

**TOWN OF AMHERST,
NEW YORK**

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

TOWN OF AMHERST, NEW YORK

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Amherst, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, New York (the "Town"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Amherst Development Corporation, which represents 100% of the assets and revenues of the business-type activities. We did not audit the financial statements of the Town of Amherst Industrial Development Agency, which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Amherst Industrial Development Agency and Amherst Development Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2017 the Town implemented Governmental Accounting Standards Board (“GASB”) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

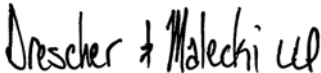
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards are the responsibility of management and were 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 Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.


May 21, 2018

TOWN OF AMHERST, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2017

As management of the Town of Amherst, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$84,489,505 (*net position*). This consists of \$188,316,041 net investment in capital assets, \$9,506,157 restricted for specific purposes, and unrestricted net position of \$(113,332,693).
- The Town's governmental activities total net position decreased \$19,844,940 during the year ended December 31, 2017.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$36,935,512, a decrease of \$6,227,382 in comparison with the prior year's fund balance of \$43,162,894.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$7,740,347, or 11.8 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 66.8 percent of the General Fund's total fund balance of \$11,591,535 at December 31, 2017.
- The Town's bond anticipation notes outstanding increased by \$69,928 while its total serial bonds outstanding increased by \$5,532,670 during the current year as a result of the issuance of serial bonds of \$12,027,080 offset by scheduled principal payments of \$6,496,410.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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 Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town'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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest and other fiscal charges. The business-type activities of the Town include the Amherst Development Corporation, a blended component unit.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate Industrial Development Agency for which the Town is financially accountable. Financial information presented for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

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

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains thirteen 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, Highway, Sewer, Special Grant and Capital Projects funds, all of which are considered to be major funds. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor

governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds—The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for the Amherst Development Corporation. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insurance and workers compensation insurance programs. Because these insurance services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Self Insurance Fund and for the Workers Compensation Fund. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the Supplementary Information section of this report.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources are not available to support the Town's own programs. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Town maintains one fiduciary fund, the Agency Fund.

The fiduciary fund statement can be found on page 23 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-63 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's Schedule of Funding Progress for its other postemployment benefits plan, the Town's net pension liability and the Town's budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note can be found on pages 64-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 74-80.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the Town's nonmajor funds. The Other Information can be found on pages 81-86 of this report.

The Federal Awards Information can be found on pages 87-97 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$84,450,718 at the close of the most recent year, as compared to \$104,294,381, as restated, at the close of the fiscal year ended December 31, 2016.

Table 1, as shown below, presents a condensed statement of net position as of December 31, 2017 and December 31, 2016.

Table 1 – Condensed Statement of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total	
	December 31,		December 31,		December 31,	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Current assets	\$ 78,713,350	\$ 87,113,159	\$ 35,833	\$ 17,567	\$ 78,749,183	\$ 87,130,726
Noncurrent assets	268,953,073	266,028,404	5,000	5,000	268,958,073	266,033,404
Total assets	347,666,423	353,141,563	40,833	22,567	347,707,256	353,164,130
Deferred outflows	23,933,619	39,293,331	-	-	23,933,619	39,293,331
Current liabilities	46,314,125	46,156,733	29,620	12,631	46,343,745	46,169,364
Long-term liabilities	231,822,696	230,670,017	50,000	50,000	231,872,696	230,720,017
Total liabilities	278,136,821	276,826,750	79,620	62,631	278,216,441	276,889,381
Deferred inflows	8,973,716	11,273,699	-	-	8,973,716	11,273,699
Net position:						
Net investment in capital assets	188,316,041	191,389,665	-	-	188,316,041	191,389,665
Restricted	9,506,157	10,165,558	-	-	9,506,157	10,165,558
Unrestricted	(113,332,693)	(97,220,778)	(38,787)	(40,064)	(113,371,480)	(97,260,842)
Total net position	\$ 84,489,505	\$ 104,334,445	\$ (38,787)	\$ (40,064)	\$ 84,450,718	\$ 104,294,381

The largest portion of the Town's net position, \$188,316,041, reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$9,506,157, represents resources that are subject to external restrictions on how they may be used. While the last portion of net position is considered to be an unrestricted net position of \$(113,371,480).

Table 2, presented below, shows the changes in net position for the years ended December 31, 2017 and December 31, 2016.

Table 2 – Condensed Statement of Changes in Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2017	2016 (as restated)	2017	2016 (as restated)	2017	2016 (as restated)
Program revenues:						
Charges for services	\$ 13,592,419	\$ 13,174,913	\$ 414,258	\$ -	\$ 14,006,677	\$ 13,174,913
Operating grants and contributions	32,359,423	31,506,924	-	-	32,359,423	31,506,924
Capital grants and contributions	423,968	465,909	-	-	423,968	465,909
General revenues	108,728,057	102,172,243	-	-	108,728,057	102,172,243
Total revenues	155,103,867	147,319,989	414,258	-	155,518,125	147,319,989
Total expenses	174,948,807	165,826,864	412,981	21,185	175,361,788	165,848,049
Change in net position	(19,844,940)	(18,506,875)	1,277	(21,185)	(19,843,663)	(18,528,060)
Net position—beginning	104,334,445	141,158,677	(40,064)	(18,879)	104,294,381	141,139,798
Restatement	-	(18,317,357)	-	-	-	(18,317,357)
Net position—ending	\$ 84,489,505	\$ 104,334,445	\$ (38,787)	\$ (40,064)	\$ 84,450,718	\$ 104,294,381

A summary of sources of revenues of the primary government for the years ended December 31, 2017 and December 31, 2016 is presented below in Table 3.

Table 3 – Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2017	2016	Dollars	Percent (%)
Charges for services	\$ 13,592,419	\$ 13,174,913	\$ 417,506	3.2
Operating grants and contributions	32,359,423	31,506,924	852,499	2.7
Capital grants and contributions	423,968	465,909	(41,941)	(9.0)
Property and other taxes	94,827,717	92,254,864	2,572,853	2.8
Use of money and property	267,138	239,269	27,869	11.6
Sale of property and compensation for loss	393,614	288,772	104,842	36.3
Miscellaneous	9,191,608	5,474,773	3,716,835	67.9
State sources—unrestricted	4,047,980	3,914,565	133,415	3.4
Total revenues, net	\$ 155,103,867	\$ 147,319,989	\$ 7,783,878	5.3

Overall revenues of the governmental activities increased 5.3 percent from the prior year. This is due primarily to \$3,716,835 increases in miscellaneous revenues and an increase of \$2,572,853 in property and other taxes. Miscellaneous income increased due to the amount of contributions received for the Town's self-insurance and receipts from workers compensation claims. Property and other taxes increased due to budgetary increases.

The most significant source of revenues is property and other taxes, which accounts for \$94,827,717, or 61.1 percent of total revenues, for the year ended December 31, 2017, and \$92,254,864, or 62.6 percent of total revenues, for the year ended December 31, 2016. The next largest source of revenue is operating grants and contributions, which comprises \$32,359,423, or 20.9 percent of total revenues and \$31,506,924, or 21.4 percent of total revenues for the years ended December 31, 2017 and 2016, respectively. Another significant source of revenue for the Town is charges for services, which provided \$13,592,419 or 8.7 percent of total revenues, and \$13,174,913, or 8.9 percent of total revenues, for the years ended December 31, 2017 and 2016, respectively.

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

Table 4 – Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2017	2016	Dollars	Percent (%)
General government support	\$ 16,271,232	\$ 14,968,039	\$ 1,303,193	8.7
Public safety	49,813,151	48,815,633	997,518	2.0
Transportation	18,313,622	22,118,793	(3,805,171)	(17.2)
Economic assistance and opportunity	4,125,384	3,413,092	712,292	20.9
Culture and recreation	11,561,589	11,709,741	(148,152)	(1.3)
Home and community services	71,695,001	62,370,410	9,324,591	15.0
Interest and other fiscal charges	3,168,828	2,431,156	737,672	30.3
	<u>\$ 174,948,807</u>	<u>\$ 165,826,864</u>	<u>\$ 9,121,943</u>	5.5

Total expenses increased 5.5 percent from the year ended December 31, 2016, primarily due to \$9,324,591 and \$1,303,193 increases in home and community services and general government support expenditures, respectively. These increases have been caused by expenditures relating to home and community in regards to increases in personal costs, emergency repairs on sewers and increased contributions towards medical costs. General government support costs increased due to personal services and contractual costs. These increases were partially offset by a decrease of \$3,805,171 in transportation costs partially due to retro payments incurred in the previous year.

The Town's significant expense items for the year ended December 31, 2017 were home and community services of \$71,695,001 (primarily sewer, water, and sanitation services), public safety of \$49,813,151 (primarily police services), transportation of \$18,313,622 (primarily highway and road services) and general government support of \$16,271,232. Similarly, for the year ended December 31, 2016 significant expense items were home and community services of \$62,370,410 (primarily sewer, water, and sanitation services), public safety of \$48,815,633 (primarily police services), transportation of \$22,118,793 (primarily highway and road services) and general government support of \$14,968,039.

Financial Analysis Governmental Funds

Governmental funds—The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular use by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board. At December 31, 2017, the Town's governmental funds reported a combined ending fund balance of \$36,935,512, a decrease of \$6,227,382 from the prior year. Total unassigned fund balance at December 31, 2017 was \$(387,396). The Capital Projects Fund unassigned fund balance deficit of \$7,260,937, due

to the Town issuing bond anticipation notes (“BANs”) which do not qualify for treatment as an issuance of a long-term liability, and the Special Grant Fund unassigned fund balance deficit of \$7,594 are offset by the General Fund unassigned fund balance of \$7,740,347. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that has already been committed for 1) prepaid items, 2) long-term receivables, 3) loans receivable, 4) equipment and capital improvements, 5) special purposes, 6) payment of debt, 7) next year’s budget, or 8) encumbrances.

A discussion of the Town’s major operating funds follows:

The Town’s General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,740,347. The total fund balance decreased \$1,986,780 to a total fund balance of \$11,591,535. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 11.8 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 17.6 percent of that same amount.

During the year ended December 31, 2017, the Town’s Highway Fund fund balance increased by \$145,302 from the prior year, resulting in an ending fund balance of \$4,176,949. Approximately 76.2 percent of this amount, \$3,181,617 is reported as fund balance assigned for specific highway use.

At December 31, 2017, the Town’s Sewer Fund reported fund balance of \$10,894,775 an decrease of \$603,317 in comparison with the prior year. Approximately 49.3 percent of this amount, \$5,367,716 is fund balance assigned for specific sewer use.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules for the General Fund and the major funds, except the Special Grant and Capital Projects funds since they do not adopt an annual budget, are presented within the Required Supplementary Information section of this report have been provided to demonstrate compliance with their budgets. Additionally, budgetary comparison schedules for the Town’s nonmajor funds have been provided as other information.

The Town’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule within he required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2017 is presented on the following page in Table 5.

Table 5 – Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 62,188,954	\$ 63,372,342	\$ 63,805,277	\$ 432,935
Expenditures and other financing uses	<u>65,083,835</u>	<u>65,598,903</u>	<u>65,792,057</u>	<u>(193,154)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,894,881)</u>	<u>\$ (2,226,561)</u>	<u>\$ (1,986,780)</u>	<u>\$ 239,781</u>

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$515,068. Significant amendments to the budget included \$290,793 of supplemental appropriations to support medical insurance costs within public safety, \$132,587 for a retirement incentive within public safety, offset by a decrease of \$300,255 for personal services within public safety and \$173,869 of supplemental appropriations for personal services within the economic assistance and opportunity expenditures.

Final budget compared to actual results—Total revenues and other financing sources were more than the final budget by \$432,935 due to more than anticipated revenues for fines and forfeited bail and sales tax. Total expenditures and other financing uses were over the final budget by \$193,154. The most significant contributors were public safety and economic assistance and opportunity, which had budgetary overages of \$324,349 and \$241,743, respectively due to support medical insurance costs and a retirement incentive, offset by a decrease of \$325,245 for personal services and contractual expenses within general government support.

Capital Asset and Debt Administration

Capital Assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2017, amounted to \$268,953,073 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings, building improvements, machinery and equipment and ice rink facility.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Town’s capital asset policy.

Capital assets net of depreciation for the governmental activities for the years ended December 31, 2017 and 2016 are presented below.

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

	December 31,	
	2017	2016
Land	\$ 10,593,287	\$ 10,593,287
Construction in progress	28,658,313	27,264,857
Infrastructure	103,953,329	102,561,854
Land improvements	9,368,205	8,963,639
Buildings	65,271,356	69,230,021
Building improvements	6,626,670	6,114,041
Machinery and equipment	32,858,670	29,249,994
Ice rink facility	<u>11,623,243</u>	<u>12,050,711</u>
Total	<u>\$ 268,953,073</u>	<u>\$ 266,028,404</u>

Additional information on the Town’s capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—At December 31, 2017, the Town had bonded debt outstanding of \$74,647,080 as compared to \$69,116,410 at December 31, 2016. The Town issued of serial bonds of \$12,027,080 and made scheduled principal payments of \$6,496,410.

A summary of long-term liabilities for the governmental activities for the years ended December 31, 2017 and 2016 are presented below.

	Governmental Activities	
	December 31,	
	2017	2016
	2017	(as restated)
Serial bonds	\$ 74,647,080	\$ 69,116,410
Premium on serial bonds	2,714,307	3,094,476
Capital leases	640,976	866,627
Compensated Absences	16,421,924	17,110,266
Other postemployment benefits	99,964,060	89,693,711
Net pension liability	20,008,792	32,471,170
Net pension liability—LOSAP	17,425,557	18,317,357
Total	<u>\$ 231,822,696</u>	<u>\$ 230,670,017</u>

Additional information on the Town’s long-term liabilities can be found in Note 13 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The Town’s comprehensive plan highlights that the Town is renowned for an exceptional quality of life that is based on three fundamental attributes: livability, community character and a shared direction with the Buffalo-Niagara region. While, key initiatives of the Town include: to become an area renowned for beauty, character and environmental quality; capitalize on the presence of institutions of higher education and outstanding public school districts; become a model for effective reinvestment and revitalization of older neighborhoods; and to exercise leadership by providing excellent services and facilities ensuring fiscal balance, and managing development to promote predictability, fairness and quality.

The comprehensive plan focuses on the follow elements:

- **Land use and development**—the Town strives to promote compact, pedestrian-friendly development that emphasizes community appearance and sense of place. It hopes to spur reinvestment and redevelopment in its older neighborhoods and its commercial corridors. A town-wide open space system linked by trails, greenways, stream corridors, and bicycle/pedestrian facilities is a part of its comprehensive plan.
- **Natural and cultural resources**—the Town is focused on preserving and enhancing its rich natural and cultural resources for the future. The open space policy identified in the land use and development element is a key to this objective, as well as a new initiative of community-wide “Greening Amherst”, program of tree planting and re-vegetation. In accordance with the plan the Town recently completed an update to its historic resources inventory and designated its first historic district.

- **Economic development**—the Town continues the promotion of a healthy tax and employment base, through the increasing economic development partnerships with governmental agencies and private businesses and institutions. Redevelopment and revitalization are key initiatives and the Town is revising its zoning to prevent adverse commercial development that would negatively affect community character and quality of life in neighborhoods while working to promote regional economic development.
- **Transportation**—the Town intends to encourage a more balanced, multi-modal transportation system that emphasizes alternative means of travel, to include walking, biking, and public transportation. To achieve these goals there are targeted capital and operational improvements to the road network, investments in the creating a bicycle/pedestrian network, and improved transit services.
- **Infrastructure**—the Town will work to ensure that its residents are provided with well-maintained and cost-effective public water, sewer, stormwater, and other utility infrastructure systems. Key initiatives are related to stormwater management and sanitary sewer improvements.
- **Housing and neighborhoods**—the Town is determined to maintain quality affordable housing and healthy and diverse neighborhoods are available to all residents. Affordable housing policies focus on continuing existing housing programs that promote home ownership and affordability, while policies for housing diversity are designed to encourage a variety of housing types. Finally, neighborhood conservation policies propose initiation of a program to promote revitalization of older neighborhoods through measures such as code enforcement and capital improvements.
- **Community facilities**—the Town anticipates the establishment of an on-going system to objectively identify community facility and service needs for use in planning and programming. Such a system will aid to identify opportunities for community facilities and ensure cost effective strategies.

The unemployment rate, not seasonally adjusted, for the Town during December 2017 was 4.1 percent. This is favorable to New York State's unemployment rate of 4.6 and the national unemployment rate of 4.1 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2018 budget. The Town's 2018 budget includes an appropriation of fund balance of \$5,435,552. The 2018 General Fund tax rate increased 1.28% from 2017.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Supervisor's Office, Town of Amherst, 5583 Main St., Williamsville, NY 14221.

