

**TOWN OF AMHERST,
NEW YORK**

*Basic Financial Statements,
Required Supplementary Information
and Supplemental Schedules for the
Year Ended December 31, 2007
and Independent Auditors' Report*

TOWN OF AMHERST, NEW YORK
Table of Contents
Year Ended December 31, 2007

Independent Auditors' Report	1
Management's Discussion and Analysis ("MD&A").....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet—Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Highway Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Sewer Fund.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Drainage Fund	25
Statement of Net Assets—Proprietary Fund Type.....	26
Statement of Revenues, Expenses and Changes in Net Assets (Deficit)— Proprietary Fund Type.....	27
Statement of Cash Flows—Proprietary Fund Type	28
Statement of Fiduciary Net Assets—Fiduciary Fund	30
Notes to Financial Statements.....	31

(continued)

TOWN OF AMHERST, NEW YORK
Table of Contents
Year Ended December 31, 2007

(concluded)

Combining, Individual Fund Statements and Schedules:

Combining Balance Sheet—Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds	58
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Town Outside Village Fund.....	59
Combining Balance Sheet—Nonmajor Special District Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Special District Funds	61
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Lighting District Fund	62
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Community Environment Fund	63
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)— Budget and Actual—Fire Protection Fund	64
Statement of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Water District Fund	65

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Amherst, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activity, 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, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town at December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, Highway, Sewer and Drainage Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the financial statements, during the year ended December 31, 2007, the Town adopted the provisions of Governmental Accounting Standards Board's Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Management's Discussion and Analysis on pages 3 through 15 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of Town management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the respective financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town. These financial statements and schedules are the responsibility of the management of the Town. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Drescher & Malach LLP

May 28, 2008

TOWN OF AMHERST, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2007

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, 2007. Certain data from the prior year has been reclassified to conform with the current year presentation. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- ◆ The Town's governmental activities net assets increased \$4,104,786 while its business-type activities net assets increased \$300,086 as a result of this year's activity.
- ◆ The assets of the primary government of the Town exceeded its liabilities at the close of the fiscal year by \$218,021,374, net assets. Of this amount, \$4,874,895, unrestricted net assets, may be used to meet the Town's ongoing operations.
- ◆ At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$51,294,239 an increase of \$17,386,197 in comparison with the prior year. \$11,393,260 of the \$17,386,197 represents proceeds from a bond issuance. Approximately 37.5 percent of this amount, \$19,246,770, is available for spending at the government's discretion (unreserved, undesignated fund balance).
- ◆ The General Fund reported a net increase in fund balance this year of \$5,969,668. At December 31, 2007, unreserved, undesignated fund balance for the General Fund was \$11,616,340, or 21.2 percent of 2008 budgeted General Fund appropriations.
- ◆ The Town's governmental activities paid \$5,435,000 of its previously outstanding bonded indebtedness during the current year. Additionally, the Town's governmental activities issued \$11,393,260 of new debt. The Town's business-type activities defeased \$15,190,000 of its existing debt through an issuance of \$15,385,000 in refunding bonds, during the year ended December 31, 2007. Additionally, the business-type activities paid \$925,000 of its bonded indebtedness during the current year.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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., uncollected taxes and 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, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the Town include the Amherst Ice Facility

The government-wide financial statements can be found on pages 16-17 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. The Town has three kinds of 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 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 twelve 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, Drainage, Special Grant and Capital Projects funds, all of which are considered to be major funds. Data from the other six 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* elsewhere in this report.

The Town adopts an annual appropriated budget for General, Highway, Sewer, Town Outside Village, Lighting District, Community Environment, Fire Protection, Water District, and Drainage funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

Proprietary funds. The Town maintains two different 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 Ice Facility (Pepsi Center). *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 insurance program. Because this service predominantly benefits 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 statement, only in more detail. The proprietary fund financial statements provide separate information for the Amherst Ice Facility and for the insurance program.

The proprietary fund financial statements can be found on pages 26-29.

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

The fiduciary fund financial statement can be found on page 30 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 31-56 of this report.

Other information. As stated earlier, the financial statements include a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in a single column in the basic financial statements.

The supplemental financial statements can be found following the notes to the financial statements on pages 57-65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$219,021,374 at the close of the 2007 fiscal year, as compared to \$214,616,502 at the close of the 2006 fiscal year.

Table 1 – Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 78,762,044	\$ 73,230,080	\$ 395,628	\$ 271,494	\$ 79,157,672	\$ 73,501,574
Capital assets	246,201,282	247,170,920	14,954,448	15,384,362	261,155,730	262,555,282
Total assets	<u>324,963,326</u>	<u>320,401,000</u>	<u>15,350,076</u>	<u>15,655,856</u>	<u>340,313,402</u>	<u>336,056,856</u>
Current liabilities	24,610,597	37,250,457	233,366	155,591	24,843,963	37,406,048
Long-term liabilities	81,825,803	68,728,403	14,622,262	15,305,903	96,448,065	84,034,306
Total liabilities	<u>106,436,400</u>	<u>105,978,860</u>	<u>14,855,628</u>	<u>15,461,494</u>	<u>121,292,028</u>	<u>121,440,354</u>
Invested in capital assets, net of related debt	206,345,776	204,881,334	494,448	194,362	206,840,224	205,075,696
Restricted	7,306,255	5,189,961	-	-	7,306,255	5,189,961
Unrestricted	4,874,895	4,350,845	-	-	4,874,895	4,350,845
Total net assets	<u>\$ 218,526,926</u>	<u>\$ 214,422,140</u>	<u>\$ 494,448</u>	<u>\$ 194,362</u>	<u>\$ 219,021,374</u>	<u>\$ 214,616,502</u>

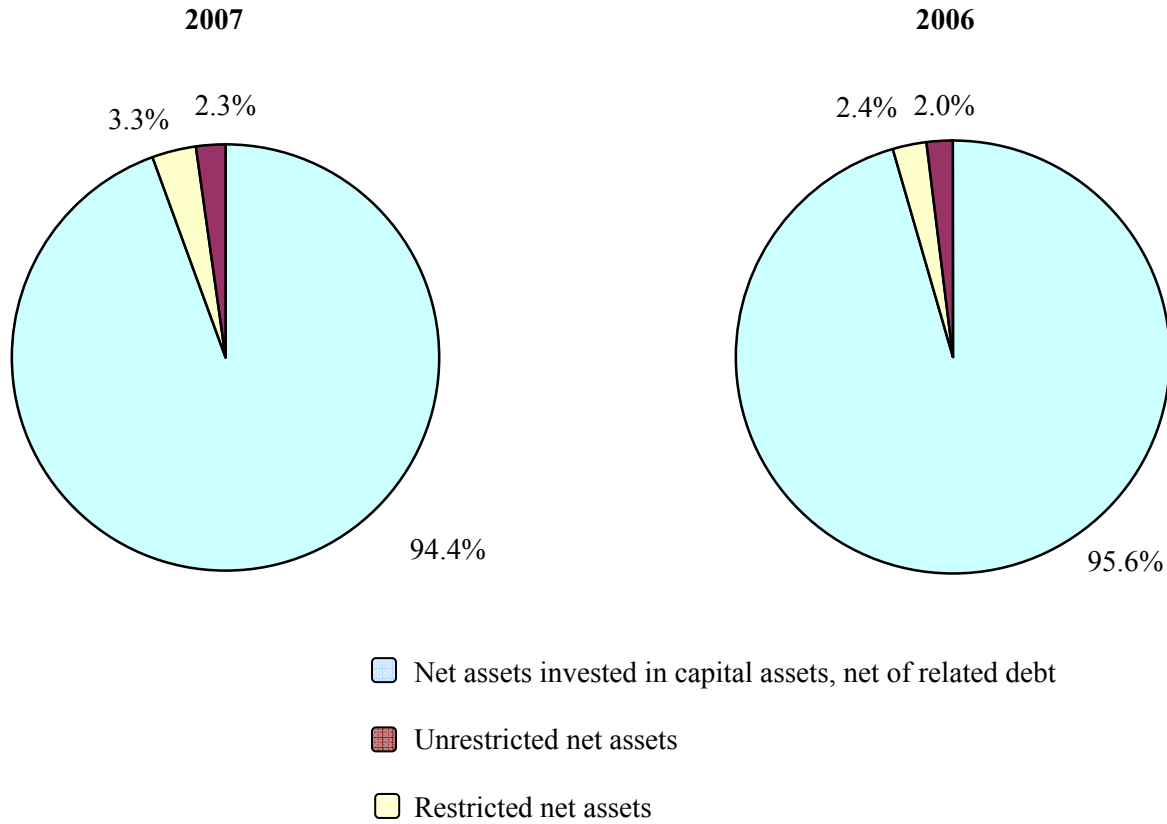
By far the largest portion of the Town's net assets (94.4 percent) reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide 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 assets (3.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (2.3 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

Total net assets increased \$4,404,872 over prior year. The increase in net assets can be primarily attributed to increased property taxes, unanticipated earnings in sales tax revenues, favorable interest rates and a refund of prior year's expenditures related to the reimbursement from the October 13, 2006 storm, which were offset in part by increases in the costs of providing services (general government support, economic assistance and opportunity) to the Town's residents.

