fund balance	(255,637)	(257,166)	(56,735)
BUDGETARY BASIS			
Fund Balances – May 31, 2013	\$ <u>19,145</u>	<u>-</u>	<u>-</u>

11. DEFICIT FUND BALANCES, APPROPRIATIONS, AND REVENUES

All of the Village's operating funds have surplus fund balances as of May 31, 2013.

General fund revenues were \$37,079 over budget and expenditures were \$22,937 under budget resulting in a favorable budget variance of \$60,016.

The water and sewer funds operated at \$29,302 and \$69,566 favorable budget variances respectively; the water revenues were over budget by \$13,0366 and sewer fund revenues were \$40,851 over budget due to metered water and sewage income. Expenditures were under budget by \$16,266 in the water fund and sewer fund expenditures were under budget by \$28,715.

Unfavorable budget variances in the general, water and sewer funds of \$54,844, \$15,869 and \$1,616 respectively were a result of prior period adjustments (note 18).

12. PENSION PLAN

The Village of Youngstown, New York, participates in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement Systems. These are cost sharing multiple public employer retirement systems. The systems provide retirement benefits as well as death and disability benefits. Obligation 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 serves as sole trustee and administrative head of the system.

The comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The systems issued 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, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

12. PENSION PLAN, CONTINUED

Funding Policy - Pension Plan

The systems are non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 17, 1976 who contributes 3% of their salary. Under the authority of the NYSRSSL, the comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>	<u>PFRS</u>
2013	66,865	-0-
2012	52,351	-0-
2011	35,183	-0-

The Village's contributions made to the systems were equal to 100% of the contributions required for each year. The PFRS portion is paid by the Town of Youngstown.

Since 1989, the system's billings are based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to begin making payments on a current basis, while amortizing existing unpaid amounts relating to the system's fiscal years ending March 31, 1988 and 1989 (which otherwise would have been paid on June 30, 1989 and 1990, respectively) over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Village of Youngstown elected to make the full payment on December 15, 1989.

Pursuant to Chapter 178 of the Laws of 1991 and Chapter 12 of the Laws of 1995, the state legislature authorized local governments to make available retirement incentive programs. No employees elected to participate in the program for the year ended May 31, 2013.

13. FIDUCIARY FUNDS

Agency Fund

The 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 (i.e. assets equal liabilities) and does not involve measurement of results of operations.

14. RELATED PARTY TRANSACTIONS

The County of Niagara and Town of Porter, New York encompass the Village of Youngstown, and provide certain services for the Village under contracts.

The Village purchases its water from the county and Town and subsequently charges Village users. The expenditure included in these financial statements amounted to \$50,265 and \$26,230 to the County and Town respectively for these services as of May 31, 2013 with related liabilities of \$-0- and \$4,695.

The Town of Porter, New York provides wastewater disposition services. The expenditures included in these financial statements amounted to \$190,872 for wastewater disposal services with a liability of \$7,910 to the Town for wastewater disposal services.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

15. EMPLOYEE BENEFITS

Expenditures for employee benefits such as retirement plan, health insurance and payroll taxes were allocated to the primary government functions based on percentage of personnel expenditures as follows on the statement of activities:

General Government	\$ 69,778
Public Safety	31,158
Health	-
Transportation	31,026
Economic Assistance	-
Culture and Recreation	37,721
Home and Community Service	<u>18,147</u>
Total	\$ <u>187,830</u>

16. FUTURE GASB PRONOUNCEMENTS

A. GASB No. 65

In March 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

B. GASB No. 66 and No. 62

In March 2012, GASB issued Statement No. 66, Technical Corrections – 2012 – an amendment of GASB No. 10, with objective to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements 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*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

VILLAGE OF YOUNGSTOWN, NEW YORK

Notes to the Financial Statements

May 31, 2013

16. FUTURE GASB PRONOUNCEMENTS, continued

C. GASB 67 and 68

GASB Statement No. 67, Financial Reporting for pension Plans, defines the way public pension plans calculate and report the Net Pension Liability. It is effective for pension systems with fiscal years beginning after June 15, 2013. The statement:

- Establishes accounting and reporting standards for public pension systems, replacing GASB Statements 25 and 50;
- Mandates new footnote disclosure and required supplementary information disclosures;

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires employers participating in the plans to report expanded information concerning pensions in their financial statements, as well as their proportionate share of the Net Pension Liability effective for fiscal years beginning after June 15, 2014. The statement:

- Does not impact funding-contributions will continue to be based on actuarially determined rates;
- Requires employers to recognize their proportionate share of the collective Net Pension Liability in their financial statements, as well as pension expense and deferred inflows and outflows.