BASIC FINANCIAL STATEMENTS

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TOWN OF AMHERST, NEW YORK
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Agency
ASSETS				
Cash and cash equivalents	\$ 23,328,773	\$ 35,833	\$ 23,364,606	\$ 1,678,763
Restricted cash and cash equivalents	32,015,687	-	32,015,687	64,343
Investments	-	5,000	5,000	
Receivables	3,375,738	-	3,375,738	74,620
Intergovernmental receivables	10,321,492	-	10,321,492	-
Loans receivable	7,195,902	-	7,195,902	-
Notes receivable	-	-	-	50,000
Prepaid items	2,475,758	-	2,475,758	5,027
Capital assets not being depreciated	39,251,600	-	39,251,600	100,000
Capital assets, net of accumulated depreciation	229,701,473	-	229,701,473	510,987
Total assets	<u>347,666,423</u>	<u>40,833</u>	<u>347,707,256</u>	<u>2,483,740</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	23,308,750	-	23,308,750	-
Deferred outflows—refunding bonds	624,869	-	624,869	-
Total deferred outflows of resources	<u>23,933,619</u>	<u>-</u>	<u>23,933,619</u>	<u>-</u>
LIABILITIES				
Accounts payable	6,816,438	29,620	6,846,058	49,371
Accrued liabilities	6,162,537	-	6,162,537	-
Retainages payable	361,927	-	361,927	-
Due to Agency Fund	2,500	-	2,500	-
Intergovernmental payables	40	-	40	-
Bond anticipation notes payable	32,946,190	-	32,946,190	-
Unearned revenue	24,493	-	24,493	-
Noncurrent liabilities:				
Due within one year	9,058,127	-	9,058,127	50,227
Due in more than one year	222,764,569	50,000	222,814,569	375,932
Total liabilities	<u>278,136,821</u>	<u>79,620</u>	<u>278,216,441</u>	<u>475,530</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	4,816,838	-	4,816,838	-
Settlement recovery	3,134,467	-	3,134,467	-
Payment in lieu of taxes	34,799	-	34,799	-
Grant funding	987,612	-	987,612	-
Total deferred inflows of resources	<u>8,973,716</u>	<u>-</u>	<u>8,973,716</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	188,316,041	-	188,316,041	184,828
Restricted for:				
Loans receivable	7,195,902	-	7,195,902	-
Capital projects	234,524	-	234,524	-
Special purpose	2,075,731	-	2,075,731	-
Industrial development loans and mortgage escrow	-	-	-	64,343
Unrestricted	<u>(113,332,693)</u>	<u>(38,787)</u>	<u>(113,371,480)</u>	<u>1,759,039</u>
Total net position	<u>\$ 84,489,505</u>	<u>\$ (38,787)</u>	<u>\$ 84,450,718</u>	<u>\$ 2,008,210</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Activities
Year Ended December 31, 2017

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	Industrial Development Agency
Primary government:							
Governmental activities:							
General government support	\$ 16,271,232	\$ 2,744,931	\$ 13,768	\$ 250,000	\$ (13,262,533)	\$ -	\$ -
Public safety	49,813,151	3,021,448	101,927	-	(46,689,776)	-	-
Transportation	18,313,622	396,701	851,210	76,492	(16,989,219)	-	-
Economic assistance and opportunity	4,125,384	432,571	336,381	-	(3,356,432)	-	-
Culture and recreation	11,561,589	3,633,217	52,250	97,476	(7,778,646)	-	-
Home and community services	71,695,001	3,363,551	31,003,887	-	(37,327,563)	-	-
Interest and other fiscal charges	3,168,828	-	-	-	(3,168,828)	-	-
Total primary government	<u>\$174,948,807</u>	<u>\$ 13,592,419</u>	<u>\$32,359,423</u>	<u>\$ 423,968</u>	<u>(128,572,997)</u>	<u>-</u>	<u>-</u>
Business-type activities:							
Amherst Development Corporation	\$ 412,981	\$ -	\$ -	\$ -	\$ -	(412,981)	-
Component unit:							
Industrial Development Agency	<u>\$ 528,370</u>	<u>\$ 342,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(185,696)</u>
General revenues:							
					74,787,061	-	-
					20,040,656	-	-
					267,138	-	883
					393,614	-	-
					9,191,608	414,258	409,582
					4,047,980	-	-
					<u>108,728,057</u>	<u>414,258</u>	<u>410,465</u>
					(19,844,940)	1,277	224,769
					<u>104,334,445</u>	<u>(40,064)</u>	<u>1,783,441</u>
					<u>\$ 84,489,505</u>	<u>\$ (38,787)</u>	<u>\$ 2,008,210</u>

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

TOWN OF AMHERST, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2017

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>	<u>Capital Projects</u>		
ASSETS							
Cash and cash equivalents	\$ 4,056,079	\$ 2,293,812	\$ 7,161,625	\$ 1,497,416	\$ 1,576,858	\$ 6,742,983	\$ 23,328,773
Restricted cash and cash equivalents	59,292	-	-	-	21,405,873	6,189,722	27,654,887
Receivables	1,935,942	107,055	27,869	6,713	37,513	1,062,887	3,177,979
Due from other funds	602,408	1,471,225	3,032,493	1,880	211,300	901,855	6,221,161
Intergovernmental receivables	6,931,049	821,829	1,770,884	262,129	455,881	79,720	10,321,492
Prepaid items	1,839,347	190,654	200,438	7,594	-	237,725	2,475,758
Loans receivable	-	-	-	7,195,902	-	-	7,195,902
Total assets	<u>\$15,424,117</u>	<u>\$ 4,884,575</u>	<u>\$12,193,309</u>	<u>\$ 8,971,634</u>	<u>\$23,687,425</u>	<u>\$15,214,892</u>	<u>\$ 80,375,952</u>
LIABILITIES							
Accounts payable	\$ 1,301,415	\$ 395,309	\$ 659,696	\$ 779,299	\$ 1,834,014	\$ 1,525,276	\$ 6,495,009
Accrued liabilities	1,997,021	283,509	315,246	8,781	-	410,949	3,015,506
Due to other funds	474,854	28,808	323,592	-	892,316	1,504,091	3,223,661
Intergovernmental payables	-	-	-	40	-	-	40
Bond anticipation notes payable	-	-	-	-	28,846,720	-	28,846,720
Unearned revenue	24,493	-	-	-	-	-	24,493
Total liabilities	<u>3,797,783</u>	<u>707,626</u>	<u>1,298,534</u>	<u>788,120</u>	<u>31,573,050</u>	<u>3,440,316</u>	<u>41,605,429</u>
DEFERRED INFLOWS OF RESOURCES							
Payment in lieu of taxes	34,799	-	-	-	-	-	34,799
Grant funding	-	-	-	987,612	-	-	987,612
Mortgage and lease receivable	-	-	-	-	-	812,600	812,600
Total deferred inflows of resources	<u>34,799</u>	<u>-</u>	<u>-</u>	<u>987,612</u>	<u>-</u>	<u>812,600</u>	<u>1,835,011</u>
FUND BALANCES (DEFICITS)							
Nonspendable	1,839,347	190,654	3,200,438	7,203,496	-	237,725	12,671,660
Restricted	-	-	-	-	234,524	6,881,909	7,116,433
Assigned	2,011,841	3,986,295	7,694,337	-	-	3,842,342	17,534,815
Unassigned	7,740,347	-	-	(7,594)	(8,120,149)	-	(387,396)
Total fund balances (deficits)	<u>11,591,535</u>	<u>4,176,949</u>	<u>10,894,775</u>	<u>7,195,902</u>	<u>(7,885,625)</u>	<u>10,961,976</u>	<u>36,935,512</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$15,424,117</u>	<u>\$ 4,884,575</u>	<u>\$12,193,309</u>	<u>\$ 8,971,634</u>	<u>\$23,687,425</u>	<u>\$15,214,892</u>	<u>\$ 80,375,952</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2017

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

Total fund balances (deficit)—governmental funds (page 16)		\$ 36,935,512
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$551,545,569 and the accumulated depreciation is \$282,592,496		268,953,073
Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows of resources in the funds but are considered government-wide		
Deferred inflows of resources - mortgage and lease receivable		812,600
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(361,927)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 7,028,284	
Deferred outflows related to experience changes of assumptions, investment earnings, and changes in proportion	16,280,466	
Deferred inflows of resources related to pensions	<u>(4,816,838)</u>	18,491,912
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		624,869
Net accrued interest expense for bond anticipation notes and serial bonds is not reported in the funds.		(597,253)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$(74,647,080)	
Premium on serial bonds	(2,714,307)	
Capital leases	(640,976)	
Compensated absences	(16,421,924)	
OPEB obligation	(99,964,060)	
Net pension liability	(20,008,792)	
Net pension liability—LOSAP	<u>(17,425,557)</u>	(231,822,696)
Internal service funds' net position which is due to governmental activities and related charges for services provided.		<u>(8,546,585)</u>
Net position of governmental activities		<u>\$ 84,489,505</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds
Year Ended December 31, 2017

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
REVENUES							
Real property taxes	\$25,894,973	\$ 8,611,471	\$ 16,664,119	\$ -	\$ -	\$ 22,382,737	\$ 73,553,300
Other property tax items	1,233,761	-	-	-	-	-	1,233,761
Non property tax items	20,040,656	-	-	-	-	-	20,040,656
Departmental income	4,805,525	395,261	390,530	-	-	587,976	6,179,292
Intergovernmental charges	-	-	2,571,821	-	-	-	2,571,821
Use of money and property	187,902	5,057	13,515	-	16,490	42,061	265,025
Licenses and permits	57,393	-	-	-	-	2,633,524	2,690,917
Fines and forfeitures	2,150,389	-	-	-	-	-	2,150,389
Sale of property and compensation for loss	94,647	92,765	43,411	-	-	162,791	393,614
Miscellaneous	1,416,994	688,566	137,561	-	420,669	556,840	3,220,630
State aid	4,353,142	851,210	-	101,782	250,000	103,265	5,659,399
Federal aid	97,237	-	-	30,900,767	173,968	-	31,171,972
Total revenues	<u>60,332,619</u>	<u>10,644,330</u>	<u>19,820,957</u>	<u>31,002,549</u>	<u>861,127</u>	<u>26,469,194</u>	<u>149,130,776</u>
EXPENDITURES							
Current:							
General government support	11,845,782	6,383	-	-	-	148	11,852,313
Public safety	35,891,730	-	-	-	-	9,644,126	45,535,856
Transportation	2,076,860	9,556,623	-	-	-	3,117,822	14,751,305
Economic assistance and opportunity	3,481,356	-	-	-	-	-	3,481,356
Culture and recreation	8,942,684	-	-	-	-	38,989	8,981,673
Home and community services	-	-	14,434,862	30,934,156	-	13,383,551	58,752,569
Debt service:							
Principal	-	206,825	-	-	-	6,515,236	6,722,061
Interest	140,333	98,903	382,784	-	-	2,219,829	2,841,849
Capital outlay	-	-	-	-	14,700,780	-	14,700,780
Total expenditures	<u>62,378,745</u>	<u>9,868,734</u>	<u>14,817,646</u>	<u>30,934,156</u>	<u>14,700,780</u>	<u>34,919,701</u>	<u>167,619,762</u>
Excess (deficiency) of revenues over expenditures	<u>(2,046,126)</u>	<u>775,596</u>	<u>5,003,311</u>	<u>68,393</u>	<u>(13,839,653)</u>	<u>(8,450,507)</u>	<u>(18,488,986)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,472,658	55,997	275,083	-	13,790,311	10,056,361	27,650,410
Transfers out	(3,413,312)	(686,291)	(5,881,711)	-	(1,500,123)	(16,168,973)	(27,650,410)
Proceeds of serial bonds	-	-	-	-	-	12,027,080	12,027,080
Premium on obligations	-	-	-	-	234,524	-	234,524
Total other financing sources (uses)	<u>59,346</u>	<u>(630,294)</u>	<u>(5,606,628)</u>	<u>-</u>	<u>12,524,712</u>	<u>5,914,468</u>	<u>12,261,604</u>
Net change in fund balances	(1,986,780)	145,302	(603,317)	68,393	(1,314,941)	(2,536,039)	(6,227,382)
Fund balances (deficit)—beginning	<u>13,578,315</u>	<u>4,031,647</u>	<u>11,498,092</u>	<u>7,127,509</u>	<u>(6,570,684)</u>	<u>13,498,015</u>	<u>43,162,894</u>
Fund balances (deficit)—ending	<u>\$11,591,535</u>	<u>\$ 4,176,949</u>	<u>\$ 10,894,775</u>	<u>\$ 7,195,902</u>	<u>\$ (7,885,625)</u>	<u>\$ 10,961,976</u>	<u>\$ 36,935,512</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit)—Governmental Funds to the Statement of Activities
December 31, 2017

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

Net change in fund balances (deficit)—total governmental funds (page 18) \$ (6,227,382)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 18,707,167	
Loss on disposition of capital assets	(213,995)	
Depreciation expense	<u>(15,568,503)</u>	2,924,669

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (267,761)

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. (168,556)

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

Town pension contributions	\$ 7,028,284	
Cost of benefits earned net of employee contributions	(9,126,480)	(2,098,196)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (87,763)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the

Proceeds from serial bonds	\$ (12,027,080)	
Principal payments on serial bonds	6,496,410	
Amortization of bond premiums	380,169	
Payment of capital lease	225,651	
Change in compensated absences	688,342	
Change in OPEB obligation	<u>(10,270,349)</u>	(14,506,857)

Internal service funds are used by management to charge the cost of insurance, judgments, claims and related administrative expenses to individual funds. The net excess of charges for such services is reported within governmental activities. 586,906

Change in net position of governmental activities \$ (19,844,940)

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2017

	Governmental Activities	Business-type Activity	
	Internal Service Funds	Amherst Development Corporation	Total
ASSETS			
Current assets:			
Restricted cash and cash equivalents	\$ 4,360,800	\$ 35,833	\$ 4,396,633
Investments	-	5,000	5,000
Receivables	197,759	-	197,759
Total current assets	4,558,559	40,833	4,599,392
LIABILITIES			
Current liabilities:			
Accounts payable	321,429	29,620	351,049
Accrued liabilities	2,549,778	-	2,549,778
Due to other funds	3,000,000	-	3,000,000
Bond anticipation notes payable	4,099,471	-	4,099,471
Total current liabilities	9,970,678	29,620	10,000,298
Noncurrent liabilities:			
Note payable	-	50,000	50,000
Total noncurrent liabilities	-	50,000	50,000
Total liabilities	9,970,678	79,620	10,050,298
DEFERRED INFLOWS OF RESOURCES			
Settlement recovery	3,134,466	-	3,134,466
Total deferred inflows of resources	3,134,466	-	3,134,466
NET POSITION			
Unrestricted	(8,546,585)	(38,787)	(8,585,372)
Total net position	\$ (8,546,585)	\$ (38,787)	\$ (8,585,372)

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

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	
	<u>Internal Service Funds</u>	<u>Amherst Development Corporation</u>	<u>Total</u>
Operating revenues:			
Contributions	\$ 3,242,216	\$ -	\$ -
Miscellaneous	<u>322,956</u>	<u>414,258</u>	<u>737,214</u>
Total operating revenues	<u>3,565,172</u>	<u>414,258</u>	<u>3,979,430</u>
Operating expenses:			
Administrative expenses	491,683	412,981	904,664
Judgments and claim expenses	<u>2,419,538</u>	<u>-</u>	<u>2,419,538</u>
Total operating expenses	<u>2,911,221</u>	<u>412,981</u>	<u>3,324,202</u>
Operating income	<u>653,951</u>	<u>1,277</u>	<u>655,228</u>
Nonoperating revenues (expenses):			
Premium on obligations	33,329	-	33,329
Interest expense	(102,487)	-	(102,487)
Interest income	<u>2,113</u>	<u>-</u>	<u>2,113</u>
Total nonoperating revenues (expenses)	<u>(67,045)</u>	<u>-</u>	<u>(67,045)</u>
Change in net position	586,906	1,277	588,183
Total net position—beginning	<u>(9,133,491)</u>	<u>(40,064)</u>	<u>(9,173,555)</u>
Total net position—ending	<u>\$ (8,546,585)</u>	<u>\$ (38,787)</u>	<u>\$ (8,585,372)</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2017

	Governmental Activities	Business-type Activity	
	Internal Service Funds	Amherst Development Corporation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ 3,134,224	\$ -	\$ 3,134,224
Receipts from reimbursements and settlement recoveries	323,801	30,642	354,443
Payments for administrative and judgments and claims	(2,681,619)	-	(2,681,619)
Net cash provided by operating activities	776,406	30,642	807,048
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans from other funds	(5,100,000)	-	(5,100,000)
Repayment of note payable	-	(12,376)	(12,376)
Premium on bond anticipation notes	33,329	-	33,329
Interest on bond anticipation notes	(102,487)	-	(102,487)
Net cash used for noncapital financing activities	(5,169,158)	(12,376)	(5,181,534)
CASH FLOWS FROM INVESTING ACTIVITIES			
Note receivable	-	12,376	12,376
Interest earnings	2,113	-	2,113.00
Net cash provided by investing activities	2,113	12,376	14,489
Net (decrease) increase in cash and cash equivalents	(4,390,639)	30,642	(4,359,997)
Cash and cash equivalents—beginning	8,751,439	5,191	8,756,630
Cash and cash equivalents—ending	\$ 4,360,800	\$ 35,833	\$ 4,396,633
Reconciliation of operating income to net cash used for operating activities:			
Operating income	\$ 653,951	\$ 1,277	\$ 655,228
Adjustments to reconcile operating income to net cash provided by operations:			
Increase in receivables	(186,996)	-	(186,996)
Decrease in due from other funds	79,004	-	79,004
Increase in accounts payable	224,450	29,365	253,815
Increase in accrued liabilities	5,152	-	5,152
Increase in deferred inflows	845	-	845
Net cash used for operating activities	\$ 776,406	\$ 30,642	\$ 807,048

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2017

ASSETS

Cash	\$ 1,867,403
Amounts due from other funds	2,500
LOSAP assets	<u>8,915,160</u>
Total assets	<u>\$ 10,785,063</u>

LIABILITIES

Amounts due to other parties	\$ 1,869,903
Amounts held for LOSAP	<u>8,915,160</u>
Total liabilities	<u>\$ 10,785,063</u>

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

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TOWN OF AMHERST, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Amherst, New York (the “Town”) have been prepared in conformity with the accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Town reports one business-type activity. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity

The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and various local laws. The five-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town include:

Supervisor	Town Clerk
Councilmembers (4)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town are the County of Erie and the Village of Williamsville. Public education is provided by four independent school districts within the Town.

The Town participates in a cooperative organization known as Amherst Utility Cooperative (the “Cooperative”) which was formed pursuant to the General Municipal Laws of the State of New York. Any municipal corporation or school district duly incorporated under applicable State Law is eligible for membership in this organization. The Cooperative was formed for the purpose of helping its members by performing services connected with the purchase of various types of energy for their use. Management does not believe that the Town has an ongoing financial responsibility for this joint venture.