Presented below, in Figure 1, is a comparison of the components of the Town's total net assets for the years ended December 31, 2007 and December 31, 2006:

Figure 1 – Components of Net Assets



The Town had a ratio of current assets to current liabilities of 3.19 at December 31, 2007, which increased from 1.96 at December 31, 2006. Such a ratio implies that the Town has sufficient assets on-hand to meet obligations in the coming year.

Table 2, shown below, presents a comparison of current assets to current liabilities at December 31, 2007 and December 31, 2006.

Table 2 – Current assets and current liabilities

	2007	2006
Current assets	\$ 79,157,672	\$ 73,501,574
Current liabilities	24,843,963	37,406,048
Ratio of current assets to current liabilities	3.19	1.96

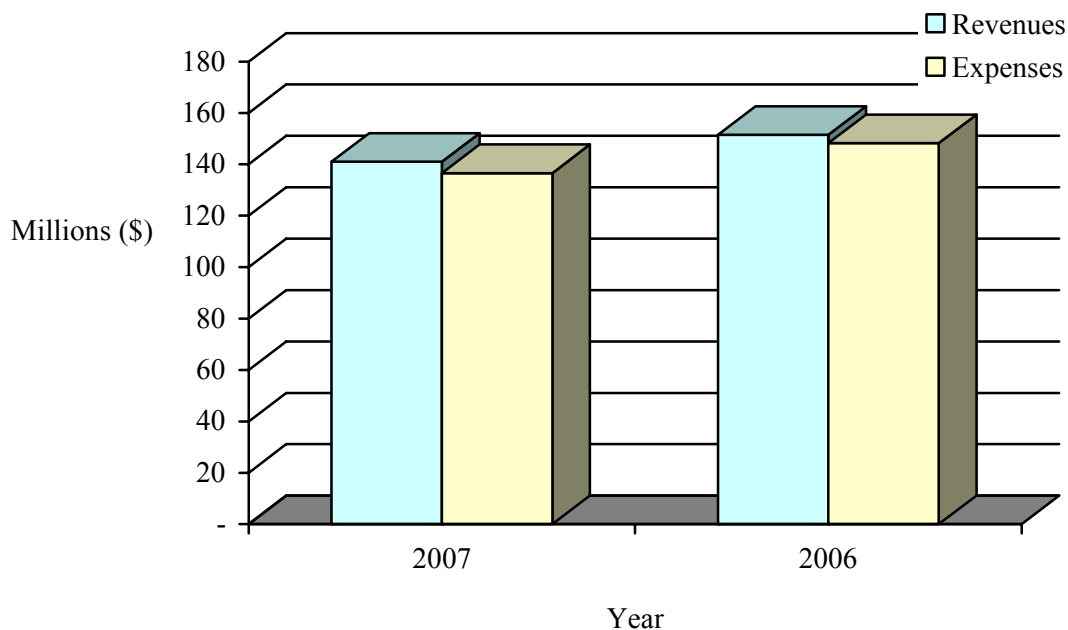
Table 3, as presented below, shows the changes in net assets for the years ending December 31, 2007 and December 31, 2006:

Table 3 – Condensed Statement of Revenues, Expenses and Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	Year Ended December 31, 2007	2006	Year Ended December 31, 2007	2006	Year Ended December 31, 2007	2006
Revenues:						
Charges for services	\$ 9,426,917	\$ 9,864,568	\$ 2,363,658	\$ 2,151,707	\$ 11,790,575	\$ 12,016,275
Operating grants and contributions	23,938,705	42,564,766	-	-	23,938,705	42,564,766
Capital grants and contributions	1,296,451	142,534	-	-	1,296,451	142,534
General revenues	104,011,223	96,757,886	4,021	30,003	104,015,244	96,787,889
Total revenues	<u>138,673,296</u>	<u>149,329,754</u>	<u>2,367,679</u>	<u>2,181,710</u>	<u>141,040,975</u>	<u>151,511,464</u>
Program expenses	<u>133,835,845</u>	<u>145,337,396</u>	<u>2,800,258</u>	<u>2,883,530</u>	<u>136,636,103</u>	<u>148,220,926</u>
Transfers (out) in	<u>(732,665)</u>	<u>(896,182)</u>	<u>732,665</u>	<u>896,182</u>	<u>-</u>	<u>-</u>
Change in net assets	4,104,786	3,096,176	300,086	194,362	4,404,872	3,290,538
Net assets—beginning	<u>214,422,140</u>	<u>211,325,964</u>	<u>194,362</u>	<u>-</u>	<u>214,616,502</u>	<u>211,325,964</u>
Net assets—ending	<u>\$ 218,526,926</u>	<u>\$ 214,422,140</u>	<u>\$ 494,448</u>	<u>\$ 194,362</u>	<u>\$ 219,021,374</u>	<u>\$ 214,616,502</u>

As shown below in Figure 2, revenues and expenses for the year ended December 31, 2007 decreased 6.9 percent and 7.8 percent, respectively, from the year ended December 31, 2006.

Figure 2 – Comparison of Revenues and Expenses



Overall revenues in the year ended December 31, 2007 decreased by 6.9 percent as compared to the year ended December 31, 2006 due primarily to a \$18,626,061, or 43.8 percent, decrease in operating grants and contributions, from the large one-time emergency aid related to the October 13, 2006 storm that occurred during the year ended December 31, 2006. Slightly offsetting this decrease was an increase in property and other taxes revenues of \$3,417,034, or 3.9 percent, and an unexpected influx of sales tax revenues from Erie County. Also, miscellaneous revenues increased by \$2,115,387 from a large refund from prior year's expenditure related to additional reimbursement from the October 13, 2006 storm. Also offsetting the decrease was an increase in capital grants and contributions of \$1,153,917 from the receipt of additional State and Federal aid for capital projects. Finally, the use of money and property increased by \$1,036,415 mainly from favorable interest rates.

Total primary government expenses for the year ended December 31, 2007 decreased 7.8 percent from the year ended December 31, 2006. The decrease was largely from a \$13,406,186, or 27.5 percent, decrease in public safety spending. This decrease was largely due to expenses during the prior year related to the October 13, 2006 storm that did not reoccur in the current year. This reduction in expense was largely offset by the recognition of \$7,889,035 other post-employment benefits obligation. Furthermore, general government support, transportation, economic assistance and opportunity and culture and recreation each increased partly due to their allocation of the expense. These increases were coupled by an allocation of an increase in accrued compensated absences. On the other hand, transportation and home and community were able to combat these increases through successful cost reduction measures.