17. LITIGATION

The Village is engaged in various claims and lawsuits arising in the normal course of business. The ultimate outcome of the suits cannot presently be determined and no provision for loss or gain, if any, has been made in the accompanying financial statements. It is the opinion of management and its council that there will not be any material adverse effects on the Village's financial statements as a result of these actions.

18. PRIOR PERIOD RESTATEMENT

The net position (fund balances) as of June 1, 2012 required adjustments of \$114,860, \$45,171, and \$71,182 respectively in the general, water, and sewer funds as a result of overstatement of receivables in 2011 and 2012.

19. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through May 8, 2014 the date the financial statements were available to be issued.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund

Balance Sheet

At May 31, 2013 with Comparative Totals for 2012

ASSETS	2013	2012
Cash and investments	\$ 272,150	346,457
Accounts receivable	2,329	9,560
Due from other funds	-	-
Due from other governments	800	104,492
Prepaid expenses	-	-
Total assets	<u>275,279</u>	<u>460,509</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	-	30,193
Due to other funds	497	-
Accrued liabilities	-	25
Total liabilities	<u>497</u>	<u>30,218</u>
FUND EQUITY		
Reserved for encumbrances	-	-
Reserved for unemployment	2,185	2,184
Reserved for compensation absences	-	-
Reserved for capital-street equipment	152,787	141,710
Fund balances:		
Unreserved:		
Designated for subsequent years expenditures	100,665	100,665
Undesignated	19,145	185,732
Total fund equity	<u>274,782</u>	<u>430,291</u>
Total liabilities and fund equity	<u>\$ 275,279</u>	<u>\$ 460,509</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012 Actual
	Adjusted Budget	Actual	Variance	
<u>Revenues</u>				
Property Tax Items:				
Real property taxes	\$ 624,548	624,548	-	615,865
Total Property Taxes	624,548	624,548	-	615,865
Real Property Tax Items:				
Payment in lieu of taxes	-	-	-	-
Unneeded reserve for delinquencies	-	-	-	-
Interest and penalties	3,000	2,603	(397)	3,029
Total Real Property Tax Items	3,000	2,603	(397)	3,029
Non-Property Tax Items:				
Sales tax	392,000	420,420	28,420	394,338
Gross utility tax	24,500	19,097	(5,403)	16,052
Franchise tax	28,000	28,803	803	27,657
Mortgage tax	15,500	15,410	(90)	12,295
Cell tower	-	-	-	-
Total Non Property Tax Items	460,000	483,730	23,730	450,342
Departmental Income:				
Clerk fees	1,800	1,715	(85)	2,080
Police fees	-	-	-	-
Safety inspection fees	-	-	-	-
Registrar fees	-	-	-	-
Public work fees	-	-	-	-
Parks and Recreation charges	10,000	6,133	(3,867)	7,749
Lewiston landing	-	-	-	-
Zoning fees	100	40	(60)	120
Planning fees	50	-	(50)	-
Refuse and garbage fees	-	-	-	-
Cemetery services	-	-	-	-
Total Department Income	11,950	7,888	(4,062)	9,949
Intergovernmental Charges:				
Police services	3,000	4,789	1,789	3,280
General services-Town of Porter	20,000	20,000	-	20,130
Total Intergovernmental Charges	23,000	24,789	1,789	23,410
Use of Money and Property:				
Interest and real property rentals	30,703	39,801	9,098	38,967
Licenses and Permits:				
Commissions	-	-	-	-
Games of chance	100	25	(75)	105
Bingo licenses and fees	-	-	-	-
Conservation license fees	-	-	-	-
Building & occupation permits	2,700	4,685	1,985	3,535
Other permits	-	-	-	-
Total Licenses and Permits	2,800	4,710	1,910	3,640
Fines and Forfeitures:				
Fines and forfeited bail	2,200	2,210	10	2,670
Stop DWI	-	-	-	-
Total Fines & Forfeitures	2,200	2,210	10	2,670
Sale of Property and Compensation for Loss:				
Sales of scrap	175	192	17	437
Sale of real property	-	-	-	-
Sales of Equipment	1,000	2,044	1,044	54
Insurance recoveries	-	-	-	-
Other compensation for loss	-	-	-	-
Total Sale and Compensation for Loss	1,175	2,236	1,061	491