Participants share, proportionately to their usage, in all expenses. The joint venture has not accumulated significant surpluses or deficits. The Comptroller of the Town of Amherst has custody of all monies transferred from participants and is responsible for the books and records of the

Cooperative. The Cooperative's financial information can be obtained from the Town Comptroller's office at 5583 Main Street, Williamsville, New York 14221.

The Buffalo Niagara Heritage Village (the "Museum") is an educational institution, chartered by the State of New York, whose purpose is to instill, educate and cultivate in a public audience an informed appreciation of the American past and its impact on current lifestyles, culture and historical development of the Town of Amherst. The chartered organization is legally responsible for the collections and is the fund-raising arm of the Museum. The artifacts and historical collections are property of the New York State Department of Education and are not included within the Town's financial statements. In 2010, the Town granted a revocable license to the Museum to use the Town property at 3755 Tonawanda Creek Road beginning January 1, 2011 until December 31, 2035. The Museum financial statements can be obtained from the Museum's Executive Director at Buffalo Niagara Heritage Village, 3755 Tonawanda Creek Road, Amherst, New York 14228-1599.

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

The Village and Town share equally in all expenses of development and maintenance of Glen Park. Such contribution is determined on an annual basis. The joint venture has not accumulated significant surpluses or deficits. The Treasurer of the Village of Williamsville has custody of all monies appropriated by the Town as its share of park maintenance on or about the 1st of June each year. The joint venture's financial statements can be obtained from the Village Administrator's office at 5565 Main Street, Williamsville, New York 14221.

The accompanying financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable.

Discretely Presented Component Unit—The component unit column in the basic financial statements include the financial data of the Town's discretely presented component unit. This unit is reported in a separate column to emphasize that they are legally separate from the Town.

Town of Amherst Industrial Development Agency—The Town of Amherst Industrial Development Agency (the "Agency") is a public benefit corporation created by Article 18A of New York State General Municipal Law to promote the economic welfare, recreation opportunities and prosperity of County inhabitants. Members of the Agency are appointed by the Town Board which exercises no oversight responsibility for fiscal matters. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town is not liable for agency bonds or notes. Separate financial statements can be obtained by writing the Agency's administration office, 4287 Main Street, Amherst, New York 14226.

Blended Component Unit—The following blended component unit is legally separate from the Town, but is, in substance part of the Town's operations and therefore data is combined with data of the Town. The Town of Amherst Development Corporation (the "Corporation") was incorporated on May 23, 1977 under Section 402 of the Not-for-Profit Corporation Law to achieve the following lawful public quasi-public objectives:

- Relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instruction or training individuals to improve or develop their capabilities for such jobs, carrying on

scientific research for the purpose of aiding the Town by attracting new industry hereto and by encouraging the development or retention of industries in the Town and improving the economy and lessening the burdens of government and otherwise acting in the public interest, all within the Town;

- Construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants within said Town where projects assisted by the Empire State Development Corporation are to be located, and to assist financially in such construction, acquisition, rehabilitation and improvement and to maintain such plant for others;
- To study and promote, alone or in concert with local officials and interested local groups, the economic growth and business prosperity of the Town and such other areas of Western New York as may relate to and affect the Town and further the solution of other civic problems of the Western New York region.

Basis of Presentation—Government-wide Financial Statements

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

As discussed earlier, the government has a discretely presented component unit. The Town of Amherst Industrial Development Agency is shown in a separate column in the government-wide financial statements.

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

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the principal operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for this fund is real property taxes.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for this fund is real property taxes.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts. The major source of revenue for this fund is real property taxes.

- *Special Grant Fund*—The Special Grant Fund is used to record all activity related to the Federal Housing and Urban Development Community Development program. The major source of revenue for this fund is federal aid.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

- *Proprietary Funds*—The Internal Service Funds are used to account for the Town’s insurance program. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town’s various functions.
- *Fiduciary Fund*—The Agency Fund is used to account for assets held by the Town as an agent for individuals, other governments, or other funds. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to

compensated absences, pensions, other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2017; however, when the Town does have investments it is the Town’s policy to record them at fair value based on quoted market value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent cash from unearned revenues and deferred inflows of resources received, unspent proceeds of debt and premiums from debt.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for fund financial purposes. At December 31, 2017, the Town reported unearned revenues in the General Fund in the amount of \$23,493 for cash received in advance for which the Town has not performed the related services.

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

Capital Assets—Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are incurred. Expenditures reported in the Capital Project Fund are classified as capital outlays. Routine capital expenditures in other funds are included in the appropriate functional category (i.e. purchase of new highway equipment as part of current expenditures—transportation).

Additionally, from time to time the amount reported as capital outlays in the Capital Projects Fund includes certain non-capitalized costs (i.e. furnishings below the capitalization threshold).

The Town does not depreciate a capital asset until it is placed in service. The asset is accounted for as a construction in progress until it is placed in service.

Capital assets of the Town are depreciated using the straight line method over the estimated useful lives shown below:

Assets	Years
Buildings	50
Building improvements	20
Land improvements	10-25
Infrastructure:	
Water and sewer systems	50
Traffic control systems	30
Bridges and culverts	30-40
Roads	10-30
Street lighting	25
Machinery and equipment:	
Office equipment and furniture	10
Heavy equipment	15
Vehicles	5-10
Computers	5
Furniture	10
Other	10

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—Assets purchased or acquired with a useful life exceeding one year are capitalized. Contributed capital assets are recorded at fair value at the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. The Agency depreciates assets on the straight-line basis over the asset’s estimated useful lives ranging from 3 to 10 years.

Retainages Payable—Represents expenses incurred by the Town related to construction contracts but that have not been paid as of December 31, 2017 reported in the government-wide financial statements.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2017, the Town has two items that qualify for reporting in this category. The first item is a deferred charge on refunding which the Town reports within the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide financial statements. This represents the effect

of the net change in the Town's proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2017, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements. The second item represents unavailable revenues. The Town reports unavailable revenues from four sources: settlement recovery funds, a payment in lieu of taxes ("PILOT"), a mortgage and lease receivable that are currently being disputed and grant funding. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and

appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

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

Property Taxes—The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Erie County real property taxes. Property taxes are levied and become a lien as of January 1 based on assessed property values as of that date.

In 2017 payments were due January 1 to February 15 without penalty; February 16 to February 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 17 a 6% penalty; April 18 to May 1 a 7.5% penalty; and 1.5% added each month thereafter.

The tax roll is returned to the Erie County Commissioner of Finance after June 30th at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items that are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

The Town also bills and collects taxes for various school districts within Town limits. Collections of the school district taxes and remittances of them are accounted for by the Receiver of Taxes, independent of Town operations.

Compensated Absences—The Town labor agreements and Town Board rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

The compensated absences liability for the Town at December 31, 2017 totaled \$16,421,924 and is reported in the government-wide financial statements.

Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to customers (funds) for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Service Awards—The Town has adopted a Service Award Program for firefighters that serve on a volunteer basis. The Program is administered by an outside agency, with the Town as trustee. More information is included in Note 8.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 9.

Other

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2017, the Town implemented GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending December 31, 2017. GASB statement No. 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The implementation of GASB Statements No. 74, 81, and 82 did not have a material impact on the Town’s financial position or results from operations. The impact of the implementation of GASB Statement No. 73 and GASB Statement No. 80 are discussed in Note 2.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018, and No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; and No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019, and No. 87, *Leases*, effective for the year ending December 31, 2020. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 75, 83, 84, 85, 86, 87, and 88 will have on its financial position and results of operations.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20.
- Formal annual budgetary accounts are employed as a management control device for the General and all Special Revenue Funds, except the Special Grants Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- Annual budgets for governmental funds, except the Special Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1st, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year’s original budget.
- The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project’s inception and lapse upon completion/termination of the grant/funding/project.

- Debt Service Fund appropriations are budgeted within the Town’s operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.
- Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

Deficit Fund Balances—The Capital Projects Fund has a deficit fund balance of \$(7,026,413) at December 31, 2017. The deficit is caused by the Town’s issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

Additionally, the Town’s Self Insurance Fund and Workers Compensation Fund had net deficit fund balances at December 31, 2017. The Town anticipates receiving settlement revenues. In the event that settlement revenues do not remedy the deficit, the Town anticipates that transfers from other funds will remedy the deficit.

2. RESTATEMENT

During the year ended December 31, 2017, the Town implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The implementation of GASB Statement No. 73 requires the Town’s net pension liability related to LOSAP to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total pension liability), less the amount of the LOSAP plan’s fiduciary net position. As a result, the pension liability related to LOSAP was estimated to be \$18,317,357 at December 31, 2016. Net position of the Town’s governmental activities at December 31, 2016 has been restated by \$(18,317,357). Additionally, during December 31, 2017, the Town implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. As a result, net position of the Town’s business-type activities at December 31, 2016 has been restated by \$(40,064).

The Towns net position as of December 31, 2016 has been restated as follows:

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position—December 31, 2016, as previously stated	\$ 122,651,802	-
GASB Statement No. 73 implementation:		
Beginning system liability—LOSAP	(18,317,357)	-
GASB Statement No. 80 implementation	-	(40,064)
Net position—December 31, 2016, as restated	<u>\$ 104,334,445</u>	<u>\$ (40,064)</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance (FDIC). The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2017 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 25,134	\$ -	\$ -	\$ 25,134
Deposits	55,319,326	35,833	1,867,403	57,222,562
Total	<u>\$ 55,344,460</u>	<u>\$ 35,833</u>	<u>\$ 1,867,403</u>	<u>\$ 57,247,696</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2017 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 1,035,833	\$ 1,035,833
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	55,874,681	55,597,218
Not collateralized [^]	594,293	589,511
Total	<u>\$ 57,504,807</u>	<u>\$ 57,222,562</u>

[^] At December 31, 2017, deposits held by a third-party contractor for the Town’s Section 8 Federally funded program were not collateralized.

Custodial credit risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized.

Investments—The Town had no investments at December 31, 2017.

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

Restricted cash and cash equivalents—The Town reports cash from unearned revenues and deferred inflows of resources received, unspent proceeds of debt and premiums from debt as restricted cash and cash equivalents. At December 31, 2017, the Town reported \$32,015,687 of restricted cash and cash equivalents within its governmental activities.

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—The Agency had unrestricted deposits of \$1,678,763 and restricted deposits of \$64,343 which were insured or collateralized by securities held by the pledging financial institution’s trust department or agent in the Agency’s name.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2017:

Accounts receivable—Represents franchise fees receivable and amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes, etc.) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Other miscellaneous items are also included. Amounts due to the Town at December 31, 2017 are:

General Fund:		
Franchise fees	\$ 1,224,737	
Town Justice	209,655	
Ice facility	149,400	
Judgements	130,115	
Property code violations	96,216	
Workers compensation	36,497	
Senior Center	20,904	
Town Clerk/Tax Receiver	18,058	
Museum	6,233	
Meals on Wheels	2,721	
Other	41,406	\$ 1,935,942
Highway Fund:		
Fuel purchases		\$ 107,055
Sewer Fund:		
Inspections	26,095	
Other	1,774	\$ 27,869
Special Grant Fund:		
Other		\$ 6,713
Capital Projects Fund:		
Replacement credit		\$ 37,513
Nonmajor Funds:		
Mortgage and note receivable	\$ 812,600	
Town Clerk	234,875	
Recycling/waste management	15,412	\$ 1,062,887
Proprietary Funds:		
Workers compensation		\$ 197,759

Mortgage and note receivable—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling of \$548,943 and \$263,657, respectively, related to the sale of the compost facility and related equipment. The mortgage receivable carries 5.84% interest rate. The note receivable carries 4.25% interest rate and payments from the borrowers are due monthly from

the months of March through November for both. During the year ended December 31, 2017, the Town received \$179,590 of mortgage payments, consisting of \$131,032 and \$48,558 of principal and interest, respectively. Payments on the note receivable began March 1, 2013. These receivables are offset by deferred inflows in the balance sheet since the revenue recognition criteria has not been met.

Intergovernmental receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Intergovernmental receivables at December 31, 2017 are:

General Fund:			
Erie County - sales tax	\$	6,701,570	
Erie County		86,587	
Federal government		133,834	
New York State		1,037	
Other		<u>8,021</u>	\$ <u>6,931,049</u>
Highway Fund:			
Fuel reimbursement		459	
Snow plowing		174,060	
New York State		<u>647,310</u>	\$ <u>821,829</u>
Sewer Fund:			
Sewer fees			\$ <u>1,770,884</u>
Special Grant Fund:			
Federal government			\$ <u>262,129</u>
Capital Projects Fund:			
Grants			\$ <u>455,881</u>
Nonmajor funds:			
Federal government	\$	20,833	
New York State		<u>58,887</u>	\$ <u>79,720</u>

Loans receivable—Loans receivable within the Special Grant Fund consist of loans which were made by the Community Development Office of the Town through implementation of the Community Development Block Grant program. The funds received from repayments of such loans will be used towards future Community Development Block Grant expenditures and the related programs implemented through such grant.

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—Significant receivables of the Agency include notes receivable. At December 31, 2017, the Agency had notes receivable of \$50,000.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,593,287	\$ -	\$ -	\$ 10,593,287
Construction in progress	27,264,857	14,700,780	(13,307,324)	28,658,313
Total capital assets not being depreciated	<u>37,858,144</u>	<u>14,700,780</u>	<u>(13,307,324)</u>	<u>39,251,600</u>
Capital assets, being depreciated:				
Infrastructure	195,300,831	6,509,035	(6,109,506)	195,700,360
Land improvements	14,211,737	1,237,224	-	15,448,961
Buildings	203,535,717	-	-	203,535,717
Building improvements	12,308,752	991,643	-	13,300,395
Machinery and equipment	57,170,936	8,575,809	(1,062,484)	64,684,261
Ice rink facility	19,624,275	-	-	19,624,275
Total capital assets, being depreciated	<u>502,152,248</u>	<u>17,313,711</u>	<u>(7,171,990)</u>	<u>512,293,969</u>
Less accumulated depreciation for:				
Infrastructure	(92,738,977)	(5,117,560)	6,109,506	(91,747,031)
Land improvements	(5,248,098)	(832,658)	-	(6,080,756)
Buildings	(134,305,696)	(3,958,665)	-	(138,264,361)
Building improvements	(6,194,711)	(479,014)	-	(6,673,725)
Machinery and equipment	(27,920,942)	(4,753,138)	848,489	(31,825,591)
Ice rink facility	(7,573,564)	(427,468)	-	(8,001,032)
Total accumulated depreciation	<u>(273,981,988)</u>	<u>(15,568,503)</u>	<u>6,957,995</u>	<u>(282,592,496)</u>
Total capital assets being depreciated, net	<u>228,170,260</u>	<u>1,745,208</u>	<u>(213,995)</u>	<u>229,701,473</u>
Governmental activities capital assets, net	<u>\$ 266,028,404</u>	<u>\$ 16,445,988</u>	<u>\$ (13,521,319)</u>	<u>\$ 268,953,073</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2017 as follows:

General government support	\$ 452,829
Public safety	446,037
Transportation	3,644,808
Economic assistance and opportunity	172,498
Culture and recreation	1,375,420
Home and community services	9,476,911
	<u>\$ 15,568,503</u>

Discretely Presented Component Units

Town of Amherst Industrial Development Agency—Capital asset activity for the Town of Amherst Industrial Development Agency was as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets, being depreciated:				
Leasehold improvements	22,710	-	-	22,710
Equipment	180,602	6,720	-	187,322
Buildings	719,835	-	-	719,835
Total capital assets, being depreciated	<u>923,147</u>	<u>6,720</u>	<u>-</u>	<u>929,867</u>
Less accumulated depreciation for:				
Leasehold improvements	(16,397)	(1,470)	-	(17,867)
Equipment	(164,593)	(7,496)	-	(172,089)
Buildings	(210,762)	(18,162)	-	(228,924)
Total accumulated depreciation	<u>(391,752)</u>	<u>(27,128)</u>	<u>-</u>	<u>(418,880)</u>
Total capital assets being depreciated, net	<u>531,395</u>	<u>(20,408)</u>	<u>-</u>	<u>510,987</u>
Capital assets, net	<u>\$ 631,395</u>	<u>\$ (20,408)</u>	<u>\$ -</u>	<u>\$ 610,987</u>

6. ACCRUED LIABILITIES

Accrued liabilities include salary and other related liabilities. Accrued liabilities of the Town's governmental funds at December 31, 2017 are:

General Fund:	
Salary	<u>\$ 1,997,021</u>
Highway Fund:	
Salary	<u>\$ 283,509</u>
Sewer Fund:	
Salary	\$ 307,746
Deposits	7,500
	<u>\$ 315,246</u>
Special Grant Fund:	
Salary	<u>\$ 8,781</u>
Nonmajor Funds:	
Salary	<u>\$ 410,949</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

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

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2017, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2016, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Net pension liability	\$ 11,325,341	\$ 8,683,451
Town's portion of the Plan's total net pension liability	0.5464179%	0.0924143%

For the year ended December 31, 2017, the Town recognized pension expenses of \$6,743,258 and \$5,304,894, respectively, for PFRS and ERS. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as presented on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 1,485,690	\$ 217,599	\$ 1,956,768	\$ 1,318,631
Changes of assumptions	5,579,520	2,966,585	-	
Net difference between projected and actual earnings on pension plan investments	1,691,423	1,734,437	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	537,272	1,123,528	172,299	198,148
Town contributions subsequent to the measurement date	3,587,235	3,441,049	-	-
Total	<u>\$ 12,881,140</u>	<u>\$ 9,483,198</u>	<u>\$ 2,129,067</u>	<u>\$ 1,516,779</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2018	\$ 2,327,297	\$ 1,974,418
2019	2,327,297	1,974,418
2020	2,201,056	1,660,963
2021	15,923	(1,084,429)
2022	293,265	-

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the following actuarial assumptions:

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	4.50%	3.80%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.50%	2.50%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Measurement date	PFRS and ERS	
	March 31, 2017	
Asset class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.8
Real estate	10.0	5.8
Absolute return strategies	2.0	4.0
Opportunistic portfolio	3.0	5.9
Real assets	3.0	5.5
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
Total	<u>100.0 %</u>	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 32,106,686	\$ 11,325,341	\$ (6,105,119)
Employer's proportionate share of the net pension liability/(asset)—ERS	27,733,223	8,683,451	(7,423,095)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	March 31, 2017	March 31, 2017	
Employers' total pension liability	\$ 31,670,483	\$ 177,400,586	\$ 209,071,069
Plan fiduciary net position	29,597,830	168,004,363	197,602,193
Employers' net pension liability	<u>\$ 2,072,653</u>	<u>\$ 9,396,223</u>	<u>\$ 11,468,876</u>
System fiduciary net position as a percentage of total pension liability	93.46%	94.70%	94.51%

8. PENSION OBLIGATIONS—LOSAP

Plan Description—The Town established a defined benefit Length of Service Awards Program (the “LOSAP”) for the active volunteer firefighters of Ellicott Creek Fire Protection District No. 9, Getzville Fire Protection District No. 11, Main-Transit Fire Protection District No. 14, North Amherst Fire Protection District No. 10 and North Bailey Fire Protection District No. 18. The program took effect January 1, 1992. The Program was established pursuant to Article 11-A of the General Municipal Law. The Program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

Certain information contained in this note is based on information for LOSAP as of December 31, 2016, which is the most recent valuation date for which complete information related to the year ended December 31, 2017 is available.