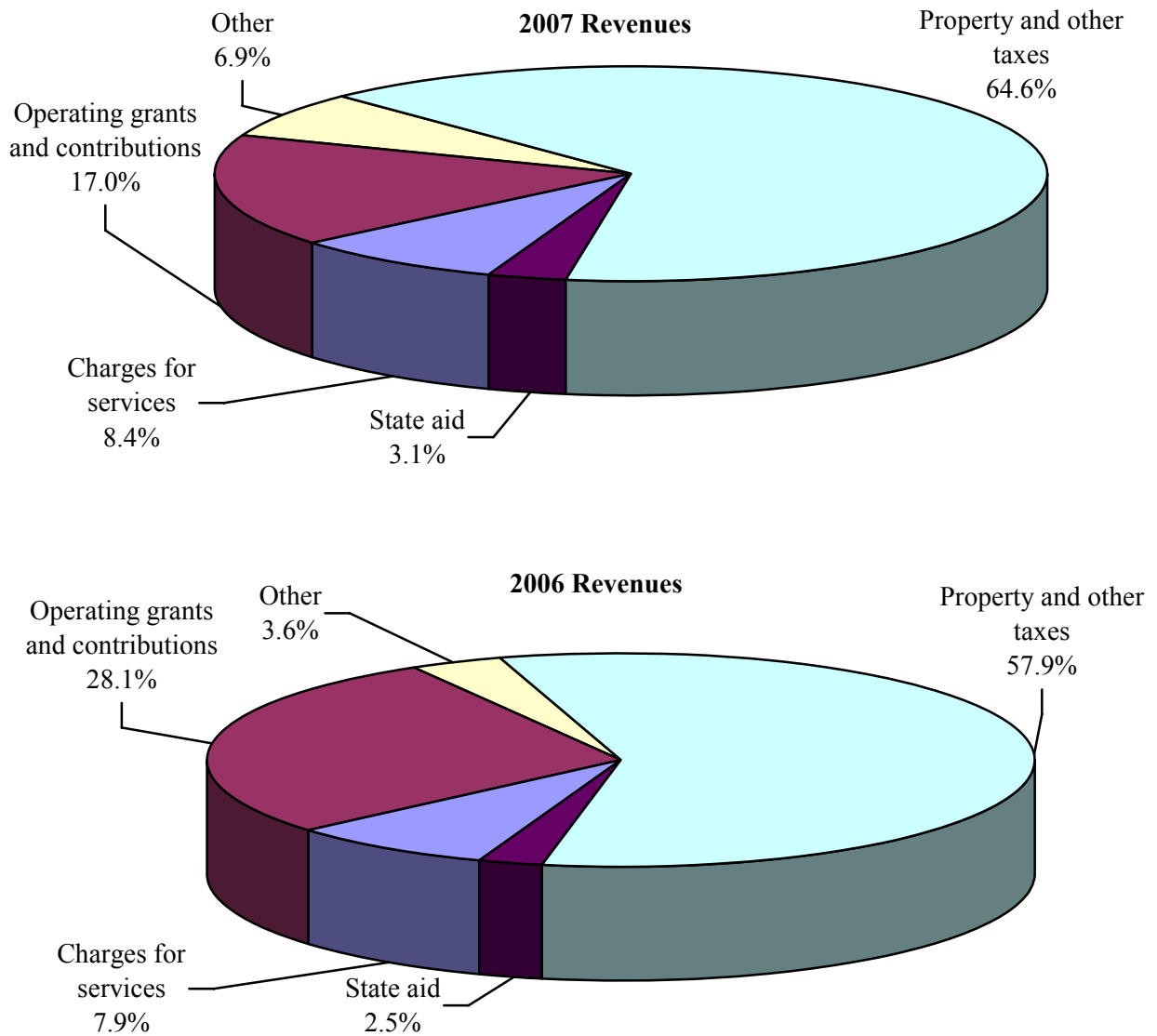
A summary of sources of revenues of the primary government for the years ended December 31, 2007 and December 31, 2006 is presented below in Table 4:

Table 4 – Summary of Sources of Revenues

	2007	2006	Increase/(decrease)	
			Dollars	Percent
Charges for services	\$ 11,790,575	\$ 12,016,275	\$ (225,700)	(1.9)
Operating grants and contributions	23,938,705	42,564,766	(18,626,061)	(43.8)
Capital grants and contributions	1,296,451	142,534	1,153,917	809.6
Property and other taxes	91,165,710	87,748,676	3,417,034	3.9
Use of money and property	4,471,377	3,434,962	1,036,415	30.2
Miscellaneous	3,945,791	1,830,404	2,115,387	115.6
State aid	4,432,366	3,773,847	658,519	17.4
Total revenues, net	<u>\$ 141,040,975</u>	<u>\$ 151,511,464</u>	<u>\$ (10,470,489)</u>	(6.9)

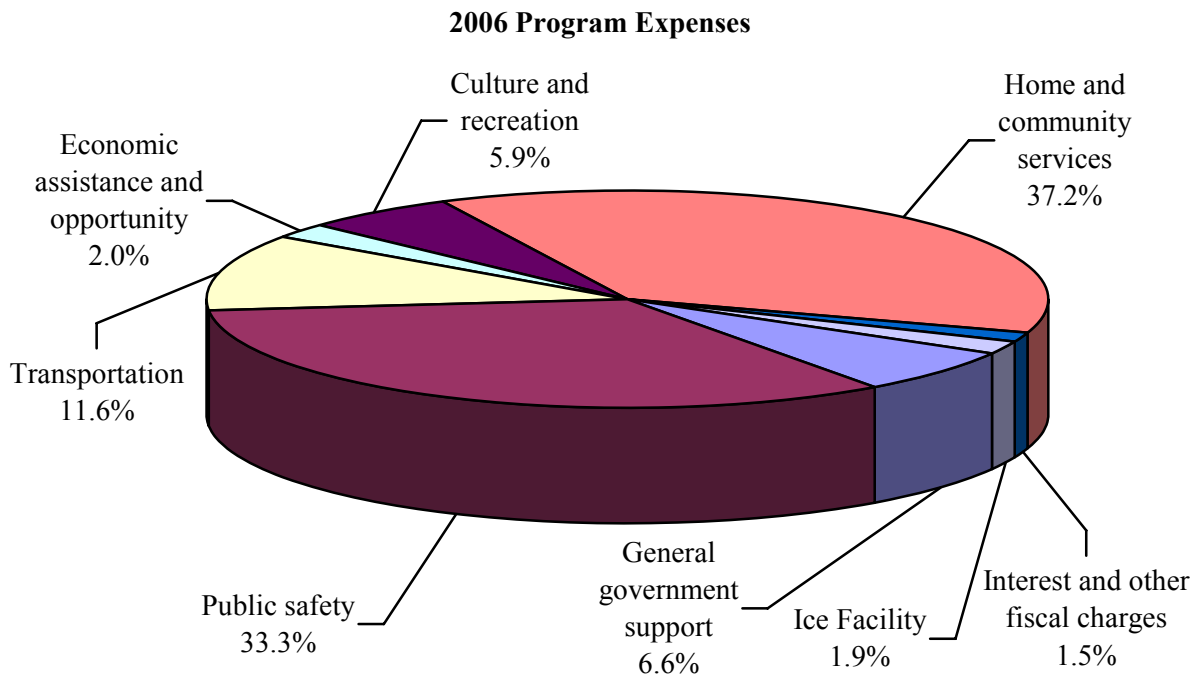
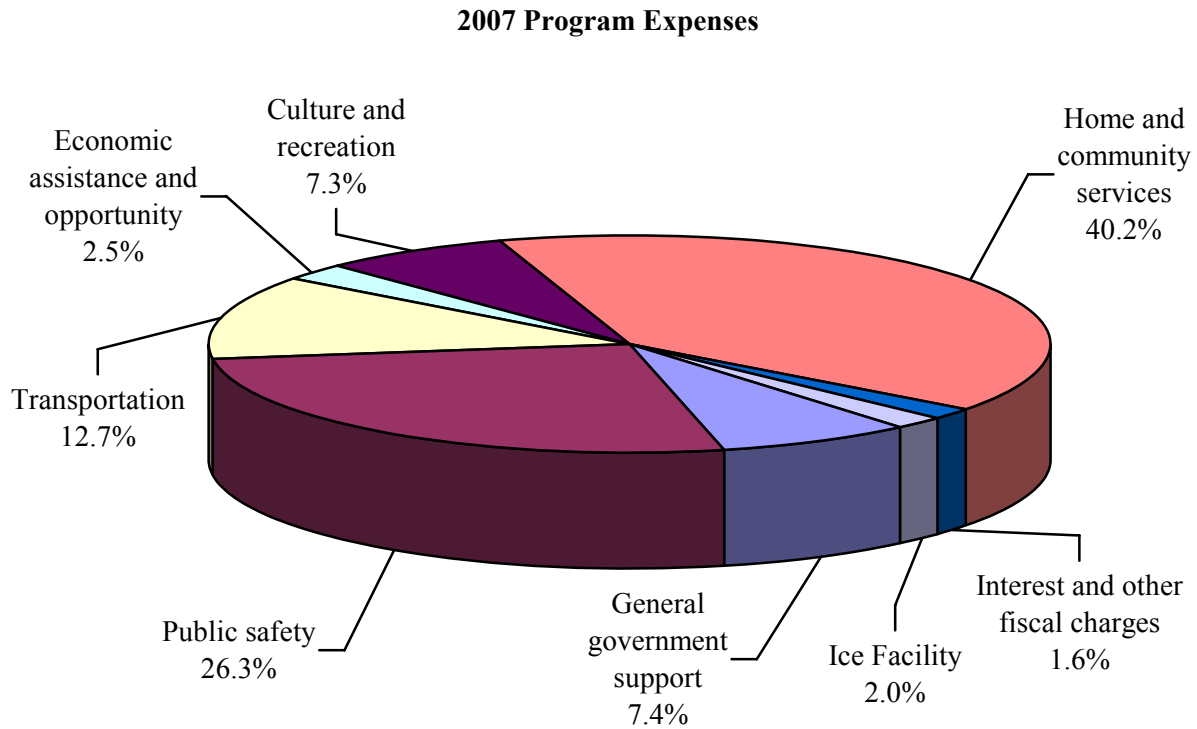
As presented in Figure 3 on the following page, the most significant source of revenues is property and other taxes, which accounts for \$91,165,710, or 64.6 percent of total revenues, for the year ended December 31, 2007 and \$87,748,676, or 57.9 percent of total revenues, for the year ended December 31, 2006. The next largest source of revenue is operating grants and contributions, which comprises \$23,938,705, or 17.0 percent of total revenues and \$42,563,766, or 28.1 percent of total revenues for the years ended December 31, 2007 and 2006, respectively. Another significant source of revenue for the Town is charges for services, which provided \$11,790,575, or 8.4 percent of total revenues, and \$12,016,275, or 7.9 percent of total revenues, for the years ended December 31, 2007 and 2006, respectively.