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012 Actual
	Adjusted Budget	Actual	Variance	
<u>Revenues</u>				
Miscellaneous:				
Refund of prior year expenses	500	2,820	2,320	13,419
Gifts & Donations	7,500	7,687	187	10,066
Miscellaneous	775	2,930	2,155	11,547
Total Miscellaneous	8,775	13,437	4,662	35,032
State & Federal Aid:				
State Revenue Sharing	17,000	16,066	(934)	16,066
State aid - other	-	-	-	-
Building & fire code	-	-	-	-
CHIPS	25,000	25,787	787	25,836
Youth aid	575	-	(575)	572
O&M	-	-	-	-
Total State & Federal Aid	42,575	41,853	(722)	42,474
Total Revenues	1,210,726	1,247,805	37,079	1,225,869
<u>Expenditures:</u>				
<u>General Government Support</u>				
Village Board:				
Personal services	14,824	14,824	-	14,824
Contractual & travel expenditures	450	236	214	35
Total Village Board	15,274	15,060	214	14,859
Mayor/Deputy Mayor:				
Personal services-Mayor and Deputy	12,203	12,203	-	12,203
Equipment	-	-	-	-
Contractual & travel expenditures	750	395	355	1,081
Total Mayor/Deputy Mayor	12,953	12,598	355	13,284
Auditor/Budget:				
Contractual expenditures	1,800	1,633	167	1,641
Clerk/Treasurer:				
Personal services	99,356	99,578	(222)	96,463
Equipment	3,000	30,035	(27,035)	2,950
Contractual expenditures	23,000	28,164	(5,164)	22,110
Total Clerk/Treasurer	125,356	157,777	(32,421)	121,523
Assessment:				
Personal services	-	-	-	-
Equipment	-	-	-	-
Contractual	1,700	1,807	(107)	1,851
Total Assessment	1,700	1,807	(107)	1,851
Law:				
Personal services	-	-	-	-
Equipment	-	-	-	-
Contractual	16,500	12,857	3,643	12,817
Total Law	16,500	12,857	3,643	12,817
Engineer:				
Personal services	-	-	-	-
Contractual	20,800	4,002	16,798	11,388
Other	-	-	-	-
Total Engineer	20,800	4,002	16,798	11,388

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012
	Adjusted Budget	Actual	Variance	Actual
<u>Expenditures</u>				
Elections:				
Contractual expenditures	-	500	(500)	600
Total Elections	-	500	(500)	600
Buildings/Village Hall/Center:				
Personal services	14,214	3,597	10,617	18,293
Equipment	8,573	18,983	(10,410)	6,823
Contractual expenditures	34,000	36,890	(2,890)	39,306
Total Village Hall	56,787	59,470	(2,683)	64,422
Village Garage:				
Personal services	30,000	24,986	5,014	22,057
Equipment	1,500	424	1,076	1,152
Contractual expenditures	13,000	14,017	(1,017)	14,165
Total Central Garage	44,500	39,427	5,073	37,374
Central Communications:				
Telephone	-	-	-	-
Contractual expenditures	-	-	-	-
Total Central Communications	-	-	-	-
Printing & Mailing contractual	-	-	-	-
Central Data Processing:				
Equipment	-	-	-	-
Contractual expenditures	-	-	-	-
Total Central Data Processing	-	-	-	-
Special Items:				
Insurance	31,000	31,075	(75)	29,764
Municipal dues	1,500	1,378	122	1,428
Judgments, Claims & bank charges	1,000	-	1,000	-
Code book revisions	-	-	-	2,312
Contingent	75,000	-	75,000	-
Total Special Items	108,500	32,453	76,047	33,504
Total General Government Support	404,170	337,584	66,586	313,263
<u>Public Safety</u>				
Police:				
Personal services	60,500	62,797	(2,297)	63,182
Equipment	2,000	1,309	691	7,804
Contractual/DWI	15,500	13,085	2,415	13,182
Total Police	78,000	77,191	809	84,168
Fire:				
Personal services	-	-	-	-
Equipment	-	-	-	-
Contractual	98,900	98,900	-	96,862
Other	-	-	-	-
Total Fire	98,900	98,900	-	96,862
Building Inspection:				
Personal services	6,500	6,500	-	7,639
Equipment	1,500	1,372	128	702
Contractual & travel expenditures	-	-	-	-
Total Safety Inspection	8,000	7,872	128	8,341