Participation, Vesting and Service Credit—Active volunteer firefighters who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. The program’s entitlement age is age fifty-five. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values.

Benefits—A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to twenty dollars multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed thirty. Except in the case disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control—Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated Penflex, Inc. to assist in the administration of the program.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program.

Authority to invest program assets is vested in the Investment Committee. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary, dated January 1, 2017.

Contributions—New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2016 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate—The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Participants Covered by the Benefit Terms—At the December 31, 2016 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	176
Inactive participants entitled to but not yet receiving benefit payments	248
Active participants	<u>193</u>
Total	<u><u>617</u></u>

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source:

	<u>Total Pension Liability</u>
Balance as of 12/31/2015 measurement date	\$ 18,317,357
Changes for the year:	
Service cost	397,324
Interest	587,498
Changes of assumptions or other inputs	(1,314,183)
Differences between expected and actual experience	148,264
Benefit payments	<u>(710,703)</u>
Net changes	<u>(891,800)</u>
Balance as of 12/31/2016 measurement date	<u>\$ 17,425,557</u>

Sensitivity of the Total Pension Liability to changes in the discount rate—The following presents the total pension liability of the Town as of the December 31, 2016 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.71 percent) or one percentage point higher (4.71 percent) than the current rate:

	<u>Decrease (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>Increase (4.71%)</u>
Net pension liability	\$ 20,153,836	\$ 17,425,557	\$ 13,243,913

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the year ended December 31, 2017, the Town recognized pension expense of \$830,176. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 188,345	\$ 71,541
Changes of assumptions or other inputs	-	1,099,451
Benefit payments & administrative expenses subsequent to the measurement date	<u>756,067</u>	<u>-</u>
Total	<u>\$ 944,412</u>	<u>\$ 1,170,992</u>

\$756,067 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>December 31,</u>	
2018	\$ (183,272)
2019	(183,272)
2020	(183,272)
2021	(180,189)
2022	(111,640)
Thereafter	(141,001)

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town provides two experience rated PPO plans and one experience rates traditional indemnity plan for its retirees and their dependents. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents. There were 561 retirees receiving health care benefits at December 31, 2017.

Funding Policy—Authorization for the Town to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Town Board or through union contracts, which are ratified by the Town Board. For an employee to be eligible for the Town’s postemployment health plan they must qualify for retirement as a member of the New York State retirement system. All current retirees, future eligible police retirees as well as future eligible non-police retirees (hired prior to January 1, 1977) receive full health care coverage with no contribution requirements for themselves, dependents, and surviving spouses. Eligible non-police retirees that were hired after January 1, 1977 will be required to pay 10% of the additional premium for spousal coverage, with surviving spouse being required to contribute 15% of the individual premium.

The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The table on the following page shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town’s net OPEB obligation.

	Year Ended December 31,		
	2017	2016	2015
Annual required contribution	\$ 19,352,212	\$ 16,262,764	\$ 16,262,764
Interest on net OPEB obligation	3,139,280	3,248,308	2,911,920
Adjustment to annual required contribution	(6,335,768)	(5,668,038)	(5,668,038)
Annual OPEB costs (expense)	16,155,724	13,843,034	13,506,646
Contributions made	(5,885,375)	(5,357,020)	(5,096,942)
Increase in net OPEB obligation	10,270,349	8,486,014	8,409,704
Net OPEB obligation—beginning of year	89,693,711	81,207,697	72,797,993
Net OPEB obligation—end of year	\$ 99,964,060	\$ 89,693,711	\$ 81,207,697
Percentage of ARC contributed	30.4%	32.9%	31.3%

Funding Status and Funding Progress—As of January 1, 2017, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$205,151,728.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of the Town’s contributions is shown below:

Year Ended December 31,	Annual Required Contribution	Annual OPEB Cost	Contributions Made	Percentage Contributed
2017	\$ 19,352,212	\$ 16,155,724	\$ 5,885,375	36.4%
2016	16,262,764	13,843,034	5,357,020	38.7%
2015	16,262,764	13,506,646	5,096,942	37.7%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2017 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2017. The discount rate used is 3.5%. The RPH-2014 Mortality Table, with generation mortality, using scale MP-2014 and projected forward using scale MP-2017, for males and females is used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State &

Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant report entitled “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.” Upon retirement it is assumed that 100% of eligible employees and their spouses will elect for post-employment health care benefits, while it is assumed that 70% of retirees will be married at the time of their retirement. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar closed basis, therefore the remaining amortization period at December 31, 2017 was 20 years.

10. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of damage to, and destruction of assets; injuries to employees; and natural disasters. The Town purchases insurance for: property (fire, flood, earthquake and boiler); computer equipment; and, employee fidelity. The Town purchases excess coverage for workers’ compensation for claims in excess of \$500,000. Workers’ compensation insurance coverage is limited to \$2 million per accident. The Town also purchases excess liability coverage for claims in excess of \$2 million limited to \$20 million per occurrence or wrongful act or employee benefit wrongful act under one policy. There is an aggregate \$20 million limit for products-completed operations hazards, errors and omissions liability and employee benefit liability aggregate.

There have been no significant reductions in the levels of commercial insurance from the prior year.

Judgments and Claims—The Town is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At December 31, 2017, the judgments and claims liability and the workers’ compensation liability are recorded within the Town’s Internal Service Fund. This liability is the Town’s best estimate based on available information. Changes in the reported liabilities since January 1, 2016 resulted from the following:

	Liability, 1/1/2017	Claims	Payments	Liability, 12/31/2017
Judgments & claims	\$ 20,000	\$ -	\$ 20,000	\$ -
Workers' compensation	2,524,626	408,828	383,676	2,549,778

	Liability, 1/1/2016	Claims	Payments	Liability, 12/31/2016
Judgments & claims	\$ 4,061,251	\$ 618,837	\$ 4,660,088	\$ 20,000
Workers' compensation	2,835,992	533,765	845,131	2,524,626

There are claims in the range of \$2,190,000 to \$4,797,500 which are classified as reasonably possible.

11. LEASE OBLIGATIONS

During 2010 and 2014 the Town entered into agreements as lessee for financing the acquisition of certain highway and recreation equipment. The lease agreements qualify as a capital lease/installment purchase contracts for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations under the leases are summarized on the following page.

Year ended December 31,	Governmental Activities Highway Equipment
2018	220,678
2019	220,678
2020	220,680
Total minimum lease payments	662,036
Less: Amount representing imputed interest costs	(21,060)
Present value of minimum lease payment	<u>\$ 640,976</u>

The Town has purchased the following assets with the proceeds of the lease:

	Governmental Activities
Assets:	
Highway equipment	\$ 2,244,258
Less: Accumulated depreciation	(954,692)
Total	<u>\$ 1,289,566</u>

12. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. During the current year the Town was not required to make a principal payment on the Internal Service Fund BAN. 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 used for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing provided that annual reductions of principal are made. The following is a summary of the Town’s short-term debt for the year ended December 31, 2017:

	Issued	Maturity	Interest Rate	Balance 1/1/2017	Issues	Redemptions	Balance 12/31/2017
Bond anticipation notes:							
Various capital projects	11/9/16	11/9/17	0.84%	\$ 28,776,791	\$ -	\$ 28,776,791	\$ -
Payment of settlement	11/9/16	11/9/17	0.84%	4,099,471	-	4,099,471	-
Various capital projects	11/8/17	11/8/18	1.17%	-	28,846,720	-	28,846,720
Payment of settlement	11/8/17	11/9/17	1.17%	-	4,099,470	-	4,099,470
				<u>\$ 32,876,262</u>	<u>\$ 32,946,190</u>	<u>\$ 32,876,262</u>	<u>\$ 32,946,190</u>

The BANs issued on November 8, 2017 included a premium of \$234,524 in the governmental funds and \$33,329 in the proprietary funds.

13. LONG-TERM LIABILITIES

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, premium on serial bonds, capital leases, compensated absences, OPEB obligation and net pension liabilities. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

Summary of Changes in Long-Term Liabilities—The following is a summary of changes in long-term debt for the year ended December 31, 2017:

	Balance 1/1/2017 (as restated)	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental activities:					
Serial bonds	\$ 69,116,410	\$ 12,027,080	\$ 6,496,410	\$ 74,647,080	\$ 7,282,080
Premium on serial bonds	<u>3,094,476</u>	-	<u>380,169</u>	<u>2,714,307</u>	<u>380,169</u>
Net bonds payable	72,210,886	12,027,080	6,876,579	77,361,387	7,662,249
Capital leases	866,627	-	225,651	640,976	210,205
Compensated absences	17,110,266	155,110	843,452	16,421,924	1,185,673
OPEB obligation	89,693,711	16,155,724	5,885,375	99,964,060	-
Net pension liability*	32,471,170	-	12,462,378	20,008,792	-
Net pension liability—LOSAP*	<u>18,317,357</u>	-	<u>891,800</u>	<u>17,425,557</u>	-
Total governmental activities	<u>\$ 212,352,660</u>	<u>\$ 28,337,914</u>	<u>\$ 27,185,235</u>	<u>\$ 231,822,696</u>	<u>\$ 9,058,127</u>

(*reductions to the net pension liabilities are shown net of reductions.)

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the current year, the Town issued \$12,027,080 in Public Improvement Serial Bonds for various purposes. The interest rate ranges from 2.0% to 3.0% and the bonds will mature on November 1, 2035. There were no premiums or discounts in connected with the issued bonds.

Prior Year's Advanced Refunding—During prior years, the Town issued \$7,695,000 in Refunding Serial Bonds, which collectively refund the previously issued 1999 and 2001 (partial refunding) bonds, originally issued for various purposes. The interest on the 2009 bonds ranges from 2.5% to 3.5%. The total net proceeds of the bonds (after deductions for net issuance costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America, with the remaining cash proceeds from the sale of the bonds, and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original 1999 bonds are considered fully refunded and the 2001 bonds are considered partially refunded and the liability of those bonds, now \$0 and \$1,250,000, respectively, has been removed from the financial statements.

Also during prior years, the Town issued \$14,230,000 in Refunding Serial Bonds—2007 Series A and \$1,155,000 in non-callable Refunding Bonds—2007 Series B, which collectively refund the previously issued 1999A bonds, originally issued to finance the acquisition of a parcel of real property and the existing building thereon. The 2007 Series A were called on December 1, 2017. The interest on Series B bonds yield 5.630%. The total net proceeds of \$15,712,576 (after deductions for net issuance costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original bonds are considered refunded and the liability of those bonds, \$5,285,000, has been removed from the financial statements.

Additionally, in prior years, the Town also advance refunded \$17,980,000 of Tax-Exempt Lease Revenue Bonds 1997A of the Amherst Industrial Development Agency (the “AIDA Bonds”) that were used to finance the construction of the Amherst Multi-Surface Ice Rink complex. The bond proceeds were placed into an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the AIDA Bonds. As a result, the AIDA Bonds were considered to be defeased, and the December 31, 2017 financial statements do not reflect the obligation, now equal to \$5,960,000.