Figure 3 – Components of Revenues



As presented in Figure 4, on the following page, the Town’s significant expense items for the year ended December 31, 2007 were home and community services of \$54,955,719 (primarily sewer, water, and sanitation services), public safety of \$35,970,468 (primarily police services), transportation of \$17,356,816 (primarily highway and road services) and general government support of \$10,156,208. Similarly, for the year ended December 31, 2006 significant expense items were home and community services of \$55,055,250, public safety of \$49,376,654, transportation of \$17,220,204 and general government support of \$9,735,365.

Figure 4 – Components of Program Expenses



A summary of program expenses for the years ended December 31, 2007 and December 31, 2006 is presented below in Table 5:

Table 5 – Summary of Program Expenses

	2007	2006	Increase/(decrease)	
			Dollars	Percent
General government support	\$ 10,156,208	\$ 9,735,365	\$ 420,843	4.3
Public safety	35,970,468	49,376,654	(13,406,186)	(27.2)
Transportation	17,356,816	17,220,204	136,612	0.8
Economic assistance and opportunity	3,411,266	2,989,769	421,497	14.1
Culture and recreation	9,735,405	8,769,664	965,741	11.0
Home and community services	54,955,719	55,055,250	(99,531)	(0.2)
Interest and other fiscal charges	2,249,963	2,190,490	59,473	2.7
Amherst Ice Facility expenses	2,800,258	2,883,530	(83,272)	(2.9)
	<u>\$ 136,636,103</u>	<u>\$ 148,220,926</u>	<u>\$ (11,584,823)</u>	<u>(7.8)</u>

Financial Analysis of the Town's 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$51,294,239, an increase of \$17,386,197 in comparison with the prior year. Approximately 37.5 percent of this total amount, \$19,246,770 constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed for liquidate contracts and purchase orders (fulfill encumbrances), for self-insurance, to finance capital projects, purchase equipment or to pay debt service.

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

The Town's General Fund had an ending fund balance of \$13,873,725, an increase of \$5,969,668 in comparison with the prior year. Approximately 83.7 percent of this amount, \$11,616,340 constitutes unreserved, undesignated fund balance.

During the year ending December 31, 2007, the Town's Highway Fund fund balance increased by \$2,028,323 from the prior year, resulting in an ending fund balance of \$4,174,821. Approximately 31.4 percent of this amount, \$1,308,848 is reported as unreserved, undesignated fund balance.

At December 31, 2007, the Town's Sewer Fund reported fund balance of \$7,680,524, an increase of \$1,474,821 in comparison with the prior year. Approximately 42.6 percent of this amount, \$3,274,771 is unreserved, undesignated fund balance.

For the year ending December 31, 2007, the Town's Drainage Fund fund balance decreased by \$1,895,801 from the prior year, resulting in an ending fund balance of \$2,761,981. Approximately 35.7 percent of this amount, \$987,062 constitutes unreserved, undesignated fund balance.

General Fund Budgetary Highlights

During the year there was a \$6,571,041 net increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- ◆ \$6,710,353 supplemental appropriations for public safety, largely in anticipation of supplemental expenditures related to clean-up from the October 13, 2006 storm, most of which was unexpended at year-end.
- ◆ \$293,733 supplemental appropriations in culture and recreation expenditures to cover costs for parks and recreation services that were unforeseen when the original budget was adopted
- ◆ \$277,399 supplemental appropriations in economic assistance and opportunity largely from grant money that became available after the budget was passed.

These supplemental appropriations were supported by decreased appropriations between the original and final amended budget for general government support (\$669,679) and supplemental revenues that came available from increased sales taxes, reimbursement from prior year's expenditures, supplemental State and Federal aid and the favorable interest earnings or remained largely unexpected at year-end.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2007, amounted to \$246,201,282 and \$14,954,448, respectively. This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles and equipment.

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 and business-type activities at the years ended December 31, 2007 and 2006 are presented below:

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

	December 31,	
	2007	2006
Governmental activities:		
Land	\$ 9,319,186	\$ 9,319,186
Construction in progress	20,569,198	20,817,364
Infrastructure	93,967,241	91,870,889
Land improvements	3,745,590	3,924,620
Buildings	106,631,398	110,706,558
Building improvements	3,252,636	3,394,610
Machinery and equipment	8,716,033	7,137,693
Total governmental activities	<u>\$ 246,201,282</u>	<u>\$ 247,170,920</u>
<u>Business-type activities:</u>		
Buildings	\$ 14,911,897	\$ 15,275,604
Machinery and equipment	42,551	108,758
Total business-type activities	<u>\$ 14,954,448</u>	<u>\$ 15,384,362</u>

The Town's infrastructure assets are recorded at historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town's capital assets can be found in Note 7 of this report.

Debt. At December 31, 2007, the Town's governmental activities had bonded debt outstanding of \$51,563,260, as compared to \$45,605,500 in the prior year, and its business-type activities had bonded debt outstanding of \$14,460,000, as compared to \$15,190,000 in the prior year. New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year valuation. The current debt-limitation for the Town is \$458,724,255, which is significantly in excess of the Town's outstanding general obligation debt.

The Town has a bond rating from Moody's Investor Service of Aa3. Additional information on the Town's long-term debt can be found in Note 9 of this report.

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 a renowned area for beauty, character and environmental quality; capitalize on the presence of institutions of higher education and outstanding public school districts; to 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, steam corridors, and bicycle/pedestrian facilities is a part of its proposed comprehensive plan.
- ◆ **Natural and cultural resources**—the Town is focused on the preserving and enhancing its rich natural and cultural resources for the future. The open space policy identified in land use and development is a key to this objective, as well as the new initiative of a community-wide "Greening Amherst" program of tree planting and re-vegetation.
- ◆ **Economic development**—the Town anticipates the promotion of a healthy tax and employment base, the increasing of economic development partnerships governmental agencies and private businesses and institutions, preventing adverse commercial development that would negatively affect community character and quality of life, and 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. The key issues are related 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, capital improvements and design standards.
- ◆ **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.

Economic Factors—The unemployment rate for the Town at December 2007 was 3.9 percent, which is an increase from 3.4 percent a year ago; however, the current rate compares favorably to New York State's average unemployment rate of 4.7 percent and the national average rate of 5.0. Furthermore, recent inflationary trends in the region, particularly in the real estate sector compared favorably to national indices.

The Town's 2008 budget includes an appropriation of fund balance of \$735,000 in the General Fund and the budget also includes a General Fund tax rate decrease of 9.33 percent.

Contacting the Town's Finance Department

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 Supervisor's Office, Town of Amherst, 5583 Main St., Williamsville, NY 14221.