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012 Actual
	Adjusted Budget	Actual	Variance	
<u>Expenditures</u>				
Control of animals	150	-	150	-
Total Public Safety	185,050	183,963	1,087	189,371
Vital Statistics Registrar-Health	222	-	222	216
<u>Streets/Transportation:</u>				
Administration:				
Personal services	33,550	36,392	(2,842)	33,605
Equipment	-	-	-	-
Contractual expenditures	3,200	4,212	(1,012)	4,090
Total Administration	36,750	40,604	(3,854)	37,695
Maintenance:				
Personal services	23,109	26,042	(2,933)	23,401
Equipment	7,000	1,305	5,695	30,339
Contractual expenditures	31,500	40,232	(8,732)	39,961
Total Maintenance	61,609	67,579	(5,970)	93,701
Permanent Improvements:				
Contractual expenditures-CHIPS	16,000	84,326	(68,326)	27,892
Total Improvements	16,000	84,326	(68,326)	27,892
Snow Removal:				
Personal services	8,500	6,570	1,930	3,906
Equipment	3,000	-	3,000	-
Contractual expenditures	14,000	11,457	2,543	12,182
Total Snow Removal	25,500	18,027	7,473	16,088
Street Lighting, Sidewalks, Off-Street Parking:				
Electric	22,000	22,859	(859)	22,013
Sidewalks Personal Service	2,000	933	1,067	-
Contractual expenditures	1,500	4,167	(2,667)	901
Total Street Lighting, Sidewalks, Parking	25,500	27,959	(2,459)	22,914
Total Streets/Transportation	165,359	238,495	(73,136)	198,290
Economic Assistance/Publicity:				
Development	6,000	6,075	(75)	10,530
Chamber/business association	-	-	-	-
Arts Council	-	-	-	-
Other	-	-	-	-
Total Economic Development/Publicity	6,000	6,075	(75)	10,530
<u>Culture and Recreation</u>				
Parks:				
Personal services	17,000	23,777	(6,777)	19,148
Equipment/Capital	2,000	6,958	(4,958)	6,800
Contractual expenditures	15,000	17,374	(2,374)	27,926
Total Parks	34,000	48,109	(14,109)	53,874
Special Recreation Facilities:				
Personal services	1,800	1,222	578	2,104
Waterfront docks	1,000	-	1,000	1,628
Contractual expenditures	2,500	4,546	(2,046)	5,274
Total Special Recreation Facilities	5,300	5,768	(468)	9,006

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012
	Adjusted Budget	Actual	Variance	Actual
<u>Expenditures</u>				
Youth/Teen Programs:				
Personal services	33,210	40,096	(6,886)	29,123
Equipment	-	-	-	-
Contractual expenditures	18,844	808	18,036	14,514
Total Youth Programs	52,054	40,904	11,150	43,637
Library:				
Grants	-	-	-	-
Contractual expenditures	14,000	14,000	-	14,000
Total Library	14,000	14,000	-	14,000
Museum				
	-	-	-	-
Historian:				
Personal services	-	-	-	66
Contractual expenditures	100	-	100	-
Property	-	-	-	-
Utilities	-	-	-	-
Other	-	-	-	-
Total Historian/Historical	100	-	100	66
Celebrations:				
Personal services	600	2,187	(1,587)	3,233
Celebrations	13,370	17,078	(3,708)	17,818
Christmas in the Village	1,250	793	457	650
Equipment	-	-	-	-
Fireworks	-	-	-	-
Other	-	-	-	-
Total Celebrations	15,220	20,058	(4,838)	21,701
Program/Aging:				
Personal services	19,041	16,611	2,430	15,838
Equipment	8,000	-	8,000	-
Contractual expenditures	4,500	2,000	2,500	3,387
Total Program/Aging	31,541	18,611	12,930	19,225
Total Culture and Recreation	152,215	147,450	4,765	161,509
<u>Home and Community Services</u>				
Zoning/Planning:				
Personal services	-	-	-	-
Zoning contractual	200	6	194	551
Planning contractual	200	358	(158)	400
Total Zoning/Planning	400	364	36	951
Storm Sewers:				
Personal services	3,000	9,010	(6,010)	2,906
Equipment	3,000	-	3,000	-
Contractual expenditures	1,250	15,028	(13,778)	3,511
Total Storm Sewers	7,250	24,038	(16,788)	6,417
Refuse & Garbage:				
Personal services	3,500	4,113	(613)	3,785
Equipment	-	-	-	-
Contractual expenditures	124,000	118,948	5,052	106,050
Total Refuse/Garbage	127,500	123,061	4,439	109,835