A summary of bonded indebtedness transactions for the year ended December 31, 2017 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2017	Issues	Redemptions	Principal Outstanding 12/31/2017
General Fund						
Acquisition-Eggertsville Community Center	2007/2022	4.0000%	\$ 35,328	\$ -	\$ 35,328	\$ -
Eggertsville Community Center	2007/2022	4.0000%	35,328	-	35,328	-
Mill Street Land & Building	2009/2019	2.500-5.000%	460,000	-	155,000	305,000
Central Alarm Voice Recording Equipment	2011/2022	2.000-5.000%	103,363	-	15,593	87,770
Traffic Signals	2011/2022	2.000-5.000%	24,044	-	3,627	20,417
Amherst Park Master Plan	2011/2022	2.000-5.000%	70,281	-	10,602	59,679
Local Waterfront Rev Plan	2011/2022	2.000-5.000%	22,810	-	3,441	19,369
Veterans Canal Park Improvements	2014/2039	2.000-5.000%	40,000	-	5,000	35,000
Dellwood Park Improvements	2014/2039	2.000-5.000%	41,000	-	5,000	36,000
Golf Course Improvements	2014/2039	2.000-5.000%	546,000	-	61,000	485,000
Senior Center	2014/2020	2.000-5.000%	2,210,000	-	515,000	1,695,000
2014 Refunding Serial Bonds Lehigh Valley Trailway	2014/2020	2.000-5.000%	15,000	-	5,000	10,000
2014 Refunding Serial Bonds Lehigh Valley Trailway Construction	2014/2020	2.000-5.000%	30,000	-	10,000	20,000
Youth and Community Center Improvements	2015/2030	2.000-3.000%	155,000	-	22,500	132,500
Traffic Signals	2015/2030	2.000-3.000%	42,000	-	3,000	39,000
Parking Lot Improvement at the Clearfield Library	2015/2030	2.000-3.000%	136,000	-	34,000	102,000
Replacement of Traffic Signal Equipment at Various Intersections	2015/2030	2.000-3.000%	48,000	-	3,500	44,500
Various Improvements to Fetto Park	2015/2030	2.000-3.000%	53,482	-	6,000	47,482
Installation and Improv. to the Town's WAN	2015/2030	2.000-3.000%	370,000	-	85,000	285,000
Improvements of Parking Lots	2015/2030	2.000-3.000%	119,000	-	27,000	92,000
Harlem Rd. Community Center Sprinkler System	2015/2030	2.000-3.000%	28,000	-	7,000	21,000
Clearfield Recreation Center Roof Replacement	2015/2030	2.000-3.000%	189,000	-	44,000	145,000
Ice Rink Acquisition, G.O. Refunding 2007 Series B (taxable)	2007/2022	5.630%	520,000	-	75,000	445,000
2016A Refunding Bonds Acquisition (2007)	2016/2022	2.000-5.000%	185,000	-	-	185,000
2016A Refunding Bonds Improvements (2007)	2016/2022	2.000-5.000%	185,000	-	-	185,000
Parking Lot Improvements	2016/2039	3.000-3.125%	369,500	-	60,500	309,000
Traffic Signal Controls	2016/2039	3.000-3.125%	39,700	-	7,700	32,000
Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	150,800	-	10,800	140,000
HVAC North Amherst Rec Center	2016/2039	3.000-3.125%	81,375	-	10,375	71,000
Parking Lot Improvements	2016/2039	3.000-3.125%	373,200	-	43,200	330,000
Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	150,850	-	10,850	140,000
Central Fire Radio Repeater System Upgrade	2016/2039	3.000-3.125%	130,000	-	15,000	115,000
Various Traffic Signal Upgrades	2016/2039	3.000-3.125%	89,315	-	5,315	84,000
North Amherst Rec Center Garage B Roof Replacement	2016/2039	3.000-3.125%	72,450	-	9,450	63,000
Northtown Center Dasher Board Replacements	2016/2039	3.000-3.125%	240,160	-	16,160	224,000
Town Facility Park Lot Improvements 2013	2016/2039	3.000-3.125%	383,000	-	44,000	339,000
Harlem Rd. Community Center Building Improvements	2016/2039	3.000-3.125%	116,100	-	8,100	108,000
Bike Path and Trailway Repaving	2016/2039	3.000-3.125%	87,743	-	6,743	81,000
Improvements to Service Lifts HWY Garage A5132	2016/2039	3.000-3.125%	113,130	-	7,130	106,000
Upgrades to Central Alarm / Police Radio System	2016/2039	3.000-3.125%	51,292	-	14,292	37,000
Town Parking Lot Improvements	2016/2039	3.000-3.125%	448,562	-	45,562	403,000
Traffic Signal Controls Replacements	2016/2039	3.000-3.125%	68,500	-	6,500	62,000
Town Park Improvements	2016/2039	3.000-3.125%	390,000	-	24,000	366,000
Amherst Justice Facility Addition	2016/2039	3.000-3.125%	988,420	-	37,420	951,000
Clearfield Pool Liner Replacement	2016/2039	3.000-3.125%	66,760	-	4,760	62,000
2007 Series A Ice Rink Refunding Federally Taxable	2016/2022	1.320% -2.000%	6,580,000	-	1,080,000	5,500,000
Northtown Center Ice Resurfacer	2016/2039	3.000-3.125%	138,950	-	10,950	128,000
2017 Bonds Ballfield Canopy Backstops	2017/2035	2.000- 3.000%	-	82,000	-	82,000
2017 Bonds Police Secure Storage Building	2017/2035	2.000- 3.000%	-	354,683	-	354,683
2017 Bonds Veterans Park Improvements	2017/2035	2.000- 3.000%	-	53,273	-	53,273
2017 Bonds HRCC AUD HVAC Replacement	2017/2035	2.000- 3.000%	-	246,912	-	246,912
2017 Bonds Maplemere Traffic Signal	2017/2035	2.000- 3.000%	-	111,000	-	111,000
2017 Bonds Sportfield Backstops	2017/2035	2.000- 3.000%	-	33,000	-	33,000
2017 Bonds Eggertsville Youth Center Gym Roof Replacement	2017/2035	2.000- 3.000%	-	35,122	-	35,122
2017 Bonds Parking Lot Maintenance	2017/2035	2.000- 3.000%	-	374,253	-	374,253
2017 Bonds Recreation & Park Area Improvements	2017/2035	2.000- 3.000%	-	30,349	-	30,349
2017 Bonds Bike Path & Trailway Repaving Phase II	2017/2035	2.000- 3.000%	-	93,628	-	93,628
2017 Bonds Maple & Culpepper Traffic Signal Installation	2017/2035	2.000- 3.000%	-	133,000	-	133,000
2017 Bonds Highway HVAC Improvements	2017/2035	2.000- 3.000%	-	166,375	-	166,375
Total General Fund			<u>16,793,443</u>	<u>1,713,595</u>	<u>2,645,726</u>	<u>15,861,312</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2017	Issues	Redemptions	Principal Outstanding 12/31/2017
Town Outside Village Fund						
Highway Equipment - Part Town	2011/2022	2.000-5.000%	4,727	-	713	4,014
Total Town Outside Village Fund			<u>4,727</u>	<u>-</u>	<u>713</u>	<u>4,014</u>
Highway Fund						
Highway Equipment - Highway	2011/2022	2.000-5.000%	73,980	-	11,160	62,820
2014 Refunding Various Snow Plowing Equipment	2014/2020	2.000-5.000%	230,000	-	75,000	155,000
Various Town Road Pavements	2016/2039	3.000-3.125%	837,550	-	56,550	781,000
Highway Dept. Asphalt Paver	2016/2039	3.000-3.125%	284,800	-	19,800	265,000
Various Town Road Pavements 2013	2016/2039	3.000-3.125%	991,400	-	67,400	924,000
Plans for N. Bailey, Amsterdam, Emerson Intersection	2016/2039	3.000-3.125%	8,102	-	2,102	6,000
Paving & Curbing Improvements	2016/2039	3.000-3.125%	941,813	-	58,813	883,000
Improvements to Kings Highway	2016/2039	3.000-3.125%	258,591	-	16,591	242,000
2017 Bonds Rehab Northledge Drive	2017/2035	2.000- 3.000%	-	188,309	-	188,309
2017 Bonds Town Road & Curbing Improvements	2017/2035	2.000- 3.000%	-	894,593	-	894,593
2017 Bonds N. Bailey/Emerson/Amsterdam Intersection Reconfig.	2017/2035	2.000- 3.000%	-	14,857	-	14,857
2017 Bonds Ditch 5 Culvert at Flint Road	2017/2035	2.000- 3.000%	-	67,000	-	67,000
Total Highway Fund			<u>3,626,236</u>	<u>1,164,759</u>	<u>307,416</u>	<u>4,483,579</u>
Water District Fund						
Willowridge Road	2007/2022	4.0000%	41,741	-	41,741	-
Haussauer Road	2007/2022	4.0000%	37,094	-	37,094	-
Greengage Circle Phase II	2007/2022	4.0000%	10,598	-	10,598	-
Waterline Country Pkwy	2011/2022	2.000-5.000%	189,882	-	28,644	161,238
Water District 15 Improvements	2014/2039	2.000-5.000%	1,280,000	-	49,000	1,231,000
2014 Refunding Hopkins Rd. Water System Improvements	2014/2020	2.000-5.000%	230,000	-	75,000	155,000
Improvement of Facilities of Water District No. 15	2015/2030	2.000-3.000%	884,150	-	52,763	831,387
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	612,000	-	37,000	575,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	300,000	-	18,000	282,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	55,000	-	4,000	51,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	628,000	-	38,000	590,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	243,000	-	15,000	228,000
2016A Refunding Bonds Ayer Road Water District (2005)	2016/2022	2.000-5.000%	100,000	-	20,000	80,000
2016A Refunding Bonds Willowridge Road (2007)	2016/2022	2.000-5.000%	220,000	-	-	220,000
2016A Refunding Bonds Haussauer Road (2007)	2016/2022	2.000-5.000%	190,000	-	-	190,000
2016A Refunding Bonds Greengage Circle Phase II (2007)	2016/2022	2.000-5.000%	50,000	-	-	50,000
Indian Trail Waterline Replacement	2016/2039	3.000-3.125%	167,700	-	10,700	157,000
Indian Lakeside Drive Waterline	2016/2039	3.000-3.125%	91,300	-	6,300	85,000
Indian Smith Road Waterline	2016/2039	3.000-3.125%	215,300	-	13,300	202,000
2012 Waterline Replacement Projects	2016/2039	3.000-3.125%	1,113,500	-	39,500	1,074,000
Waterline Replacements	2016/2039	3.000-3.125%	2,821,400	-	99,400	2,722,000
Sheridan Dr. & Transit Waterline Ext./ Connection	2016/2039	3.000-3.125%	75,440	-	4,440	71,000
Muegel Rd. Waterline Replacement	2016/2039	3.000-3.125%	413,400	-	15,400	398,000
Meadowview Lane Waterline Replacements	2016/2039	3.000-3.125%	499,342	-	18,342	481,000
Presidents Walk Waterline Replacement	2016/2039	3.000-3.125%	389,637	-	14,637	375,000
2017 Bonds Dodge Road Waterlines	2017/2035	2.000- 3.000%	-	134,972	-	134,972
2017 Bonds Waterline Replacement Robin Hill Road	2017/2035	2.000- 3.000%	-	474,184	-	474,184
2017 Bonds Waterline Replacement Northington Drive	2017/2035	2.000- 3.000%	-	285,993	-	285,993
2017 Bonds Waterline Replacement Clearfield Drive	2017/2035	2.000- 3.000%	-	244,961	-	244,961
2017 Bonds Waterline Replacement Odessa Srive & Lily Brooke Ct.	2017/2035	2.000- 3.000%	-	287,985	-	287,985
Total Water District Fund			<u>10,858,484</u>	<u>1,428,095</u>	<u>648,859</u>	<u>11,637,720</u>
Sewer District Fund						
Sewer District No. 1 Harlem Rd. & Kensington	2007/2022	4.000%	17,663	-	17,663	-
Sand Filtration System Improvements	2007/2022	4.000%	339,148	-	339,148	-
Various Plant 16 Improvements	2007/2022	4.000%	116,759	-	116,759	-
LeBrun Storm Sewer	2009/2018	4.000%	15,898	-	15,898	-
SSD#1 & SSD#16	2009/2018	2.500-5.000%	100,000	-	50,000	50,000
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	745,000	-	155,000	590,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	325,000	-	65,000	260,000
WWTP Improvements	2009/2017	2.500-5.000%	25,000	-	25,000	-
Series 2011A (Refunded 2000A)	2011	0.870-3.591%	170,000	-	55,000	115,000

(continued)

SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.000-5.000%	138,507	-	20,894	117,613
SSD #1 Lafayette Blvd.	2011/2022	2.000-5.000%	46,238	-	6,975	39,263
SSD # 16 N. French	2011/2022	2.000-5.000%	314,004	-	47,368	266,636
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.000-5.000%	36,990	-	5,580	31,410
SSD #1 & 16 Pelletizer Bagging Facility	2011/2022	2.000-5.000%	95,969	-	14,477	81,492
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.000-5.000%	92,270	-	13,919	78,351
SSD #1 & 16 Scum Removal System Replacement	2011/2022	2.000-5.000%	59,184	-	8,928	50,256
SSD #1 & 16 Electrical System Load Curtailment	2011/2022	2.000-5.000%	95,969	-	14,477	81,492
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.000-5.000%	219,885	-	33,170	186,715
Grit Collector/ Plant 16 Equipment	2014/2039	2.000-5.000%	125,000	-	5,000	120,000
Sewage Pump Motor Replacement	2014/2039	2.000-5.000%	353,000	-	14,000	339,000
Oxygen Deck Stage II Repairs	2014/2039	2.000-5.000%	171,500	-	7,500	164,000
Lift Station Control Panel	2014/2039	2.000-5.000%	69,000	-	3,000	66,000
Pump House Recovery	2014/2039	2.000-5.000%	97,500	-	4,500	93,000
Sanitary Sewers 16 Generators	2014/2039	2.000-5.000%	161,000	-	6,000	155,000
New Motor Control Center	2014/2039	2.000-5.000%	127,000	-	5,000	122,000
2014 Refunding Sewer Upgrades	2014/2020	2.000-5.000%	190,000	-	60,000	130,000
2014 Refunding WWTP Main Transformer	2014/2020	2.000-5.000%	115,000	-	35,000	80,000
2014 Refunding Incr. & Improv. SSD #1, 16	2014/2020	2.000-5.000%	155,000	-	50,000	105,000
2014 Refunding Incr. & Improv. SSD #16	2014/2020	2.000-5.000%	30,000	-	10,000	20,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	373,000	-	23,000	350,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	37,000	-	3,000	34,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	312,000	-	19,000	293,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	171,000	-	11,000	160,000
SS Dist. No. 1 & 16 WPCF Digester Rehabilitation	2015/2030	2.000-3.000%	146,000	-	10,000	136,000
Incr. and Improv. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	254,368	-	18,237	236,131
Incr. and Improv. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	114,000	-	7,000	107,000
Incr. and Improv. of Sanitary Sewer District 16	2015/2030	2.000-3.000%	278,000	-	18,000	260,000
2016A Refunding Bonds Roof System Replacements (2005)	2016/2022	2.000-5.000%	235,000	-	55,000	180,000
2016A Refunding Bonds Lift Station Equipment Replacement (2005)	2016/2022	2.000-5.000%	45,000	-	10,000	35,000
2016A Refunding Bonds Various Sanitary Sewer (2005)	2016/2022	2.000-5.000%	40,000	-	10,000	30,000
2016A Refunding Bonds Sewer District No.1 (2007)	2016/2022	2.000-5.000%	90,000	-	-	90,000
2016A Refunding Bonds Sand Filtration System Improvements (2007)	2016/2022	2.000-5.000%	1,755,000	-	-	1,755,000
2016A Refunding Bonds Various Plant 16 Improvements (2007)	2016/2022	2.000-5.000%	605,000	-	-	605,000
2016A Refunding Bonds LeBrun Storm Sewer (2007)	2016/2022	2.000-5.000%	75,000	-	-	75,000
Main Sewage Pump Motors	2016/2039	3.000-3.125%	488,300	-	27,300	461,000
Polymer System Replacement	2016/2039	3.000-3.125%	126,000	-	21,000	105,000
Oxygen Plant Optimization	2016/2039	3.000-3.125%	196,500	-	12,500	184,000
WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	14,900	-	3,900	11,000
WPCF Solids Handling	2016/2039	3.000-3.125%	805,800	-	43,800	762,000
Switchgear Replacement	2016/2039	3.000-3.125%	522,000	-	60,000	462,000
Underground Feeders / MMC	2016/2039	3.000-3.125%	176,600	-	15,600	161,000
HVAC Facility Improvements	2016/2039	3.000-3.125%	503,100	-	41,100	462,000
Hydraulic Actuators & Valve Replacement	2016/2039	3.000-3.125%	310,600	-	25,600	285,000
Scum Systems Replacement	2016/2039	3.000-3.125%	282,800	-	26,800	256,000
WPCF Basin, Scum System, Polymer, Hydraulic	2016/2039	3.000-3.125%	2,654,225	-	93,225	2,561,000
WPCF Roof Replacement	2016/2039	3.000-3.125%	94,300	-	7,300	87,000
WPCF Multiple Project Upgrades Phase II	2016/2039	3.000-3.125%	1,194,850	-	42,850	1,152,000
Allenhurst, Eggertsville,Capin Sanitary Sewer II & III	2016/2039	3.000-3.125%	1,039,000	-	37,000	1,002,000
WPCF EQ Basin	2016/2039	3.000-3.125%	554,500	-	20,500	534,000
WPCF Multiple Projects	2016/2039	3.000-3.125%	6,582,288	-	229,288	6,353,000
Brantwood, N. French, Harlem, Hancock Sanitary Sewer	2016/2039	3.000-3.125%	985,898	-	35,898	950,000
WPCF Oxygen System Rehabilitation	2016/2039	3.000-3.125%	2,804,500	-	98,500	2,706,000
WPCF Electric Upgrades Phase 5	2016/2039	3.000-3.125%	623,220	-	22,220	601,000
WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	214,350	-	8,350	206,000
WPCF Building Infrastructure Reconstruction	2016/2039	3.000-3.125%	238,180	-	10,180	228,000
Sanitary Sewer Lift Station Reconstruction	2016/2039	3.000-3.125%	58,550	-	5,550	53,000
WPCF Stage 1 & 2 Activated Sludge	2016/2039	3.000-3.125%	2,109,800	-	74,800	2,035,000
WPCF Dewatering Process Phase II	2016/2039	3.000-3.125%	1,078,700	-	38,700	1,040,000
2017 Bonds Delta Rd./ Eggert Rd., Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	-	1,116,942	-	1,116,942
2017 Bonds Chestnut Ridge Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	-	215,206	-	215,206
2017 Bonds Capen Blvd Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	-	74,125	-	74,125
2017 Bonds WPCF Lift Station Pump Control Improvements	2017/2035	2.000- 3.000%	-	335,000	-	335,000
2017 Bonds WPCF Asset Management	2017/2035	2.000- 3.000%	-	138,000	-	138,000
2017 Bonds WPCF Air Scrubber Building No. 4	2017/2035	2.000- 3.000%	-	58,075	-	58,075
2017 Bonds WPCF Claridier Grit Air Rehab	2017/2035	2.000- 3.000%	-	5,436,000	-	5,436,000
Total Sewer District Fund			<u>32,736,813</u>	<u>7,373,348</u>	<u>2,391,454</u>	<u>37,718,707</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal			Principal Outstanding 12/31/2017
			Outstanding 1/1/2017	Issues	Redemptions	
Drainage District Fund						
Various Drainage Improvements	2007/2022	4.000%	35,328	-	35,328	-
Highway Equipment - Drainage	2011/2022	2.000-5.000%	129,260	-	19,499	109,761
Storm Drainage #4 McKinley / Harding	2011/2022	2.000-5.000%	171,387	-	25,854	145,533
Storm Drainage #16 Eggert / Bailey	2011/2022	2.000-5.000%	92,270	-	13,919	78,351
Drainage 16 Harding/McKinley/Caesar	2014/2039	2.000-5.000%	410,000	-	16,000	394,000
Drainage 26 Rambling Culvert	2014/2039	2.000-5.000%	127,000	-	5,000	122,000
Drainage 16 Bassett Park	2014/2039	2.000-5.000%	393,000	-	15,000	378,000
Drainage 26 Chapel Wood Culvert	2014/2039	2.000-5.000%	239,000	-	9,000	230,000
2014 Refunding Inc. & Imp. SWD	2014/2020	2.000-5.000%	15,000	-	5,000	10,000
2014 Refunding Storm Water Imp. Carmen Rd.	2014/2020	2.000-5.000%	55,000	-	15,000	40,000
2014 Refunding Inc. & Imp. SWD #4, 16, 26	2014/2020	2.000-5.000%	30,000	-	10,000	20,000
Improv. of SWD District 4, 16 & 26	2015/2030	2.000-3.000%	197,000	-	19,000	178,000
2016A Refunding Storm Water Drainage Delta Rd (2005)	2016/2022	2.000-5.000%	140,000	-	30,000	110,000
2016A Refunding Improvement of Storm Water Drainage (2005)	2016/2022	2.000-5.000%	200,000	-	45,000	155,000
2016A Refunding Various Drainage Improvements (2007)	2016/2022	2.000-5.000%	185,000	-	-	185,000
Amherston, Oakwood, Bellingham Drainage	2016/2039	3.000-3.125%	279,900	-	23,900	256,000
Oakwood, Amherston, Bellingham Improve Phase II	2016/2039	3.000-3.125%	633,100	-	23,100	610,000
Ditch 9-A Weir Replacement	2016/2039	3.000-3.125%	73,440	-	3,440	70,000
Oakwood, Amherston, Bellingham Improve Phase III	2016/2039	3.000-3.125%	444,840	-	16,840	428,000
Bramblewood Lane Drainage Stormwater	2016/2039	3.000-3.125%	323,500	-	12,500	311,000
Ditch 26D-1 Culvert Replacement	2016/2039	3.000-3.125%	13,587	-	2,587	11,000
2017 Bonds Glenn Oak Culvert Replacement	2017/2035	2.000- 3.000%	-	347,283	-	347,283
Total Drainage District Fund			<u>4,187,612</u>	<u>347,283</u>	<u>345,967</u>	<u>4,188,928</u>
Community Environment Fund						
Residential Refuse Containers	2007/2022	4.000 %	120,115	-	120,115	-
Highway Equipment - Community Environment	2011/2022	2.000-5.000%	73,980	-	11,160	62,820
2016A Refunding Bonds Various Refuse District (2005)	2016/2022	2.000-5.000%	95,000	-	25,000	70,000
2016A Refunding Bonds Residential Refuse Containers (2007)	2016/2022	2.000-5.000%	620,000	-	-	620,000
Total Community Environment Fund			<u>909,095</u>	<u>-</u>	<u>156,275</u>	<u>752,820</u>
Total governmental activities			<u>\$ 69,116,410</u>	<u>\$ 12,027,080</u>	<u>\$ 6,496,410</u>	<u>\$ 74,647,080</u>

(concluded)

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities.

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
Premium on Serial Bonds	<u>\$ 3,094,476</u>	<u>\$ -</u>	<u>\$ 380,169</u>	<u>\$ 2,714,307</u>

Capital Leases—The outstanding balance at December 31, 2017 for the Town's capital leases was \$640,976. Refer to Note 11 for additional information related to the Town's capital leases.

Compensated Absences—As explained in Note 1, the Town records the value of governmental fund type compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the financial statements at December 31, 2017, for governmental activities is \$16,421,924. Management estimates that \$1,185,673 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated OPEB liability is estimated to be \$99,964,060 at December 31, 2017.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employees’ Retirement System. The net pension liability is estimated to be \$20,008,792 in the governmental activities. Refer to Note 7 additional information related to the Town’s net pension liability.