BASIC FINANCIAL STATEMENTS

TOWN OF AMHERST, NEW YORK
Statement of Net Assets
December 31, 2007

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 57,788,175	\$ 49,305	\$ 57,837,480
Accounts receivable	1,121,924	68,571	1,190,495
Prepays	1,512,368	13,768	1,526,136
Deposit on assets	-	70,000	70,000
Loans receivable	5,445,816	-	5,445,816
Internal balances	269,875	-	269,875
Due from other governments	12,623,886	-	12,623,886
Deferred charges	-	193,984	193,984
Capital assets not being depreciated	29,888,384	-	29,888,384
Capital assets, net of accumulated depreciation	<u>216,312,898</u>	<u>14,954,448</u>	<u>231,267,346</u>
Total assets	<u>324,963,326</u>	<u>15,350,076</u>	<u>340,313,402</u>
LIABILITIES			
Accounts payable	4,534,881	110,579	4,645,460
Accrued liabilities	7,507,128	63,423	7,570,551
Internal balances	-	59,364	
Due to other governments	393,349	-	393,349
Unearned revenue	12,175,239	-	12,175,239
Noncurrent liabilities:			
Due within one year	8,128,638	747,266	8,875,904
Due in more than one year	<u>73,697,165</u>	<u>13,874,996</u>	<u>87,572,161</u>
Total liabilities	<u>106,436,400</u>	<u>14,855,628</u>	<u>121,292,028</u>
NET ASSETS			
Investment in capital assets, net of related debt	206,345,776	494,448	206,840,224
Restricted	7,306,255	-	7,306,255
Unrestricted	<u>4,874,895</u>	<u>-</u>	<u>4,874,895</u>
Total net assets	<u>\$ 218,526,926</u>	<u>\$ 494,448</u>	<u>\$ 219,021,374</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, 2007

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government support	\$ 10,156,208	\$ 2,442,894	\$ 267,819	\$ 1,012,245	\$ (6,433,250)	\$ -	\$ (6,433,250)
Public safety	35,970,468	2,254,285	1,628,666	-	(32,087,517)	-	(32,087,517)
Transportation	17,356,816	263,881	375,934	-	(16,717,001)	-	(16,717,001)
Economic assistance and opportunity	3,411,266	-	80,994	-	(3,330,272)	-	(3,330,272)
Culture and recreation	9,735,405	1,889,616	-	284,206	(7,561,583)	-	(7,561,583)
Home and community services	54,955,719	2,576,241	21,585,292	-	(30,794,186)	-	(30,794,186)
Interest and other fiscal charges	2,249,963	-	-	-	(2,249,963)	-	(2,249,963)
Total primary government	<u>\$ 133,835,845</u>	<u>\$ 9,426,917</u>	<u>\$ 23,938,705</u>	<u>\$ 1,296,451</u>	<u>(99,173,772)</u>	<u>-</u>	<u>(99,173,772)</u>
Business-type activities:							
Amherst Ice Facility	<u>\$ 2,800,258</u>	<u>\$ 2,363,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(436,600)</u>	<u>(436,600)</u>
General revenues:							
					75,843,033	-	75,843,033
					15,322,677	-	15,322,677
					4,469,016	2,361	4,471,377
					3,944,131	1,660	3,945,791
					4,432,366	-	4,432,366
					<u>104,011,223</u>	<u>4,021</u>	<u>104,015,244</u>
					(732,665)	732,665	-
					4,104,786	300,086	4,404,872
					<u>214,422,140</u>	<u>194,362</u>	<u>214,616,502</u>
					<u>\$ 218,526,926</u>	<u>\$ 494,448</u>	<u>\$ 219,021,374</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, 2007

	<u>Special Revenue</u>					<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Special Grant</u>			
ASSETS								
Cash and cash equivalents	\$ 7,954,041	\$ 2,245,276	\$ 7,875,709	\$ 3,910,844	\$ 4,464,241	\$ 16,851,427	\$ 7,704,492	\$ 51,006,030
Accounts receivable	883,217	5,783	300	1,608	5,450	-	225,566	1,121,924
Prepaid items	1,004,847	81,211	111,243	43,452	-	-	104,026	1,344,779
Loans receivable	-	-	-	-	5,445,816	-	-	5,445,816
Due from other funds	2,860,219	2,239,875	252,759	575	-	123,853	348,611	5,825,892
Due from other governments	7,164,773	347,078	2,207,815	5,000	2,857,364	35,750	6,106	12,623,886
Total assets	<u>\$ 19,867,097</u>	<u>\$ 4,919,223</u>	<u>\$ 10,447,826</u>	<u>\$ 3,961,479</u>	<u>\$ 12,772,871</u>	<u>\$ 17,011,030</u>	<u>\$ 8,388,801</u>	<u>\$ 77,368,327</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 723,501	\$ 541,819	\$ 929,979	\$ 33,433	\$ 598,390	\$ 57,967	\$ 1,606,870	\$ 4,491,959
Accrued liabilities	2,118,820	179,139	307,228	275,420	6,906	-	570,011	3,457,524
Due to other funds	2,729,545	23,444	1,530,095	890,645	20,493	13,648	348,147	5,556,017
Due to other governments	393,349	-	-	-	-	-	-	393,349
Deferred revenue	28,157	-	-	-	12,147,082	-	-	12,175,239
Total liabilities	<u>5,993,372</u>	<u>744,402</u>	<u>2,767,302</u>	<u>1,199,498</u>	<u>12,772,871</u>	<u>71,615</u>	<u>2,525,028</u>	<u>26,074,088</u>
Fund balances:								
Reserved for:								
Encumbrances	92,308	179,247	166,615	10,948	-	-	64,393	513,511
Endowments	-	-	-	-	-	-	1,978,050	1,978,050
Debt	233,265	-	1,002,075	930,519	-	-	166,289	2,332,148
Capital projects	-	-	-	-	-	16,939,415	-	16,939,415
Prepaid items	1,004,847	81,211	111,243	43,452	-	-	104,026	1,344,779
Unreserved:								
Designated for:								
Subsequent year's expenditures	735,000	648,000	3,000,000	790,000	-	-	1,370,000	6,543,000
Equipment purchases	191,965	1,957,515	125,820	-	-	-	121,266	2,396,566

(continued)

(concluded)

	<u>Special Revenue</u>						Other	Total
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Special Grant</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Undesignated	<u>11,616,340</u>	<u>1,308,848</u>	<u>3,274,771</u>	<u>987,062</u>	<u>-</u>	<u>-</u>	<u>2,059,749</u>	<u>19,246,770</u>
Total fund balances	<u>13,873,725</u>	<u>4,174,821</u>	<u>7,680,524</u>	<u>2,761,981</u>	<u>-</u>	<u>16,939,415</u>	<u>5,863,773</u>	<u>51,294,239</u>
Total liabilities and fund balances	<u>\$ 19,867,097</u>	<u>\$ 4,919,223</u>	<u>\$ 10,447,826</u>	<u>\$ 3,961,479</u>	<u>\$ 12,772,871</u>	<u>\$ 17,011,030</u>	<u>\$ 8,388,801</u>	<u>\$ 77,368,327</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances—governmental funds	\$ 51,294,239
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$410,336,717 and the accumulated depreciation is \$164,135,435.	246,201,282
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$708,995 at year end.	(708,995)
Long-term liabilities, including bonds payable, long-term note payable, other postemployment benefits obligation and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(81,825,803)
Bond issue costs are reported as expenditures in the governmental funds. The cost is \$69,411 and accumulated amortization is \$13,751.	55,660
Internal service fund balance which is due to governmental activities and related charges for services provided.	<u>3,510,543</u>
Total net assets—governmental activities	<u>\$ 218,526,926</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—Governmental Funds
Year Ended December 31, 2007

	<u>Special Revenue</u>					<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Special Grant</u>			
REVENUES								
Real property taxes	\$ 27,988,141	\$ 8,591,032	\$ 16,015,890	\$ 2,963,030	\$ -	\$ -	\$ 18,274,334	\$ 73,832,427
Real property tax items	2,010,606	-	-	-	-	-	-	2,010,606
Non-property tax items	15,322,677	-	-	-	-	-	-	15,322,677
Departmental income	2,390,612	263,881	230,665	-	-	-	606,479	3,491,637
Intergovernmental charges	-	-	1,894,385	-	-	-	-	1,894,385
Use of money and property	1,349,742	274,798	790,365	345,881	11,004	787,470	637,917	4,197,177
Licenses and permits	3,721	-	-	-	-	-	1,947,617	1,951,338
Fines and forfeitures	1,698,367	-	-	-	-	-	-	1,698,367
Miscellaneous	2,284,383	652,618	480,024	6,873	-	109,048	680,644	4,213,590
State aid	5,088,977	375,934	-	2,994	-	1,079,871	115,560	6,663,336
Federal aid	1,320,868	-	-	-	21,466,738	216,580	-	23,004,186
Total revenues	<u>59,458,094</u>	<u>10,158,263</u>	<u>19,411,329</u>	<u>3,318,778</u>	<u>21,477,742</u>	<u>2,192,969</u>	<u>22,262,551</u>	<u>138,279,726</u>
EXPENDITURES								
Current:								
General government support	7,238,387	1,281	-	-	-	1,021,959	556	8,262,183
Public safety	20,764,884	-	-	-	-	-	7,290,277	28,055,161
Transportation	1,714,804	7,977,947	-	-	-	1,876,073	3,754,909	15,323,733
Economic assistance and opportunity	2,296,011	-	-	-	-	-	-	2,296,011
Culture and recreation	6,805,954	-	-	-	-	154,251	20,605	6,980,810
Home and community services	-	-	11,596,854	3,060,991	21,477,742	1,506,128	9,117,368	46,759,083
Employee benefits	11,344,964	1,689,164	1,166,651	187,633	-	-	1,196,459	15,584,871
Debt service:								
Principal	1,752,194	272,909	2,680,779	941,079	-	-	272,750	5,919,711
Interest and other charges	889,805	122,710	911,652	271,550	-	17,491	159,353	2,372,561
Total expenditures	<u>52,807,003</u>	<u>10,064,011</u>	<u>16,355,936</u>	<u>4,461,253</u>	<u>21,477,742</u>	<u>4,575,902</u>	<u>21,812,277</u>	<u>131,554,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,651,091</u>	<u>94,252</u>	<u>3,055,393</u>	<u>(1,142,475)</u>	<u>-</u>	<u>(2,382,933)</u>	<u>450,274</u>	<u>6,725,602</u>