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013			2012
	Adjusted Budget	Actual	Variance	Actual
<u>Expenditures</u>				
Trees:				
Personal services	16,000	16,904	(904)	20,595
Contractual expenditures	8,000	6,941	1,059	5,330
Other	1,000	-	1,000	-
Total Trees	<u>25,000</u>	<u>23,845</u>	<u>1,155</u>	<u>25,925</u>
Cold Storage DPW:				
Personal services	500	-	500	-
Equipment	-	-	-	-
Contractual expenditures (Community Dev)	1,000	9,289	(8,289)	152
Total Cold Storage DPW	<u>1,500</u>	<u>9,289</u>	<u>(7,789)</u>	<u>152</u>
Natural Resource				
Personal services	1,025	1,688	(663)	685
Equipment	-	-	-	-
Contractual expenditures	2,000	2,317	(317)	3,082
Total Natural Resource	<u>3,025</u>	<u>4,005</u>	<u>(980)</u>	<u>3,767</u>
Constitution Park				
Personal services	-	-	-	-
Contractual expenditures	1,000	-	1,000	-
Other	-	-	-	-
Total Constitution Park	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Home and Community Services	<u>165,675</u>	<u>184,602</u>	<u>(18,927)</u>	<u>147,047</u>
Employee Benefits				
State retirement	60,500	66,865	(6,365)	52,351
Social Security	31,700	30,663	1,037	30,482
Worker's compensation	1,500	1,249	251	1,337
Unemployment	1,200	-	1,200	1,030
Disability	1,300	910	390	1,197
Hospital and medical insurance	89,000	84,256	4,744	73,155
Total Employee Benefits	<u>185,200</u>	<u>183,943</u>	<u>1,257</u>	<u>159,552</u>
Debt Service				
Bond/BAN principal	45,000	5,000	40,000	45,000
Bond/BAN interest	2,500	1,343	1,157	2,693
Total Debt Service	<u>47,500</u>	<u>6,343</u>	<u>41,157</u>	<u>47,693</u>
Total expenditures	<u>1,311,391</u>	<u>1,288,455</u>	<u>22,936</u>	<u>1,227,471</u>
Revenues Over (Under) Expenditures	<u>(100,665)</u>	<u>(40,650)</u>	<u>60,015</u>	<u>(1,602)</u>
Other Financing Sources (Uses)				
Transfers from other funds	-	1	1	-
Transfers to other funds	-	-	-	(21,549)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1</u>	<u>1</u>	<u>(21,549)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures (Uses)	<u>(100,665)</u>	<u>(40,649)</u>	<u>60,016</u>	<u>(23,151)</u>
Fund Balance at June 1	430,291	430,291	-	453,442
Prior period adjustments	-	(114,860)	(114,860)	-
Fund balance at May 31	<u>\$ 329,626</u>	<u>274,782</u>	<u>(54,844)</u>	<u>430,291</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Special Revenue - Water Fund
Balance Sheet