Net Pension Liability—LOSAP—The Town reports a liability for its proportionate share of the net pension liability for the Length of Service Awards Program. The net pension liability is estimated to be \$17,425,557 in the governmental activities. Refer to Note 8 additional information related to the Town’s net pension liability—LOSAP.

A maturity schedule of the Town’s indebtedness is shown below.

	Serial Bonds	Premium on Serial Bonds	Capital Leases	Compensated Absences	OPEB Obligation	Net Pension Liability	Net Pension Liability LOSAP	Total
2018	\$ 7,282,080	\$ 380,169	\$ 210,205	\$ 1,185,673	\$ -	\$ -	\$ -	\$ 9,058,127
2019	7,485,000	380,169	213,639	-	-	-	-	8,078,808
2020	7,030,000	356,386	217,132	-	-	-	-	7,603,518
2021	6,115,000	194,366	-	-	-	-	-	6,309,366
2022	5,970,000	100,807	-	-	-	-	-	6,070,807
2023-2027	15,990,000	400,627	-	-	-	-	-	16,390,627
2028-2032	12,435,000	388,567	-	-	-	-	-	12,823,567
2033-2037	9,440,000	375,529	-	-	-	-	-	9,815,529
2038-2039	2,900,000	137,687	-	-	-	-	-	3,037,687
Various	-	-	-	15,236,251	99,964,060	20,008,792	17,425,557	152,634,660
	<u>\$ 74,647,080</u>	<u>\$ 2,714,307</u>	<u>\$ 640,976</u>	<u>\$ 16,421,924</u>	<u>\$ 99,964,060</u>	<u>\$ 20,008,792</u>	<u>\$ 17,425,557</u>	<u>\$ 231,822,696</u>

Interest requirements on serial bonds are as follows:

<u>Year ending December 31,</u>	<u>Interest</u>
2018	\$ 2,196,429
2019	1,962,026
2020	1,716,250
2021	1,509,094
2022	1,333,303
2023-2027	4,924,902
2028-2032	2,887,632
2033-2037	1,256,757
2038-2039	131,675
	<u>\$ 17,918,068</u>

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency

The Agency's mortgage with First Niagara Bank amounted to \$426,159 and \$473,702 at December 31, 2017 and 2016, respectively. The mortgage bears interest at 6% per year and is payable in 60 monthly installments of \$6,225 comprising of principal and interest through December 31, 2014. At January 1, 2015, the interest rate adjusted daily to 2% above the Regular Fixed Advanced Rate offered by the Federal Home Loan Bank of New York for instruments having a term of five years. However, in no event will the rate fall below 6%. Payments will be made in 60 monthly installments based on a 10-year amortization of the outstanding balance at January 1, 2015. Amounts borrowed bear interest at 6% at December 31, 2017 and 2016. A balloon payment for the remaining balance is due in January 2020. The terms of the mortgage require the Agency to maintain a restricted deposit with the bank which amounted to \$64,343 and \$64,937 at December 31, 2017 and 2016.

The mortgage requires the Agency to maintain at minimum debt coverage ratio of 1.2 to 1.0. The Agency obtained a waiver related to the minimum coverage covenant as of December 31, 2017 and met the minimum debt coverage covenant as of December 31, 2016.

14. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town’s governmental activities net investment in capital assets is shown below:

Capital assets, net of accumulated depreciation	\$	268,953,073
Related debt:		
Serial bonds issued	(74,647,080)	
Unamortized bond issue premium	(2,714,307)	
Bond anticipation notes issued for capital assets	(28,846,720)	
Unspent proceeds from debt	21,405,873	
Amounts for restricted debt	<u>4,806,178</u>	
Debt issued and used for capital assets		(79,996,056)
Capital lease		<u>(640,976)</u>
Net investment in capital assets	\$	<u>188,316,041</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2017 includes:

	General Fund	Highway Fund	Sewer Fund	Special Grant Fund	Nonmajor Funds	Total
Prepaid items	\$ 1,839,347	\$ 190,654	\$ 200,438	\$ 7,594	\$ 237,725	\$ 2,475,758
Long-term interfund loan	-	-	3,000,000	-	-	3,000,000
Loans receivable	-	-	-	<u>7,195,902</u>	-	<u>7,195,902</u>
	<u>\$ 1,839,347</u>	<u>\$ 190,654</u>	<u>\$ 3,200,438</u>	<u>\$ 7,203,496</u>	<u>\$ 237,725</u>	<u>\$ 12,671,660</u>

- **Prepaid items**—Represents the portion of fund balance composed of prepaid expenses that are applicable to future accounting periods.
- **Long-term interfund loan**—Represents the portion of fund balance composed of a receivable from the Self Insurance Fund that is expected to be realized, with interest on the amount borrowed, upon receipt of the settlement recovery.
- **Loans receivable**—Represent community development loans within the Special Grant Fund, which are required to be maintained intact.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2017 the amounts shown below:

	Capital Projects Fund	Other Governmental Funds	Total
Capital projects	\$ 234,524	\$ -	\$ 234,524
Special purpose	-	2,075,731	2,075,731
Debt	-	4,806,178	4,806,178
Total restricted fund balance	<u>\$ 234,524</u>	<u>\$ 6,881,909</u>	<u>\$ 7,116,433</u>

- **Restricted capital projects**—Represents unspent BAN premiums to be used for capital projects or on related debt.
- **Restricted for special purpose**—Represents funds for various purposes as accounted for in a special purpose special revenue fund.
- **Restricted for debt**—Represents unspent debt proceeds, premiums and interest which is restricted for the reduction of future debt service requirements.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the Town. At December 31, 2017, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's expenditures	\$ 1,786,454	\$ 699,143	\$ 2,043,943	\$ 906,012	\$ 5,435,552
Encumbrances	225,387	105,535	282,678	119,130	732,730
Specific use:					
Highway expenditures	-	3,181,617	-	-	3,181,617
Sewer expenditures	-	-	5,367,716	-	5,367,716
Town outside village expenditures	-	-	-	69,266	69,266
Lighting expenditures	-	-	-	303,072	303,072
Community environment expenditures	-	-	-	722,341	722,341
Fire protection expenditures	-	-	-	124,685	124,685
Water district expenditures	-	-	-	1,241,655	1,241,655
Drainage district expenditures	-	-	-	356,181	356,181
Total assigned fund balance	<u>\$ 2,011,841</u>	<u>\$ 3,986,295</u>	<u>\$ 7,694,337</u>	<u>\$ 3,842,342</u>	<u>\$ 17,534,815</u>

- **Assigned to subsequent year's expenditures**—Represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- **Assigned to encumbrances**—Represents authorizations related to unperformed contracts or purchase orders for goods or services.

- *Assigned for specific use*—Represents remaining fund balance of special revenue funds to be used for each fund’s specific use.

Unassigned fund balance represents the residual classification of the government’s General Fund surplus, and Special Grant Fund and Capital Projects Fund fund balance deficits.

The Town will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amount for the particular purpose in question in the following order: 1) nonspendable (if funds become spendable), 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables of the Town at December 31, 2017 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 602,408	\$ 474,854
Highway Fund	1,471,225	28,808
Sewer Fund	3,032,493	323,592
Special Grant Fund	1,880	-
Capital Projects Fund	211,300	892,316
Nonmajor funds	<u>901,855</u>	<u>1,504,091</u>
Subtotal governmental funds	<u>6,221,161</u>	<u>3,223,661</u>
Proprietary funds	-	3,000,000
Fiduciary fund	<u>2,500</u>	-
Total	<u>\$ 6,223,661</u>	<u>\$ 6,223,661</u>

The increased balances outstanding between funds are the result of transfers made to the proprietary funds to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances. All of these other balances are expected to be collected/paid within the subsequent year, except the portion of fund balance composed of a receivable from the Self Insurance Fund to the Sewer Fund that is expected to be realized, with interest on the amount borrowed, upon receipt of the settlement recovery.

The Town made the following transfers during the year ended December 31, 2017:

Fund	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 3,472,658	\$ 3,413,312
Highway Fund	55,997	686,291
Sewer Fund	275,083	5,881,711
Capital Projects Fund	13,790,311	1,500,123
Nonmajor funds	<u>10,056,361</u>	<u>16,168,973</u>
Total	<u>\$ 27,650,410</u>	<u>\$ 27,650,410</u>

Transfers are used primarily to pay debt service expenditures, charge back allocations and to support capital projects.

A summary of the transfers out made during the year ended December 31, 2017 is follows:

	BAN	Debt Service - Serial Bonds		Capital	Total
	Payments	Principal	Interest	and Other	
Governmental funds:					
General Fund	\$ 133,898	\$ 2,645,726	\$ 463,009	\$ 170,679	\$ 3,413,312
Highway Fund	94,076	307,416	111,989	172,810	686,291
Sewer Fund	-	2,391,454	1,030,004	2,460,253	5,881,711
Capital Projects Fund	-	-	-	1,500,123	1,500,123
Nonmajor funds	<u>264,000</u>	<u>1,151,814</u>	<u>502,998</u>	<u>14,250,161</u>	<u>16,168,973</u>
Total	<u>\$ 491,974</u>	<u>\$ 6,496,410</u>	<u>\$ 2,108,000</u>	<u>\$ 18,554,026</u>	<u>\$ 27,650,410</u>

16. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of the Agency Fund for the year ended December 31, 2017:

ASSETS	Balance	Additions	Deletions	Balance
	1/1/2017			12/31/2017
Cash	\$ 2,082,915	\$ 11,666,737	\$ 11,882,249	\$ 1,867,403
Amounts due from other funds	-	2,500	-	2,500
LOSAP assets	8,430,093	551,547	66,480	8,915,160
Total assets	<u>\$ 10,513,008</u>	<u>\$ 12,220,784</u>	<u>\$ 11,948,729</u>	<u>\$ 10,785,063</u>
LIABILITIES				
Due to other funds	\$ 372,478	\$ -	\$ 372,478	\$ -
Amounts due to other parties	1,710,437	11,669,237	11,509,771	1,869,903
Amounts held for LOSAP	8,430,093	551,547	66,480	8,915,160
Total liabilities	<u>\$ 10,513,008</u>	<u>\$ 12,220,784</u>	<u>\$ 11,948,729</u>	<u>\$ 10,785,063</u>

17. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. All bargaining units were settled as of December 31, 2017.

18. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. Significant encumbrances as of December 31, 2017, are as listed below:

<u>Fund</u>	<u>Purpose</u>	<u>Amount Encumbered</u>
General	Dockside Subdivision Sewer Lines	\$ 79,611
General	Information Technology Equipment	70,367
Sewer	Demand / Remote Maintenance	55,285
Highway	Salt Brine Equipment and Parts	57,480
Nonmajor funds	Imagine Amherst Program	88,240

19. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Amherst Industrial Development Agency (“AIDA”) and the Town of Amherst under New York State private housing finance law. These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the AIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the AIDA and the Town, the Town collected \$917,056 during 2017 in payments in lieu of taxes (“PILOT”); these collections were made in lieu of \$1,300,057 in property taxes.

20. CONTINGENCIES

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case-by-case basis, and is dependent upon many factors including market values and appraised amounts. No potential amount or potential range of loss is determinable. However, management believes that level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

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

Pollution Remediation Obligations—On February 13, 2007, the Town was issued a consent order by the New York State Department of Environmental Conservation. As part of the consent order the Town submitted a plan for the abatement of the overflow of sanitary sewer discharge in February 2011. The NYSDEC approved the plan in September 2011. The Town is continuing to perform work on its Sanitary Sewer Overflow Abatement projects as required by the New York State Department of Environmental Conservation. As of December 31, 2017, the Town has issued debt to remediate the notice of consent and additional liabilities will be financed as remediation progresses.

21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2018, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Funding Progress—Other Postemployment Benefits Plan
Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
December 31, 2017	-	\$ 205,151,728	\$ 205,151,728	0.0%	n/a	n/a
December 31, 2015	-	176,281,612	176,281,612	0.0%	n/a	n/a
December 31, 2013	-	198,879,911	198,879,911	0.0%	n/a	n/a

TOWN OF AMHERST, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability—
Police and Fire Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.5464179%	0.5741059%	0.5128572%	0.5128572%
Town's proportionate share of the net pension liability (asset)	<u>\$ 11,325,341</u>	<u>\$ 16,998,055</u>	<u>\$ 1,411,688</u>	<u>\$ 2,135,073</u>
Town's covered-employee payroll	\$ 16,834,399	\$ 17,032,680	\$ 16,342,612	\$ 14,344,572
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.3%	99.8%	8.6%	14.9%
Plan fiduciary net position as a percentage of the total pension liability	93.5%	90.2%	99.0%	98.5%

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

TOWN OF AMHERST, NEW YORK
Schedule of the Town's Contributions—
Police and Fire Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contribution	\$ 4,805,801	\$ 4,975,907	\$ 5,090,970	\$ 4,776,310
Contributions in relation to the contractually required contribution	<u>(4,805,801)</u>	<u>(4,975,907)</u>	<u>(5,090,970)</u>	<u>(4,776,310)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 16,465,208	\$ 16,072,173	\$ 16,616,683	\$ 16,330,150
Contributions as a percentage of covered-employee payroll	29.2%	31.0%	30.6%	29.2%

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

TOWN OF AMHERST, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.0924143%	0.0964040%	0.1006434%	0.1006434%
Town's proportionate share of the net pension liability (asset)	<u>\$ 8,683,451</u>	<u>\$ 15,473,115</u>	<u>\$ 3,399,979</u>	<u>\$ 4,547,932</u>
Town's covered-employee payroll	\$ 30,348,302	\$ 27,434,989	\$ 27,210,703	\$ 27,768,404
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.6%	56.4%	12.5%	16.4%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%	97.2%

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

TOWN OF AMHERST, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contribution	\$ 4,220,001	\$ 4,794,259	\$ 4,947,837	\$ 6,019,128
Contributions in relation to the contractually required contribution	(4,220,001)	(4,794,259)	(4,947,837)	(6,019,128)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 29,362,605	\$ 28,857,463	\$ 27,606,404	\$ 27,664,705
Contributions as a percentage of covered-employee payroll	14.4%	16.6%	17.9%	21.8%

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

TOWN OF AMHERST, NEW YORK
Schedule of Changes in the Town's Total Pension Liability—LOSAP
For the Year Ended December 31, 2017*

Total Pension Liability	
Service cost	\$ 397,324
Interest	587,498
Changes of assumptions or other inputs	(1,314,183)
Differences between expected and actual experience	148,264
Benefit payments	<u>(710,703)</u>
Net changes in total pension liability	<u>(891,800)</u>
Total pension liability—beginning	<u>18,317,357</u>
Total pension liability—ending	<u>\$ 17,425,557</u>
Covered-employee payroll	N/A
Total pension liability as a percentage of covered-employee payroll	N/A

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 25,894,973	\$ 25,894,973	\$ 25,894,973	\$ -
Other property tax items	1,233,522	1,233,522	1,233,761	239
Non property tax items	19,711,000	19,711,000	20,040,656	329,656
Departmental income	5,017,245	5,017,245	4,805,525	(211,720)
Use of money and property	198,900	198,900	187,902	(10,998)
Licenses and permits	79,760	79,760	57,393	(22,367)
Fines and forfeitures	1,975,000	1,975,000	2,150,389	175,389
Sale of property and compensation for loss	4,000	10,622	94,647	84,025
Miscellaneous	821,794	992,877	1,416,994	424,117
State aid	4,077,920	4,372,111	4,353,142	(18,969)
Federal aid	49,840	49,840	97,237	47,397
Total revenues	<u>59,063,954</u>	<u>59,535,850</u>	<u>60,332,619</u>	<u>796,769</u>
EXPENDITURES				
Current:				
General government support	12,172,707	12,171,027	11,845,782	325,245
Public safety	35,444,256	35,567,381	35,891,730	(324,349)
Transportation	2,102,462	2,085,600	2,076,860	8,740
Economic assistance and opportunity	2,916,360	3,239,613	3,481,356	(241,743)
Culture and recreation	8,921,113	8,964,353	8,942,684	21,669
Debt service:				
Interest	276,844	154,695	140,333	14,362
Total expenditures	<u>61,833,742</u>	<u>62,182,669</u>	<u>62,378,745</u>	<u>(196,076)</u>
Deficiency of revenues over expenditures	<u>(2,769,788)</u>	<u>(2,646,819)</u>	<u>(2,046,126)</u>	<u>600,693</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,125,000	3,836,492	3,472,658	(363,834)
Transfers out	<u>(3,250,093)</u>	<u>(3,416,234)</u>	<u>(3,413,312)</u>	<u>2,922</u>
Total other financing sources (uses)	<u>(125,093)</u>	<u>420,258</u>	<u>59,346</u>	<u>(360,912)</u>
Net change in fund balances*	(2,894,881)	(2,226,561)	(1,986,780)	239,781
Fund balances—beginning	<u>13,578,315</u>	<u>13,578,315</u>	<u>13,578,315</u>	<u>-</u>
Fund balances—ending	<u>\$ 10,683,434</u>	<u>\$ 11,351,754</u>	<u>\$ 11,591,535</u>	<u>\$ 239,781</u>