(continued)

(concluded)

	<u>Special Revenue</u>				<u>Special Grant</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Drainage</u>				
OTHER FINANCING SOURCES (USES)								
Transfers in	2,344,418	1,957,515	125,820	-	-	797,900	124,841	5,350,494
Transfers out	(3,025,841)	(23,444)	(1,707,150)	(753,326)	-	-	(573,398)	(6,083,159)
Proceeds from bond issuance	-	-	-	-	-	11,393,260	-	11,393,260
Total other financing sources (uses)	<u>(681,423)</u>	<u>1,934,071</u>	<u>(1,581,330)</u>	<u>(753,326)</u>	<u>-</u>	<u>12,191,160</u>	<u>(448,557)</u>	<u>10,660,595</u>
Net change in fund balances	5,969,668	2,028,323	1,474,063	(1,895,801)	-	9,808,227	1,717	17,386,197
Fund balances—beginning	<u>7,904,057</u>	<u>2,146,498</u>	<u>6,206,461</u>	<u>4,657,782</u>	<u>-</u>	<u>7,131,188</u>	<u>5,862,056</u>	<u>33,908,042</u>
Fund balances—ending	<u>\$ 13,873,725</u>	<u>\$ 4,174,821</u>	<u>\$ 7,680,524</u>	<u>\$ 2,761,981</u>	<u>\$ -</u>	<u>\$ 16,939,415</u>	<u>\$ 5,863,773</u>	<u>\$ 51,294,239</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances—total governmental funds \$ 17,386,197

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital asset additions	8,730,296	
Loss on capital asset disposal	(124,482)	
Depreciation expense	<u>(9,575,452)</u>	(969,638)

The governmental funds report the repayment of bond principal, net of issuance costs, and installment purchase debt as an expenditure and the issuance of bonds as a revenue. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Net activity of serial bonds	(5,958,260)	
Payment of installment purchase debt	484,711	
Net change in accrued expense	<u>126,936</u>	(5,346,613)

In the statement of activities, certain operating expenses—compensated absences (vacation & sick leave) and NYS retirement liability—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 is as follows: (7,623,851)

Net bond issuance costs that are recorded on the statement for government funds but not in the statement of activities. (4,338)

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. 663,029

Change in net assets of governmental activities \$ 4,104,786

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—
Budget and Actual—General Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE				
Real property taxes	\$ 28,009,661	\$ 28,009,661	\$ 27,988,141	\$ (21,520)
Other tax items	1,472,102	1,472,102	2,010,606	538,504
Non property tax items	14,400,000	14,400,000	15,322,677	922,677
Departmental income	2,859,113	2,859,113	2,390,612	(468,501)
Use of money and property	912,000	913,735	1,349,742	436,007
Licenses and permits	5,000	5,000	3,721	(1,279)
Fines and forfeitures	1,925,000	1,927,650	1,698,367	(229,283)
Miscellaneous	47,000	273,889	2,284,383	2,010,494
State aid	3,550,000	3,736,333	5,088,977	1,352,644
Federal aid	251,500	462,323	1,320,868	858,545
Total revenues	<u>53,431,376</u>	<u>54,059,806</u>	<u>59,458,094</u>	<u>5,398,288</u>
EXPENDITURES				
Current:				
General government support	8,573,486	7,903,807	7,238,387	665,420
Public safety	19,739,051	26,449,404	20,764,884	5,684,520
Transportation	1,765,181	1,746,748	1,714,804	31,944
Economic assistance and opportunity	2,170,775	2,448,174	2,296,011	152,163
Culture and recreation	7,005,406	7,299,139	6,805,954	493,185
Employee benefits	12,659,361	12,646,700	11,344,964	1,301,736
Debt service:				
Principal	2,647,309	2,647,530	1,752,194	895,336
Interest	1,576,705	1,570,388	889,805	680,583
Total expenditures	<u>56,137,274</u>	<u>62,711,890</u>	<u>52,807,003</u>	<u>9,904,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,705,898)</u>	<u>(8,652,084)</u>	<u>6,651,091</u>	<u>15,303,175</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,645,500	2,645,500	2,344,418	(301,082)
Transfers out	(111,000)	(114,575)	(3,025,841)	(2,911,266)
Total other financing sources (uses)	<u>2,534,500</u>	<u>2,530,925</u>	<u>(681,423)</u>	<u>(3,212,348)</u>
Net change in fund balances	(171,398)	(6,121,159)	5,969,668	12,090,827
Fund balances—beginning	7,904,057	7,904,057	7,904,057	-
Fund balances—ending	<u>\$ 7,732,659</u>	<u>\$ 1,782,898</u>	<u>\$ 13,873,725</u>	<u>\$ 12,090,827</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—
Budget and Actual—Highway Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE				
Real property taxes	\$ 8,591,032	\$ 8,591,032	\$ 8,591,032	\$ -
Departmental income	220,000	220,000	263,881	43,881
Use of money and property	260,000	260,000	274,798	14,798
Miscellaneous	610,000	629,332	652,618	23,286
State aid	<u>319,000</u>	<u>319,000</u>	<u>375,934</u>	<u>56,934</u>
Total revenues	<u>10,000,032</u>	<u>10,019,364</u>	<u>10,158,263</u>	<u>138,899</u>
EXPENDITURES				
Current:				
General government support	661,281	1,281	1,281	-
Transportation	7,760,769	8,158,797	7,977,947	180,850
Employee benefits	1,116,400	1,663,141	1,689,164	(26,023)
Debt service:				
Principal	281,243	272,909	272,909	-
Interest	<u>129,935</u>	<u>122,710</u>	<u>122,710</u>	<u>-</u>
Total expenditures	<u>9,949,628</u>	<u>10,218,838</u>	<u>10,064,011</u>	<u>154,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,404</u>	<u>(199,474)</u>	<u>94,252</u>	<u>293,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,957,515	1,957,515
Transfers out	<u>(187,000)</u>	<u>(187,000)</u>	<u>(23,444)</u>	<u>163,556</u>
Total other financing sources (uses)	<u>(187,000)</u>	<u>(187,000)</u>	<u>1,934,071</u>	<u>2,121,071</u>
Net change in fund balances	(136,596)	(386,474)	2,028,323	2,414,797
Fund balances—beginning	<u>2,146,498</u>	<u>2,146,498</u>	<u>2,146,498</u>	<u>963,074</u>
Fund balances—ending	<u>\$ 2,009,902</u>	<u>\$ 1,760,024</u>	<u>\$ 4,174,821</u>	<u>\$ 3,377,871</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—
Budget and Actual—Sewer Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE				
Real property taxes	\$ 16,015,890	\$ 16,015,890	\$ 16,015,890	\$ -
Departmental income	237,000	237,000	230,665	(6,335)
Intergovernmental revenues	1,929,000	1,929,000	1,894,385	(34,615)
Use of money and property	580,229	580,229	790,365	210,136
Federal aid	<u>200,000</u>	<u>200,000</u>	<u>480,024</u>	<u>280,024</u>
Total revenues	<u>18,962,119</u>	<u>18,962,119</u>	<u>19,411,329</u>	<u>449,210</u>
EXPENDITURES				
Current:				
General government support	120,500	-	-	-
Home and community services	11,944,807	12,038,853	11,596,854	441,999
Employee benefits	1,269,400	1,252,704	1,166,651	86,053
Debt service:				
Principal	2,901,292	2,901,292	2,680,779	220,513
Interest	<u>1,144,128</u>	<u>1,144,128</u>	<u>911,652</u>	<u>232,476</u>
Total expenditures	<u>17,380,127</u>	<u>17,336,977</u>	<u>16,355,936</u>	<u>981,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,581,992</u>	<u>1,625,142</u>	<u>3,055,393</u>	<u>1,430,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	125,820	125,820
Transfers out	<u>(1,745,000)</u>	<u>(1,775,000)</u>	<u>(1,707,150)</u>	<u>67,850</u>
Total other financing sources (uses)	<u>(1,745,000)</u>	<u>(1,775,000)</u>	<u>(1,581,330)</u>	<u>193,670</u>
Net change in fund balance	(163,008)	(149,858)	1,474,063	1,623,921
Fund balances—beginning	<u>\$ 6,206,461</u>	<u>\$ 6,206,461</u>	<u>\$ 6,206,461</u>	<u>-</u>
Fund balances—ending	<u>\$ 6,043,453</u>	<u>\$ 6,056,603</u>	<u>\$ 7,680,524</u>	<u>\$ 1,623,921</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—
Budget and Actual—Drainage Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE				
Real property taxes	\$ 2,963,030	\$ 2,963,030	\$ 2,963,030	\$ -
Use of money and property	371,060	371,060	345,881	(25,179)
Miscellaneous	-	-	6,873	6,873
State aid	-	5,000	2,994	(2,006)
Total revenues	<u>3,334,090</u>	<u>3,339,090</u>	<u>3,318,778</u>	<u>(20,312)</u>
EXPENDITURES				
Current:				
General government support	145,000	36,336	-	36,336
Home and community services	3,341,965	3,472,706	3,060,991	411,715
Employee benefits	-	-	187,633	(187,633)
Debt service:				
Principal	1,005,271	977,046	941,079	35,967
Interest	317,416	312,273	271,550	40,723
Total expenditures	<u>4,809,652</u>	<u>4,798,361</u>	<u>4,461,253</u>	<u>337,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,475,562)</u>	<u>(1,459,271)</u>	<u>(1,142,475)</u>	<u>316,796</u>
OTHER FINANCING (USES)				
Transfers out	<u>(895,500)</u>	<u>(900,942)</u>	<u>(753,326)</u>	<u>147,616</u>
Total other financing uses	<u>(895,500)</u>	<u>(900,942)</u>	<u>(753,326)</u>	<u>147,616</u>
Net change in fund balances	(2,371,062)	(2,360,213)	(1,895,801)	464,412
Fund balances—beginning	<u>4,657,782</u>	<u>4,657,782</u>	<u>4,657,782</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,286,720</u>	<u>\$ 2,297,569</u>	<u>\$ 2,761,981</u>	<u>\$ 464,412</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Net Assets—Proprietary Funds
December 31, 2007