At May 31, 2013 with Comparative Totals for 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 255,208	\$ 244,931
Water rents receivable	21,286	53,884
Accounts receivable	-	-
Due from other funds	497	-
Due from other governments	280	-
Prepaid expense	-	-
Total assets	<u>277,271</u>	<u>298,815</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	-	-
Due to other funds	7,500	-
Accrued liabilities	12,605	25,780
Due to other governments	-	-
Total liabilities	<u>20,105</u>	<u>25,780</u>
FUND EQUITY		
Reserved for encumbrances	-	-
Reserved for retirement	-	-
Reserved for repairs	-	-
Reserved for capital	232,731	166,948
Fund balances:		
Unreserved:		
Designated for subsequent years expenditures	-	-
Undesignated	24,435	106,087
Total fund equity	<u>257,166</u>	<u>273,035</u>
Total liabilities and fund equity	<u>\$ 277,271</u>	<u>\$ 298,815</u>

See notes to financial statements.

VILLAGE OF LEWISTON, NEW YORK
Special Revenue - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for Year Ended 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Adjusted Budget	Actual		
REVENUES				
Departmental income:				
Metered sales	155,819	168,854	13,035	173,977
Service charges	3,760	3,985	225	5,155
Interest and penalties	<u>2,650</u>	<u>2,013</u>	<u>(637)</u>	<u>2,350</u>
Total departmental income	<u>162,229</u>	<u>174,852</u>	<u>12,623</u>	<u>181,482</u>
Use of money and property:				
Interest earnings	<u>295</u>	<u>108</u>	<u>(187)</u>	<u>281</u>
Total use of money and property	<u>295</u>	<u>108</u>	<u>(187)</u>	<u>281</u>
Permits and licenses:				
Water permits	-	-	-	-
Sale of property and compensation for loss:				
Sale of scrap and equipment	-	600	600	-
Minor sales	-	-	-	-
Insurance recoveries	-	-	-	-
Other compensation for loss	-	-	-	655
Total compensation for loss	-	600	600	655
Refund of prior year expenses/misc	-	-	-	-
Total revenues	<u>162,524</u>	<u>175,560</u>	<u>13,036</u>	<u>182,418</u>
EXPENDITURES:				
General government support:				
Auditor	-	-	-	-
Printing & mailing	-	-	-	-
Equipment/install	-	-	-	-
Central data processing service contract	-	-	-	-
Insurance	-	-	-	-
Contingent & bank charges	-	-	-	-
Total general government support	-	-	-	-
Home and community services:				
Water administration:				
Personal services	25,771	26,220	(449)	25,720
Equipment	-	-	-	-
Contractual	<u>1,600</u>	<u>1,661</u>	<u>(61)</u>	<u>1,633</u>
Total water administration	<u>27,371</u>	<u>27,881</u>	<u>(510)</u>	<u>27,353</u>
Source of supply:				
Contractual	<u>106,094</u>	<u>76,495</u>	<u>29,599</u>	<u>102,435</u>
Total source of supply	<u>106,094</u>	<u>76,495</u>	<u>29,599</u>	<u>102,435</u>
Transmission and distribution:				
Personal services	12,422	11,688	734	4,127
Equipment	2,000	10,923	(8,923)	-
Contractual	<u>4,215</u>	<u>8,904</u>	<u>(4,689)</u>	<u>1,877</u>
Total transmission and distribution	<u>18,637</u>	<u>31,515</u>	<u>(12,878)</u>	<u>6,004</u>
Total Home & Community Service	<u>152,102</u>	<u>108,010</u>	<u>16,211</u>	<u>135,792</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Special Revenue - Water Fund
 Schedule of Revenues and Expenditures - Budget and Actual
 For the year ended May 31, 2013 with comparative totals for Year Ended 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Adjusted Budget	Actual		
<u>Expenditures</u>				
Employee benefits:				
State retirement	-	-	-	
Social security	2,922	2,867	55	2,254
Workers' compensation	-	-	-	
Unemployment and disability insurance	-	-	-	
Hospital & medical	-	-	-	3,950
Total employee benefits	<u>2,922</u>	<u>2,867</u>	<u>55</u>	<u>6,204</u>
Total expenditures	<u>155,024</u>	<u>138,758</u>	<u>16,266</u>	<u>141,996</u>
Excess (deficiency) of revenues over expenditures	<u>7,500</u>	<u>36,802</u>	<u>29,302</u>	<u>40,422</u>
Other financing sources (uses)				
Operating transfers-in (out)	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	29,302	29,302	40,422
Fund balance June 1	273,035	273,035	-	232,613
Prior period adjustments	-	(45,171)	(45,171)	-
Fund balance May 31	<u>273,035</u>	<u>257,166</u>	<u>(15,869)</u>	<u>273,035</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Special Revenue - Sewer Fund
Balance Sheet