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

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Highway Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 8,611,471	\$ 8,611,471	\$ 8,611,471	\$ -
Departmental income	387,820	387,820	395,261	7,441
Use of money and property	3,700	3,700	5,057	1,357
Sale of property and compensation for loss	85,000	94,159	92,765	(1,394)
Miscellaneous	678,317	678,317	688,566	10,249
State aid	586,497	851,210	851,210	-
Total revenues	<u>10,352,805</u>	<u>10,626,677</u>	<u>10,644,330</u>	<u>17,653</u>
EXPENDITURES				
Current:				
General government support	6,383	6,383	6,383	-
Transportation	9,848,030	10,121,903	9,556,623	565,280
Debt service:				
Principal	206,825	206,825	206,825	-
Interest	-	103,325	98,903	4,422
Total expenditures	<u>10,061,238</u>	<u>10,438,436</u>	<u>9,868,734</u>	<u>569,702</u>
Excess of revenues over expenditures	<u>291,567</u>	<u>188,241</u>	<u>775,596</u>	<u>587,355</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	55,997	55,997
Transfers out	(850,658)	(747,332)	(686,291)	61,041
Total other financing sources (uses)	<u>(850,658)</u>	<u>(747,332)</u>	<u>(630,294)</u>	<u>117,038</u>
Net change in fund balances*	(559,091)	(559,091)	145,302	704,393
Fund balances—beginning	<u>4,031,647</u>	<u>4,031,647</u>	<u>4,031,647</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,472,556</u>	<u>\$ 3,472,556</u>	<u>\$ 4,176,949</u>	<u>\$ 704,393</u>

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

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 16,664,119	\$ 16,664,119	\$ 16,664,119	\$ -
Departmental income	299,632	299,632	390,530	90,898
Intergovernmental revenues	2,700,000	2,700,000	2,571,821	(128,179)
Use of money and property	8,600	8,600	13,515	4,915
Sale of property and compensation for loss	25,000	25,000	43,411	18,411
Miscellaneous	141,502	141,965	137,561	(4,404)
Total revenues	<u>19,838,853</u>	<u>19,839,316</u>	<u>19,820,957</u>	<u>(18,359)</u>
EXPENDITURES				
Current:				
Home and community services	14,368,809	14,814,476	14,434,862	379,614
Debt service:				
Interest	-	415,451	382,784	32,667
Total expenditures	<u>14,368,809</u>	<u>15,229,927</u>	<u>14,817,646</u>	<u>412,281</u>
Excess of revenues over expenditures	<u>5,470,044</u>	<u>4,609,389</u>	<u>5,003,311</u>	<u>393,922</u>
OTHER FINANCING USES				
Transfers in	-	-	275,083	275,083
Transfers out	<u>(6,931,527)</u>	<u>(6,204,877)</u>	<u>(5,881,711)</u>	<u>323,166</u>
Total other financing uses	<u>(6,931,527)</u>	<u>(6,204,877)</u>	<u>(5,606,628)</u>	<u>598,249</u>
Net change in fund balance*	(1,461,483)	(1,595,488)	(603,317)	992,171
Fund balances—beginning	<u>11,498,092</u>	<u>11,498,092</u>	<u>11,498,092</u>	<u>-</u>
Fund balances—ending	<u>\$ 10,036,609</u>	<u>\$ 9,902,604</u>	<u>\$ 10,894,775</u>	<u>\$ 992,171</u>

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

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

TOWN OF AMHERST, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2017

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Special Grant Fund, the Special Purpose Fund, the Capital Projects Fund, and the Debt Service Fund. The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project’s inception and lapse upon completion/termination of the grant/funding/project. Debt Service Fund appropriations are budgeted within the Town’s operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.

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

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

General Fund public safety and economic assistance and opportunity exceeded the adjusted budget due to greater than anticipated health insurance costs as well as a retirement incentive.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Purpose Special Revenue Fund—maintains funds that are handled by the Town, deposited on behalf of another party and designated for a specified purpose.

Town Outside Village Special Revenue Fund—accounts for selected services which by New York State statute cannot be charged to residents of the Village located within the Town.

Nonmajor Special Districts Special Revenue Funds—funds that maintain various systems throughout the Town but are not considered a major fund.

- **Lighting District**—accounts for lighting services provided to areas within the Town.
- **Community Environment**—accounts for sanitation services provided within the Town.
- **Fire Protection**—accounts for maintaining the fire hydrant's throughout the Town.
- **Water District**—accounts for water services provided to areas within the Town.
- **Drainage District**—accounts for drainage services provided to areas within the Town.

Debt Service Fund—accounts for the payment of principal and interest on serial bonds within all governmental funds.

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TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2017

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
ASSETS					
Cash and cash equivalents	\$ -	\$ 435,823	\$ 6,307,160	\$ -	\$ 6,742,983
Restricted cash and cash equivalents	2,242,756	-	-	3,946,966	6,189,722
Receivables	-	231,286	831,601	-	1,062,887
Due from other funds	9,772	18,981	13,890	859,212	901,855
Intergovernmental receivables	20,833	38,885	20,002	-	79,720
Prepaid items	-	122,133	115,592	-	237,725
Total assets	<u>\$2,273,361</u>	<u>\$ 847,108</u>	<u>\$ 7,288,245</u>	<u>\$ 4,806,178</u>	<u>\$ 15,214,892</u>
LIABILITIES					
Accounts payable	\$ 13,623	\$ 147,647	\$ 1,364,006	\$ -	\$ 1,525,276
Accrued liabilities	2,796	193,732	214,421	-	410,949
Due to other funds	181,211	221,190	1,101,690	-	1,504,091
Total liabilities	<u>197,630</u>	<u>562,569</u>	<u>2,680,117</u>	<u>-</u>	<u>3,440,316</u>
DEFERRED INFLOWS OF RESOURCES					
Mortgage and lease receivable	-	-	812,600	-	812,600
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>812,600</u>	<u>-</u>	<u>812,600</u>
FUND BALANCES					
Nonspendable	-	122,133	115,592	-	237,725
Restricted	2,075,731	-	-	4,806,178	6,881,909
Assigned	-	162,406	3,679,936	-	3,842,342
Total fund balances	<u>2,075,731</u>	<u>284,539</u>	<u>3,795,528</u>	<u>4,806,178</u>	<u>10,961,976</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,273,361</u>	<u>\$ 847,108</u>	<u>\$ 7,288,245</u>	<u>\$ 4,806,178</u>	<u>\$ 15,214,892</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2017

	<u>Special Revenue</u>				<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>	<u>Debt Service Fund</u>	
REVENUES					
Real property taxes	\$ 44,506	\$2,028,059	\$20,310,172	\$ -	\$ 22,382,737
Departmental income	181,001	207,776	199,199	-	587,976
Use of money and property	1,794	1,295	38,972	-	42,061
Licenses and permits	21,000	2,612,524	-	-	2,633,524
Sale of property and compensation for loss	-	1,856	160,935	-	162,791
Miscellaneous	255,855	183,696	117,289	-	556,840
State aid	-	101,927	1,338	-	103,265
Total revenues	<u>504,156</u>	<u>5,137,133</u>	<u>20,827,905</u>	<u>-</u>	<u>26,469,194</u>
EXPENDITURES					
Current:					
General government support	-	-	148	-	148
Public safety	-	3,409,987	6,234,139	-	9,644,126
Transportation	-	-	3,117,822	-	3,117,822
Culture and recreation	38,989	-	-	-	38,989
Home and community services	129,368	2,412,668	10,841,515	-	13,383,551
Debt service:					
Principal	-	18,826	-	6,496,410	6,515,236
Interest	-	574	111,255	2,108,000	2,219,829
Total expenditures	<u>168,357</u>	<u>5,842,055</u>	<u>20,304,879</u>	<u>8,604,410</u>	<u>34,919,701</u>
Excess (deficiency) of revenues over expenditures	<u>335,799</u>	<u>(704,922)</u>	<u>523,026</u>	<u>(8,604,410)</u>	<u>(8,450,507)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	32,949	-	559,790	9,463,622	10,056,361
Transfers out	(857,401)	(33,076)	(2,697,032)	(12,581,464)	(16,168,973)
Proceeds of serial bonds	-	-	-	12,027,080	12,027,080
Total other financing sources (uses)	<u>(824,452)</u>	<u>(33,076)</u>	<u>(2,137,242)</u>	<u>8,909,238</u>	<u>5,914,468</u>
Net change in fund balances	(488,653)	(737,998)	(1,614,216)	304,828	(2,536,039)
Fund balances—beginning	<u>2,564,384</u>	<u>1,022,537</u>	<u>5,409,744</u>	<u>4,501,350</u>	<u>13,498,015</u>
Fund balances—ending	<u>\$2,075,731</u>	<u>\$ 284,539</u>	<u>\$ 3,795,528</u>	<u>4,806,178</u>	<u>\$ 10,961,976</u>

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Special District Funds
December 31, 2017

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Total Nonmajor Special Districts</u>
ASSETS						
Cash and cash equivalents	\$ 1,056,055	\$ 1,821,458	\$ 130,530	\$ 1,792,212	\$ 1,506,905	\$ 6,307,160
Receivables	-	828,012	-	-	3,589	831,601
Due from other funds	403	3,755	-	-	9,732	13,890
Intergovernmental receivables	-	20,002	-	-	-	20,002
Prepaid items	5,871	30,708	-	-	79,013	115,592
Total assets	<u>\$ 1,062,329</u>	<u>\$ 2,703,935</u>	<u>\$ 130,530</u>	<u>\$ 1,792,212</u>	<u>\$ 1,599,239</u>	<u>\$ 7,288,245</u>
LIABILITIES						
Accounts payable	\$ 254,755	\$ 920,772	\$ 795	\$ 100,449	\$ 87,235	\$ 1,364,006
Accrued liabilities	5,308	42,116	-	1,651	165,346	214,421
Due to other funds	1,254	133,803	-	66,394	900,239	1,101,690
Total liabilities	<u>261,317</u>	<u>1,096,691</u>	<u>795</u>	<u>168,494</u>	<u>1,152,820</u>	<u>2,680,117</u>
DEFERRED INFLOWS OF RESOURCES						
Mortgage and lease receivable	-	812,600	-	-	-	812,600
Total deferred inflows of resources	<u>-</u>	<u>812,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,600</u>
FUND BALANCES						
Nonspendable	5,871	30,708	-	-	79,013	115,592
Assigned	795,141	763,936	129,735	1,623,718	367,406	3,679,936
Total fund balances	<u>801,012</u>	<u>794,644</u>	<u>129,735</u>	<u>1,623,718</u>	<u>446,419</u>	<u>3,795,528</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,062,329</u>	<u>\$ 2,703,935</u>	<u>\$ 130,530</u>	<u>\$ 1,792,212</u>	<u>\$ 1,599,239</u>	<u>\$ 7,288,245</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Special District Funds
Year Ended December 31, 2017

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Total Nonmajor Special Districts</u>
REVENUES						
Real property taxes	\$ 2,496,196	\$ 6,243,247	\$ 5,836,387	\$ 1,152,036	\$ 4,582,306	\$ 20,310,172
Departmental income	-	199,199	-	-	-	199,199
Use of money and property	1,764	30,906	182	2,194	3,926	38,972
Sale of property and compensation for loss	-	160,935	-	-	-	160,935
Miscellaneous	1,611	15,091	7,435	-	93,152	117,289
State aid	-	-	-	-	1,338	1,338
Total revenues	<u>2,499,571</u>	<u>6,649,378</u>	<u>5,844,004</u>	<u>1,154,230</u>	<u>4,680,722</u>	<u>20,827,905</u>
EXPENDITURES						
Current:						
General government support	-	148	-	-	-	148
Public safety	-	399,159	5,834,980	-	-	6,234,139
Transportation	3,117,822	-	-	-	-	3,117,822
Home and community services	-	6,231,210	-	269,200	4,341,105	10,841,515
Debt service:						
Interest	-	-	-	96,625	14,630	111,255
Total expenditures	<u>3,117,822</u>	<u>6,630,517</u>	<u>5,834,980</u>	<u>365,825</u>	<u>4,355,735</u>	<u>20,304,879</u>
Excess (deficiency) of revenues over expenditures	<u>(618,251)</u>	<u>18,861</u>	<u>9,024</u>	<u>788,405</u>	<u>324,987</u>	<u>523,026</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	24,388	-	100,056	435,346	559,790
Transfers out	(8,042)	(243,491)	-	(1,064,637)	(1,380,862)	(2,697,032)
Total other financing sources (uses)	<u>(8,042)</u>	<u>(219,103)</u>	<u>-</u>	<u>(964,581)</u>	<u>(945,516)</u>	<u>(2,137,242)</u>
Net change in fund balances	(626,293)	(200,242)	9,024	(176,176)	(620,529)	(1,614,216)
Fund balances—beginning	1,427,305	994,886	120,711	1,799,894	1,066,948	5,409,744
Fund balances—ending	<u>\$ 801,012</u>	<u>\$ 794,644</u>	<u>\$ 129,735</u>	<u>\$ 1,623,718</u>	<u>\$ 446,419</u>	<u>\$ 3,795,528</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2017

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	
ASSETS			
Current assets:			
Restricted cash and cash equivalents	\$ 4,221,438	\$ 139,362	\$ 4,360,800
Receivables	<u> -</u>	<u>197,759</u>	<u>197,759</u>
Total current assets	<u>4,221,438</u>	<u>337,121</u>	<u>4,558,559</u>
LIABILITIES			
Current liabilities:			
Accounts payable	113,446	207,983	321,429
Accrued liabilities	-	2,549,778	2,549,778
Due to other funds	3,000,000	-	3,000,000
Bond anticipation notes payable	<u>4,099,471</u>	<u> -</u>	<u>4,099,471</u>
Total current liabilities	<u>7,212,917</u>	<u>2,757,761</u>	<u>9,970,678</u>
DEFERRED INFLOWS OF RESOURCES			
Settlement recovery	<u>3,134,466</u>	<u> -</u>	<u>3,134,466</u>
Total deferred inflows of resources	<u>3,134,466</u>	<u> -</u>	<u>3,134,466</u>
NET POSITION			
Unrestricted	<u>(6,125,945)</u>	<u>(2,420,640)</u>	<u>(8,546,585)</u>
Total net position	<u><u>\$ (6,125,945)</u></u>	<u><u>\$ (2,420,640)</u></u>	<u><u>\$ (8,546,585)</u></u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenses and
Changes in Net Position—Internal Service Funds
December 31, 2017

	<u>Governmental Activities</u>		
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total</u>
Operating revenues:			
Contributions	\$ 1,509,000	\$ 1,733,216	\$ 3,242,216
Miscellaneous	1,000	321,956	322,956
Total operating revenues	<u>1,510,000</u>	<u>2,055,172</u>	<u>3,565,172</u>
Operating expenses:			
Administrative expenses	445,203	46,480	491,683
Judgments and claim expenses	527,833	1,891,705	2,419,538
Total operating expenses	<u>973,036</u>	<u>1,938,185</u>	<u>2,911,221</u>
Operating income	<u>536,964</u>	<u>116,987</u>	<u>653,951</u>
Nonoperating revenues (expenses):			
Premium on obligations	33,329	-	33,329
Interest expense	(102,487)	-	(102,487)
Interest income	1,749	364	2,113
Total nonoperating revenues (expenses)	<u>(67,409)</u>	<u>364</u>	<u>(67,045)</u>
Gain (loss) before transfers	<u>469,555</u>	<u>117,351</u>	<u>586,906</u>
Transfers in	-	500,000	500,000
Transfers (out)	(500,000)	-	(500,000)
Total transfers in (out)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Change in net position	(30,445)	617,351	586,906
Total net position—beginning	<u>(6,095,500)</u>	<u>(3,037,991)</u>	<u>(9,133,491)</u>
Total net position—ending	<u>\$ (6,125,945)</u>	<u>\$ (2,420,640)</u>	<u>\$ (8,546,585)</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
December 31, 2017

	Governmental Activities		Total
	Self Insurance Fund	Workers Compensation Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ 1,519,763	\$ 1,614,461	\$ 3,134,224
Receipts from reimbursements and settlement recoveries	1,845	321,956	323,801
Payments for administrative and judgments and claims	(943,013)	(1,738,606)	(2,681,619)
Net cash provided by operating activities	578,595	197,811	776,406
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans from other funds	(4,090,000)	(1,010,000)	(5,100,000)
Interfund transfers	(500,000)	500,000	-
Premium on bond anticipation notes	33,329	-	33,329
Interest on bond anticipation notes	(102,487)	-	(102,487)
Net cash used for noncapital financing activities	(4,659,158)	(510,000)	(5,169,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	1,749	364	2,113
Net cash provided by investing activities	1,749	364	2,113
Net (decrease) increase in cash and cash equivalents	(4,078,814)	(311,825)	(4,390,639)
Cash and cash equivalents—beginning	8,300,252	451,187	8,751,439
Cash and cash equivalents—ending	\$ 4,221,438	\$ 139,362	\$ 4,360,800
Reconciliation of operating income to net cash used for operating activities:			
Operating income	\$ 536,964	\$ 116,987	\$ 653,951
Adjustments to reconcile operating income to net cash used for operations:			
Decrease (Increase) in accounts receivable	10,763	(197,759)	(186,996)
Decrease in due from other funds	-	79,004	79,004
Increase increase in accounts payable	50,023	174,427	224,450
Increase in accrued liabilities	(20,000)	25,152	5,152
Increase in deferred inflows	845	-	845
Net cash used for operating activities	\$ 578,595	\$ 197,811	\$ 776,406