	<u>Governmental Activities— Internal Service Funds</u>		<u>Business-type Activity</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Amherst Ice Facility</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,150,294	\$ 3,631,851	\$ 49,305
Accounts receivable	-	-	68,571
Prepaid items	-	111,929	13,768
Deposit on assets	-	-	70,000
Total current assets	<u>3,150,294</u>	<u>3,743,780</u>	<u>201,644</u>
Noncurrent assets:			
Deferred charges	-	-	193,984
Capital assets (net of accumulated depreciation)	-	-	14,954,448
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>15,148,432</u>
Total assets	<u>3,150,294</u>	<u>3,743,780</u>	<u>15,350,076</u>
LIABILITIES			
Current liabilities:			
Accounts payable	20,761	22,161	110,579
Accrued liabilities	2,664,530	676,079	63,423
Due to other funds	-	-	59,364
Bonds payable	-	-	740,000
Compensated absences	-	-	7,266
Total current liabilities	<u>2,685,291</u>	<u>698,240</u>	<u>980,632</u>
Non current liabilities:			
Bonds payable	-	-	13,720,000
Compensated absences	-	-	154,996
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>13,874,996</u>
Total liabilities	<u>2,685,291</u>	<u>698,240</u>	<u>14,855,628</u>
NET ASSETS			
Investment in capital assets, net of related debt	-	-	494,448
Restricted for judgments and claims	<u>465,003</u>	<u>3,045,540</u>	<u>-</u>
Total net assets	<u>\$ 465,003</u>	<u>\$ 3,045,540</u>	<u>494,448</u>

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 Assets (Deficit)—Proprietary Funds
Year Ended December 31, 2007

	<u>Governmental Activities—</u> <u>Internal Service Funds</u>		<u>Business-type</u> <u>Activity</u>
	<u>Self</u> <u>Insurance</u> <u>Fund</u>	<u>Workers</u> <u>Compensation</u> <u>Fund</u>	<u>Amherst</u> <u>Ice</u> <u>Facility</u>
Operating revenues:			
Departmental income	\$ -	\$ -	\$ 2,363,658
Miscellaneous	-	3,289	1,660
Interfund revenues	<u>1,943,201</u>	<u>466,059</u>	<u>-</u>
Total operating revenues	<u>1,943,201</u>	<u>469,348</u>	<u>2,365,318</u>
Operating expenses:			
Culture and recreation	-	-	1,747,835
Administrative expenses	147,121	5,855	-
Judgments and claim expenses	1,037,151	831,232	-
Depreciation	-	-	429,914
Employee benefits	<u>-</u>	<u>-</u>	<u>106,826</u>
Total operating expenses	<u>1,184,272</u>	<u>837,087</u>	<u>2,284,575</u>
Operating (loss) income	<u>758,929</u>	<u>(367,739)</u>	<u>80,743</u>
Nonoperating revenues (expenses):			
Interest expense	-	-	(515,683)
Interest income	<u>77,880</u>	<u>193,959</u>	<u>2,361</u>
Total nonoperating revenues (expenses)	<u>77,880</u>	<u>193,959</u>	<u>(513,322)</u>
Income (loss) before transfers	<u>836,809</u>	<u>(173,780)</u>	<u>(432,579)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>732,665</u>
Total transfers in	<u>-</u>	<u>-</u>	<u>732,665</u>
Change in net assets	836,809	(173,780)	300,086
Total net assets (deficit)—beginning	<u>(371,806)</u>	<u>3,219,320</u>	<u>194,362</u>
Total net assets—ending	<u>\$ 465,003</u>	<u>\$ 3,045,540</u>	<u>\$ 494,448</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, 2007

	<u>Governmental Activities— Internal Service Funds</u>		<u>Business-type Activity</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Amherst Ice Facility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ 1,943,201	\$ 480,789	\$ -
Receipts from operations	-	-	2,358,759
Payments to employees and suppliers	-	-	(1,860,135)
Payments for administrative and judgments and claims	<u>(562,989)</u>	<u>(706,302)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>1,380,212</u>	<u>(225,513)</u>	<u>498,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances/payments from other funds	474,065	-	59,364
Transfers in	<u>-</u>	<u>-</u>	<u>732,665</u>
Net cash provided by noncapital financing activities	<u>474,065</u>	<u>-</u>	<u>792,029</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Interest paid on long-term debt	-	-	(515,683)
Principal redeemed on long-term debt	-	-	(925,000)
Long-term debt refunded	-	-	(15,190,000)
Issuance of long-term debt	-	-	15,385,000
Deferred bond issuance costs	<u>-</u>	<u>-</u>	<u>(193,984)</u>
Net cash (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>(1,439,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	<u>77,880</u>	<u>193,959</u>	<u>2,361</u>
Net cash provided by investing activities	<u>77,880</u>	<u>193,959</u>	<u>2,361</u>
Net increase (decrease) in cash and cash equivalents	1,932,157	(31,554)	(146,653)
Cash and cash equivalents—beginning	<u>1,218,137</u>	<u>3,663,405</u>	<u>195,958</u>
Cash and cash equivalents—ending	<u>\$ 3,150,294</u>	<u>\$ 3,631,851</u>	<u>\$ 49,305</u>

(continued)

(concluded)

	Governmental Activities— Internal Service Funds		Business-type Activity
	Self Insurance Fund	Workers Compensation Fund	Amherst Ice Facility
Reconciliation of operating income to net cash provided in operating activities:			
Operating income	758,929	(367,739)	80,743
Adjustments to reconcile operating income to net cash used in operations:			
Depreciation	-	-	429,914
(Increase) in accounts receivable	-	-	(6,559)
(Increase) in deposit on assets	-	-	(70,000)
Decrease in due from other governments	-	11,441	-
Decrease (increase) in prepaid expenses	-	27,621	(244)
Increase (decrease) in accounts payable	4,922	11,933	(9,643)
Increase in accrued liabilities	616,361	91,231	28,054
Increase in compensated absences	-	-	46,359
Net cash provided (used) by operating activities	<u>\$ 1,380,212</u>	<u>\$ (225,513)</u>	<u>\$ 498,624</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Fiduciary Net Assets—Fiduciary Fund
December 31, 2007

ASSETS

Cash	\$ 1,241,070
LOSAP assets	<u>5,690,733</u>
Total assets	<u>\$ 6,931,803</u>

LIABILITIES

Due to other funds	210,511
Amounts due to other parties	1,030,559
Amounts held for LOSAP	<u>5,690,733</u>
Total liabilities	<u>\$ 6,931,803</u>

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

TOWN OF AMHERST, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2007

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.