At May 31, 2013 with Comparative Totals for 2012

	<u>Totals</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 45,528	\$ 36,928
Sewer rents receivable	32,234	76,601
Due from other funds	-	-
Due from other governments	-	-
Prepaid retirement	-	-
Total assets	<u>77,762</u>	<u>113,529</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	21,027	37,378
Accrued liabilities	-	-
Deposits	-	-
Bond anticipation notes payable	-	-
Due to other funds	-	-
Due to other governments	-	-
Total liabilities	<u>21,027</u>	<u>37,378</u>
FUND EQUITY		
Reserved for retirement	-	-
Reserved for debt service	-	-
Fund balances:		
Unreserved:		
Designated for capital projects	-	-
Designated for subsequent years expenditures	17,800	17,800
Undesignated	<u>38,935</u>	<u>58,351</u>
Total fund equity	<u>56,735</u>	<u>76,151</u>
Total liabilities and fund equity	<u>\$ 77,762</u>	<u>113,529</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Special Revenue - Sewer Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
 For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Adjusted Budget	Actual		
REVENUES				
Departmental income:				
Sewer rents	204,614	246,277	41,663	239,236
Sewer charges	1,000	1,350	350	1,400
Interest and penalties	4,305	3,161	(1,144)	3,351
Total departmental income	<u>209,919</u>	<u>250,788</u>	<u>40,869</u>	<u>243,987</u>
Use of money and property:				
Interest earnings	20	2	(18)	14
Licences and permits:				
Sewer permits	-	-	-	-
Compensation for loss:				
Insurance recoveries	-	-	-	-
Other compensation for loss	-	-	-	-
Miscellaneous:				
Disaster assistance	-	-	-	-
Refund of prior year expense	-	-	-	-
Total revenues	<u>209,939</u>	<u>250,790</u>	<u>40,851</u>	<u>244,001</u>
EXPENDITURES				
General governmental support:				
Auditor	-	-	-	-
Central printing & mailing	-	-	-	-
Central data processing-equipment	-	-	-	-
Central data processing-service contract	-	-	-	-
Insurance	-	-	-	-
Contingent	50	21	29	50
Total general government support	<u>50</u>	<u>21</u>	<u>29</u>	<u>50</u>
Home and community services:				
Sewer administration:				
Personal services	11,440	11,266	174	11,487
Equipment	-	-	-	-
Other contractual expenditures	800	704	96	739
Total sewer administration	<u>12,240</u>	<u>11,970</u>	<u>270</u>	<u>12,226</u>
Sanitary sewers:				
Personal services	1,000	1,431	(431)	803
Equipment	10,500	1,685	8,815	-
Contractual expenditures	3,000	7,142	(4,142)	16,293
Total sanitary sewers	<u>14,500</u>	<u>10,258</u>	<u>4,242</u>	<u>17,096</u>
Treatment and disposal:				
Personal services	4,316	633	3,683	2,733
Equipment	-	-	-	-
Contractual expenditures	195,351	175,122	20,229	182,069
Total Treatment and disposal	<u>199,667</u>	<u>175,755</u>	<u>23,912</u>	<u>184,802</u>
Total home and community services	<u>226,407</u>	<u>197,983</u>	<u>28,424</u>	<u>214,124</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN , NEW YORK

Special Revenue - Sewer Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
For the year ended May 31, 2013 with Comparative Totals for the Year Ended 2012