OTHER INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$2,028,059	\$ 2,028,059	\$ 2,028,059	\$ -
Departmental income	176,000	176,000	207,776	31,776
Use of money and property	1,500	1,500	1,295	(205)
Licenses and permits	2,884,000	2,918,448	2,612,524	(305,924)
Sale of property and compensation for loss	-	1,552	1,856	304
Miscellaneous	78,178	103,178	183,696	80,518
State aid	-	350,000	101,927	(248,073)
Total revenues	<u>5,167,737</u>	<u>5,578,737</u>	<u>5,137,133</u>	<u>(441,604)</u>
EXPENDITURES				
Current:				
Public safety	3,513,432	3,784,312	3,409,987	374,325
Home and community services	2,265,593	2,445,713	2,412,668	33,045
Debt service:				
Principal	18,826	18,826	18,826	-
Interest	574	574	574	-
Total expenditures	<u>5,838,425</u>	<u>6,249,425</u>	<u>5,842,055</u>	<u>407,370</u>
Deficiency of revenues over expenditures	<u>(670,688)</u>	<u>(670,688)</u>	<u>(704,922)</u>	<u>(34,234)</u>
OTHER FINANCING USES				
Transfers out	<u>(31,907)</u>	<u>(31,907)</u>	<u>(33,076)</u>	<u>(1,169)</u>
Total other financing uses	<u>(31,907)</u>	<u>(31,907)</u>	<u>(33,076)</u>	<u>(1,169)</u>
Net change in fund balances*	(702,595)	(702,595)	(737,998)	(35,403)
Fund balances—beginning	<u>1,022,537</u>	<u>1,022,537</u>	<u>1,022,537</u>	<u>-</u>
Fund balances—ending	<u>\$ 319,942</u>	<u>\$ 319,942</u>	<u>\$ 284,539</u>	<u>\$ (35,403)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Lighting District Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 2,496,196	\$ 2,496,196	\$ 2,496,196	\$ -
Use of money and property	1,500	1,500	1,764	264
Miscellaneous	1,645	1,645	1,611	(34)
Total revenues	<u>2,499,341</u>	<u>2,499,341</u>	<u>2,499,571</u>	<u>230</u>
EXPENDITURES				
Current:				
Transportation	<u>3,110,545</u>	<u>3,111,257</u>	<u>3,117,822</u>	<u>(6,565)</u>
Total expenditures	<u>3,110,545</u>	<u>3,111,257</u>	<u>3,117,822</u>	<u>(6,565)</u>
Deficiency of revenues over expenditures	<u>(611,204)</u>	<u>(611,916)</u>	<u>(618,251)</u>	<u>(6,335)</u>
OTHER FINANCING USES				
Transfers out	<u>(7,500)</u>	<u>(6,788)</u>	<u>(8,042)</u>	<u>(1,254)</u>
Total other financing uses	<u>(7,500)</u>	<u>(6,788)</u>	<u>(8,042)</u>	<u>(1,254)</u>
Net change in fund balances*	(618,704)	(618,704)	(626,293)	(7,589)
Fund balances—beginning	<u>1,427,305</u>	<u>1,427,305</u>	<u>1,427,305</u>	<u>-</u>
Fund balances—ending	<u>\$ 808,601</u>	<u>\$ 808,601</u>	<u>\$ 801,012</u>	<u>\$ (7,589)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Community Environment Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 6,243,247	\$ 6,243,247	\$ 6,243,247	\$ -
Departmental income	293,173	293,173	199,199	(93,974)
Use of money and property	29,720	29,720	30,906	1,186
Sale of property and compensation for loss	154,269	154,269	160,935	6,666
Miscellaneous	<u>39,750</u>	<u>15,362</u>	<u>15,091</u>	<u>(271)</u>
Total revenues	<u>6,760,159</u>	<u>6,735,771</u>	<u>6,649,378</u>	<u>(86,393)</u>
EXPENDITURES				
Current:				
General government support	148	148	148	-
Public safety	408,809	408,809	399,159	9,650
Home and community services	<u>6,242,674</u>	<u>6,242,673</u>	<u>6,231,210</u>	<u>11,463</u>
Total expenditures	<u>6,651,631</u>	<u>6,651,630</u>	<u>6,630,517</u>	<u>21,113</u>
Excess of revenues over expenditures	<u>108,528</u>	<u>84,141</u>	<u>18,861</u>	<u>(65,280)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	24,388	24,388
Transfers out	<u>(242,239)</u>	<u>(242,239)</u>	<u>(243,491)</u>	<u>(1,252)</u>
Total other financing sources (uses)	<u>(242,239)</u>	<u>(242,239)</u>	<u>(219,103)</u>	<u>23,136</u>
Net change in fund balances*	(133,711)	(158,098)	(200,242)	(42,144)
Fund balances—beginning	<u>994,886</u>	<u>994,886</u>	<u>994,886</u>	<u>-</u>
Fund balances—ending	<u>\$ 861,175</u>	<u>\$ 836,788</u>	<u>\$ 794,644</u>	<u>\$ (42,144)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Fire Protection Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 5,836,387	\$ 5,836,387	\$ 5,836,387	\$ -
Use of money and property	317	317	182	(135)
Miscellaneous	<u>7,481</u>	<u>7,481</u>	<u>7,435</u>	<u>(46)</u>
Total revenues	<u>5,844,185</u>	<u>5,844,185</u>	<u>5,844,004</u>	<u>(181)</u>
EXPENDITURES				
Current:				
Public safety	<u>5,850,685</u>	<u>5,850,685</u>	<u>5,834,980</u>	<u>15,705</u>
Total expenditures	<u>5,850,685</u>	<u>5,850,685</u>	<u>5,834,980</u>	<u>15,705</u>
Net change in fund balances*	(6,500)	(6,500)	9,024	15,524
Fund balances—beginning	<u>120,711</u>	<u>120,711</u>	<u>120,711</u>	<u>-</u>
Fund balances—ending	<u>\$ 114,211</u>	<u>\$ 114,211</u>	<u>\$ 129,735</u>	<u>\$ 15,524</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Water District Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 1,152,036	\$ 1,152,036	\$ 1,152,036	\$ -
Use of money and property	1,400	1,400	2,194	794
Miscellaneous	<u>36,438</u>	<u>36,438</u>	<u>-</u>	<u>(36,438)</u>
Total revenues	<u>1,189,874</u>	<u>1,189,874</u>	<u>1,154,230</u>	<u>(35,644)</u>
EXPENDITURES				
Current:				
Home and community services	156,313	284,671	269,200	15,471
Debt service:				
Interest	<u>-</u>	<u>130,981</u>	<u>96,625</u>	<u>34,356</u>
Total expenditures	<u>156,313</u>	<u>415,652</u>	<u>365,825</u>	<u>49,827</u>
Excess of revenues over expenditures	<u>1,033,561</u>	<u>774,222</u>	<u>788,405</u>	<u>14,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,056	100,056
Transfers out	<u>(1,416,806)</u>	<u>(1,288,447)</u>	<u>(1,064,637)</u>	<u>223,810</u>
Total other financing sources (uses)	<u>(1,416,806)</u>	<u>(1,288,447)</u>	<u>(964,581)</u>	<u>323,866</u>
Net change in fund balances*	(383,245)	(514,225)	(176,176)	338,049
Fund balances—beginning	<u>1,799,894</u>	<u>1,799,894</u>	<u>1,799,894</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,416,649</u>	<u>\$ 1,285,669</u>	<u>\$ 1,623,718</u>	<u>\$ 338,049</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Drainage District Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Real property taxes	\$ 4,582,306	\$4,582,306	\$4,582,306	\$ -
Use of money and property	3,400	3,400	3,926	526
Miscellaneous	500,660	74,946	93,152	18,206
State aid	-	719	1,338	619
Total revenues	<u>5,086,366</u>	<u>4,661,371</u>	<u>4,680,722</u>	<u>19,351</u>
EXPENDITURES				
Current:				
Home and community services	4,207,814	4,256,033	4,341,105	(85,072)
Debt service:				
Interest	-	14,630	14,630	-
Total expenditures	<u>4,207,814</u>	<u>4,270,663</u>	<u>4,355,735</u>	<u>(85,072)</u>
Excess of revenues over expenditures	<u>878,552</u>	<u>390,708</u>	<u>324,987</u>	<u>(65,721)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	435,346	435,346
Transfers out	<u>(1,415,943)</u>	<u>(1,368,443)</u>	<u>(1,380,862)</u>	<u>(12,419)</u>
Total other financing sources (uses)	<u>(1,415,943)</u>	<u>(1,368,443)</u>	<u>(945,516)</u>	<u>422,927</u>
Net change in fund balances*	(537,391)	(977,735)	(620,529)	357,206
Fund balances—beginning	<u>1,066,948</u>	<u>1,066,948</u>	<u>1,066,948</u>	<u>-</u>
Fund balances—ending	<u>\$ 529,557</u>	<u>\$ 89,213</u>	<u>\$ 446,419</u>	<u>\$ 357,206</u>

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

FEDERAL AWARDS INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Total Federal Expenditures (1c)
Department of Housing and Urban Development:				
<i>Direct Programs:</i>				
Supportive Housing for Persons with Disabilities	14.181	N/A	\$ -	\$ 845,138
Community Development Block Grants/Entitlement Grants	14.218	N/A	3,356	430,776
Total Community Development Block Grants/Entitlement Grants Cluster			3,356	430,776
Home Investment Partnerships Program	14.239	N/A	-	509,086
Total Home Investment Partnerships Program			-	509,086
Lower Income Housing Assistance Program Section 8				
Moderate Rehabilitation	14.856	N/A	-	820,103
Total Section 8 Project-Based Cluster			-	820,103
Section 8 Housing Choice Vouchers	14.871	N/A	-	28,295,663
Total Housing Voucher Cluster			-	28,295,663
Total U.S. Department of Housing and Urban Development			3,356	30,900,766
U.S. Department of Transportation				
<i>Passed through the NYS Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	D034233	-	59,264
Highway Planning and Construction	20.205	D035757	-	97,476
Highway Planning and Construction	20.205	D035620	-	14,836
Highway Planning and Construction	20.205	D035762	-	2,392
Total Highway Planning and Construction Cluster			-	173,968
Total U.S. Department of Transportation			-	173,968
U.S. Department of Health and Human Services:				
<i>Passed through the County of Erie, New York:</i>				
Aging Cluster				
Special Programs for the Aging—Title III				
Part C Nutrition Services	93.045	III C-1 2017	-	51,549
Total Aging Cluster			-	51,549
Total U.S. Department of Health and Human Services			-	51,549
U.S. Department of Homeland Security:				
<i>Passed through New York State Division of Homeland Security and Emergency Service:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA029-02000-00	-	45,688
Total U.S. Department of Homeland Security			-	45,688
TOTAL EXPENDITURES OF FEDERAL AWARDS (1d)			\$ 3,356	\$ 31,171,971

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

TOWN OF AMHERST, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. The following notes were identified on the schedule of expenditures of federal awards:

- (a) Includes all federal award programs of the Town of Amherst, New York. The Amherst Industrial Development Agency and Amherst Development Corporation do not receive any federal awards.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (d) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principle contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

3. MATCHING COSTS

Matching costs, i.e., the Town’s share of certain program costs, are not included in the reported expenditures.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Town Board
Town of Amherst, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 21, 2018. Our report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 73 and a reference to other auditors who audited the financial statements of the Town of Amherst Industrial Development Agency and the Amherst Development Corporation, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

The Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town'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 result 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.


May 21, 2018

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Town Board
Town of Amherst, New York

Report on Compliance for Each Major Federal Program

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Town's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Drescher & Malecki LLP

May 21, 2018

TOWN OF AMHERST, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*
 (* which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 73 and GASB Statement No. 80 and includes a reference to other auditor)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ <input checked="" type="checkbox"/> Yes	_____ None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Type of report the auditor issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs?		\$ <u>935,159</u>
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No

Section II. FINANCIAL STATEMENT FINDINGS SECTION

We consider the deficiency presented below to be a significant deficiency in internal control.

Finding 2017-001—Hiring, Termination and Transfer Process

Criteria: The policies and procedures that are utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. The Town should have a universal separation policy that outlines these processes in order to assure all steps are properly being performed based on type of termination; whether it be retirement, resignation, termination, etc., and type of employee. These policies should include whether a change form to notify the Information Technology Department is required to be submitted, the timely notification of the Comptroller's office of all terminations and transfers and the process for the collection of keys. All affected departments should be notified in a timely manner when there is a change in employment status of an employee of the Town.

Condition and Context: The separation procedures followed by the Town vary by the type of employee and department; however, there is no formal documentation of the different processes. For example, a change form is required to be submitted to the Information Technology Department when an employee is hired, terminated or transferred. However, if the employee does not have rights to the Town's computer system, a change form is not required. The Town should adopt a formal policy which outlines the specific procedures to be followed for each type of employee.

Additionally, upon retirement, certain employees have the option of receiving a lump sum payment of their compensated absences balance or they can have this balance applied towards future health insurance payments. Upon termination or transfer, the Comptroller's office should be notified that it will be the employee's final paycheck prior to processing payroll in order for an additional review to be performed and to acknowledge the employee's pay out preference relating to their compensated absences balance. If the Comptroller's office is not notified as to which option the employee has chosen and a lump sum payout is made, the payout cannot be applied towards future health insurance payments.

Further, upon termination, department heads should be collecting employee keys if applicable and returning them to the Building Maintenance Department along with an updated Key Inventory Tracking System Log. It was noted that some departments are unaware of the procedures to be followed regarding the collection of keys and are not updating the Key Inventory Tracking System log.

Cause: The Town has not established a formal policies and procedures manual the hiring, termination and transfer of employees which outlines the procedures to be followed for each type of employee.

Effect or Potential Effect: Information technology access, payroll records and physical access may not be updated in a timely manner.

Recommendation: We recommend that uniform policies and procedures be established for each type of employee change including proper notification of the Information Technology Department, Comptroller's Department and Building Maintenance Department. Additionally, the checklists and forms that are currently utilized should be periodically evaluated and updated, if needed. Items within these forms should be dated and initialed once an action is completed. Periodic training sessions should be provided to all employees responsible for recordkeeping, tracking of employees'

timesheets and payroll to regarding Town's policies and procedures, union contracts and applicable laws and regulations.

Managements Corrective Action Plan: The Human Resources Department has found that the majority of issues encountered, with regard to untimely reporting or mis-notifications regarding employee separations, are generated at the department level. They found the same is true in the case of timesheets submitted with inaccurate hours for such employees. While there are standard procedures in place for the various departments providing this information, due to the diversity in size and operations of the many departments in the Town, information is not always provided in a consistent manner.

In order to address this issue and develop more consistency among the departments in providing information in a more accurate and timely manner, the Human Resources Department is going to meet with department heads and payroll personnel responsible for submitting documentation on separated employees. Through these meetings a better understanding of exactly how their processes work should be obtained while focusing on the nuances of the department and any special issues or challenges they may face. Once a better understanding of how the processes work in each department, the Town can begin to develop and ultimately implement a series of guidelines and possibly a checklist to help facilitate more accurate and timely reporting. Once uniform guidelines that should work for every department based on the information gathered have been developed, the Human Resources Department will meet with all of the payroll personnel to introduce and train them on a more consistent, systematic method of providing that information. The Human Resources Department will also encourage departments to cross train and have backup people in place so that someone is ready and available to step in should regular payroll personnel retire or become incapacitated. Additionally, a new time and attendance program is in the process of being implemented at the Youth and Recreation Department.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

TOWN OF AMHERST, NEW YORK
Summary Schedule of Prior Audit Findings
And Corrective Action Plan
Year Ended December 31, 2017
(Follow-up of December 31, 2016 findings)

Finding 2016-001—Human Resources

Criteria: The policies and procedures that are utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. The Town should have a universal separation policy that outlines these processes in order to assure all steps are properly being performed based on type of termination; whether it be retirement, resignation, termination, etc., and type of employee. These policies should include whether a change form to notify the Information Technology Department is required to be submitted, the timely notification of the Comptroller's office of all terminations and transfers and the process for the collection of keys. All affected departments should be notified in a timely manner when there is a change in employment status of an employee of the Town.

Condition and Context: The separation procedures followed by the Town vary by the type of employee and department; however, there is no formal documentation of the different processes. For example, a change form is required to be submitted to the Information Technology Department when an employee is hired, terminated or transferred. However, if the employee does not have rights to the Town's computer system, a change form is not required. The Town should adopt a formal policy which outlines the specific procedures to be followed for each type of employee.

Additionally, upon retirement, certain employees have the option of receiving a lump sum payment of their compensated absences balance or they can have this balance applied towards future health insurance payments. Upon termination or transfer, the Comptroller's office should be notified that it will be the employee's final paycheck prior to processing payroll in order for an additional review to be performed and to acknowledge the employee's pay out preference relating to their compensated absences balance. If the Comptroller's office is not notified as to which option the employee has chosen and a lump sum payout is made, the payout cannot be applied towards future health insurance payments.

Further, upon termination, department heads should be collecting employee keys if applicable and returning them to the Building Maintenance Department along with an updated Key Inventory Tracking System Log. It was noted that some departments are unaware of the procedures to be followed regarding the collection of keys and are not updating the Key Inventory Tracking System log.

Cause: The Town has not established a formal policies and procedures manual the hiring, termination and transfer of employees which outlines the procedures to be followed for each type of employee.

Effect or Potential Effect: Information technology access, payroll records and physical access may not be updated in a timely manner.

Recommendation: We recommend that uniform policies and procedures be established for each type of employee change including proper notification of the Information Technology Department, Comptroller's Department and Building Maintenance Department. Additionally, the checklists and forms that are currently utilized should be periodically evaluated and updated, if needed. Items within these forms should be dated and initialed once an action is completed. Periodic training

sessions should be provided to all employees responsible for recordkeeping, tracking of employees' timesheets and payroll to regarding Town's policies and procedures, union contracts and applicable laws and regulations.

Managements Corrective Action Plan: The Human Resources Department has found that the majority of issues encountered, with regard to untimely reporting or mis-notifications regarding employee separations, are generated at the department level. They found the same is true in the case of timesheets submitted with inaccurate hours for such employees. While there are standard procedures in place for the various departments providing this information, due to the diversity in size and operations of the many departments in the Town, information is not always provided in a consistent manner.

In order to address this issue and develop more consistency among the departments in providing information in a more accurate and timely manner, the Human Resources Department is going to meet with department heads and payroll personnel responsible for submitting documentation on separated employees. Through these meetings a better understanding of exactly how their processes work should be obtained while focusing on the nuances of the department and any special issues or challenges they may face. Once a better understanding of how the processes work in each department, the Town can begin to develop and ultimately implement a series of guidelines and possibly a checklist to help facilitate more accurate and timely reporting. Once uniform guidelines that should work for every department based on the information gathered have been developed, the Human Resources Department will meet with all of the payroll personnel to introduce and train them on a more consistent, systematic method of providing that information. The Human Resources Department will also encourage departments to cross train and have backup people in place so that someone is ready and available to step in should regular payroll personnel retire or become incapacitated. Additionally, a new time and attendance program being implemented at the Youth and Recreation Department.

Current Status: See Finding 2017-001 within the Schedule of Findings and Questioned Costs for current status.

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