EXPENDITURES	2013		Variance Favorable (Unfavorable)	2012 Actual
	Adjusted Budget	Actual		
Employee benefits:				
State retirement	-	-	-	-
Social security	1,282	1,020	262	1,138
Workers' compensation insurance	-	-	-	-
Life insurance	-	-	-	-
Unemployment insurance	-	-	-	-
Disability insurance	-	-	-	-
Medical and hospital insurance	-	-	-	860
Total employee benefits	<u>1,282</u>	<u>1,020</u>	<u>262</u>	<u>1,998</u>
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Interfund loans	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>227,739</u>	<u>199,024</u>	<u>28,715</u>	<u>216,172</u>
Excess (deficiency) of revenues over expenditures	<u>(17,800)</u>	<u>51,766</u>	<u>69,566</u>	<u>27,829</u>
Other financing sources (uses)				
BAN's redeemed from appropriations	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(17,800)</u>	<u>51,766</u>	<u>69,566</u>	<u>27,829</u>
Fund balances June 1	76,151	76,151	-	48,322
Prior period adjustments	-	(71,182)	(71,182)	-
Fund balances May 31	<u>\$ 58,351</u>	<u>\$ 56,735</u>	<u>(1,616)</u>	<u>76,151</u>

See notes to financial statements.

VILLAGE OF YOUNGSTOWN, NEW YORK

Capital Projects Funds
 Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance
 At May 31, 2013 with Comparative totals for 2012

BALANCE SHEET

ASSETS	2013	2012
Cash and investments	\$ 129,046	166,461
Due from other funds	7,500	-
Due from other governments	-	-
Total assets	<u>136,546</u>	<u>166,461</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	-	-
Due to other funds	-	-
Bond Anticipation Note	40,000	45,000
Total liabilities	<u>40,000</u>	<u>45,000</u>
FUND EQUITY		
Reserved for encumbrances	-	-
Reserved for capital	96,546	121,461
Fund balances:		
Unreserved:		
Total fund equity	<u>96,546</u>	<u>121,461</u>
Total liabilities and fund equity	<u>\$ 136,546</u>	<u>\$ 166,461</u>

REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

	2013	2012
REVENUES		
Interest	\$ 80	240
Transfers from other funds	7,500	21,549
Bond Anticipation Notes redeemed from appropriations	5,000	45,000
Total revenue	<u>12,580</u>	<u>66,789</u>
EXPENDITURES:		
Buildings, Equipment and Capital Outlay	-	12,175
Pier/Boat Launch	37,495	-
Total expenditures	<u>37,495</u>	<u>12,175</u>
Excess (deficiency) of revenues over expenditures	(24,915)	54,614
Fund balance June 1	121,461	66,847
Fund balance May 31	<u>96,546</u>	<u>121,461</u>

See notes to financial statements.

INDEPENDENT AUDITOR'S 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

To the Village Board
Village of Youngstown, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Youngstown, NY, (Village) as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 8, 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 of Youngstown, New York's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be both a significant deficiency and material weakness [2013-1].

Compliance and Other Matters

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

Village of Youngstown, New York's Response to Findings

The Village of Youngstown, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Brown & Company, LLP

Niagara Falls, New York
May 8, 2014

VILLAGE OF YOUNGSTOWN, NEW YORK

Schedule of Findings and Responses

For the year ended May 31, 2013

Section I – Financial Statement Findings

• Finding No. 2013-1 – Financial Statement and Related Disclosures Preparation, Review, and Approval

Criteria: Organization personnel should have the ability to prepare, review, or approve the financial statements and all related disclosures for completeness, consistency, and compliance with generally accepted accounting principles in the United States of America, and the Organization's accounting and disclosure policies. Additionally there is no review/approval of journal entries.

Finding: Organization personnel do not have the ability to prepare, review, or approve the financial statements and all related disclosures for completeness, consistency, and compliance with generally accepted accounting principles in the United States of America, and the Organization's accounting and disclosure policies. Unauthorized or intentional/unintentional adjustments may be recorded without detection.

Effect: Potential material misstatements in the financial statements may not be prevented, detected and corrected in a timely manner.

Recommendation: Review of financial statement and related disclosures to determine cost/benefit of additional steps to perform this function or alternative measures and independent review and approval of journal entries..

Response from Village of Lewiston:

Although we do not have Organization personnel who can prepare, review, or approve our financial statements and all related disclosures for completeness, consistency, and compliance with generally accepted accounting principles in the United States of America, and the Organization's accounting and disclosure policies, we have in place an alternative measure in that we engage and pay our outside independent auditors to prepare our financial statements and related footnotes with our oversight yearly. The Village understands the risk associated with this and believes the cost of correcting this material weakness would far exceed the benefits to be derived from doing so.