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 seven-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 (6)	Superintendent of Highways
Town Justices (2)	

The financial reporting entity is in accordance with Government Accounting Standards No. 14, *The Financial Reporting Entity*.

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 Amherst 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. Management does not believe that the Town has an ongoing financial responsibility for the Museum since their commitment is subject to annual appropriation. The Museum financial statements can be obtained from the Museum's Executive Director at Amherst Museum, 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.

Government-wide and Fund Financial Statements. The government-wide financial statements (i.e. statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect Expenses* have been included as part of the program expenses reported for the various functional activities. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when the underlying exchange transaction has occurred and the resources are available. For this purpose, the Town considers revenues to be available if the Town has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period. 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 service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales tax, sewer charges, 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. There were no significant revenues considered as not subject to accrual.

The Town considers the following governmental funds as major funds:

- *General Fund*—This is the principal operating fund of the Town and includes all operations not required to be recorded in other funds.
- *Highway Fund*—This is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.
- *Sewer Fund*—This is used to record all revenues and expenditures related to operation and maintenance of the sewer districts.
- *Drainage Fund*—This is used to account for the maintenance of the Town's street drainage system.
- *Special Grant Fund*—This is used to record all activity related to the Federal Housing and Urban Development Community Development program.
- *Capital Projects Fund*—This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

Proprietary Fund

- *Internal Service 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.
- *Amherst Ice Facility*—The Amherst Ice Facility Fund is used to account for the business-type activities that occur at the Amherst Pepsi Center.

Fiduciary Fund

- *Agency 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. The Town reported no capital grants and contributions for the year ended December 31, 2007. General revenues are those that cannot be associated directly with program activities.

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 Amherst Ice Facility, the enterprise fund, are departmental and miscellaneous revenues from charges for services and sales provided, and for the internal service funds include interfund revenues. Operating expenses for the enterprise fund include the cost of sales and services, culture and recreation expenses, and depreciation on capital assets, and for the internal service funds include administrative costs and expenses associated with judgments and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets— Annual budgets for all governmental funds, except the Special Grant Fund and the Capital Projects Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which reappropriated encumbrances in the subsequent years' budget. Accordingly, the Town reserves fund balance for all encumbrances it intends to honor in the subsequent period.

The Special Grant 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/project's inception and lapse upon completion/termination of the grant/project.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in all governmental funds.

Cash and Cash Equivalents—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days of the original date of purchase.

Investments—The Town had no investments at December 31, 2007, however, when the Town does have investments it is Town policy to record them at quoted market value.

Prepaid Items—Certain payments to the New York State retirement systems reflect costs applicable to future periods and are recorded as prepaid items.

Unearned Revenues—Certain revenues have not met the revenue recognition criteria for government-wide or fund purposes and, therefore; have been deferred.

Compensated Absences—The Town labor agreements and Town Board rules and regulations provide for sick leave, vacations, and other miscellaneous 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.

Estimated sick leave and compensatory time accumulated by governmental fund type employees has been recorded. 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 payments become due.

Pensions—Nearly all Town employees are members of various New York State retirement systems. The Town is invoiced annually by the systems for its share of the cost.

Capital Assets—Capital assets, which include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the 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.

The Town does not depreciate an 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 following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Land improvements	25
Infrastructure:	
Water and sewer systems	50
Traffic control systems	30
Bridges and culverts	40-50
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

Post Retirement 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 an ensuing note.

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.

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 \$400,000. Workers' compensation insurance coverage is limited to \$2 million per accident. The Town also purchases excess liability coverage for claims in excess of \$1 million limited to \$10 million per occurrence or wrongful act or employee benefit wrongful act. There is an aggregate \$10 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, nor have there been any settlements which exceeded excess insurance coverage during the past fiscal year.

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.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, effective December 31, 2008; No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective December 31, 2010; and No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective December 31, 2009. The Town is therefore unable to disclose the impact that adopting GASB Statements No. 49, 50, 51 and 52 will have on its financial position and results of operations when such statements are adopted.

During the year ended December 31, 2007, the Town implemented GASB Statement No. 45, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (“OPEB”)*. The effect of adoption of this new pronouncement for the year ended December 31, 2007 is annual government-wide OPEB cost of \$11,070,362, with employer contributions of \$3,181,327, resulting in the recording of an additional \$7,889,035 government-wide accrued expense that has not been recorded in prior years. This expense is not recognized on the Town’s governmental fund statements, which are reported on the modified-accrual basis of accounting. The Town’s unfunded actuarial accrued liability for post employment benefits of \$133,824,359 will be amortized over the next twenty-nine years.

Additionally, during the year ended December 31, 2007, GASB Statements No. 43, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and No. 48, *Sales and Pledges of Receivables and Future Revenues*, were implemented and had no impact to the Town.

2. LEGAL COMPLIANCE—BUDGETS

Budgets and Budgetary Accounting—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 5th.
- ◆ 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 20th.
- ◆ 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 Grants Fund and Capital Projects Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which reappropriated encumbrances in the subsequent years' budget. Accordingly, the Town reserves fund balance for all encumbrances it intends to honor in the subsequent period.
- ◆ The Special Grant 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/project's inception and lapse upon completion/termination of the grant/project.
- ◆ Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

The Town's major funds' appropriations for the year ended December 31, 2007 exceeded the adjusted budget as follows:

- ◆ General Fund transfers out exceeded the adjusted budget by \$2,911,266 largely due to unexpected amounts of emergency disaster aid that was previously recorded in the General Fund and transferred to other funds during the current year.
- ◆ Highway Fund employee benefits expenditures exceeded the adjusted budget by \$26,023 mainly due to higher than expected hospital and medical insurance rates.
- ◆ Drainage Fund employee benefits expenditures exceeded the adjusted budget by \$187,633 because the allocated payment to the State retirement system was not included in the budget.

3. CASH AND CASH EQUIVALENTS

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. The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government.

Cash at year-end consisted of:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Fund</u>	<u>Balance</u>
Petty cash (uncollateralized)	\$ 2,200	\$ 20,000	\$ -	\$ 22,200
Deposits	<u>57,785,975</u>	<u>29,305</u>	<u>1,241,070</u>	<u>59,056,350</u>
Total	<u>\$ 57,788,175</u>	<u>\$ 49,305</u>	<u>\$ 1,241,070</u>	<u>\$ 59,078,550</u>

Deposits and Cash with Fiscal Agent—All deposits and cash with fiscal agent are carried at fair value.

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 501,973	\$ 501,973
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>59,869,006</u>	<u>58,554,377</u>
Total	<u>\$ 60,370,979</u>	<u>\$ 59,056,350</u>

Custodial Credit Risk—In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. For investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2007, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name.

4. PROPERTY TAX

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.

Tax payments are due January 1 to February 15 without penalty; February 16 to 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 May 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies and all unpaid items 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.

5. RECEIVABLES

Major revenues accrued by the Town at December 31, 2007:

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, 2007 are:

General Fund:

Museum receivable	\$	4,647	
Senior Center		6,677	
Meals on Wheels		29,090	
Town Justice		168,378	
Town Clerk		12,668	
Other		38,526	
Franchise fees		<u>623,231</u>	<u>\$ 883,217</u>

Highway Fund:

Utility reimbursement			<u>\$ 5,783</u>
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Sanitary Sewer Fund:

Other			<u>\$ 300</u>
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Drainage Fund:

Town Clerk			<u>\$ 1,608</u>
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Special Grant Fund:

Housing receivables			<u>\$ 5,450</u>
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Other governmental funds:

Town Clerk	\$	130,070	
Amherst Museum		76,900	
Sales of scrap		5,247	
Recycling		7,697	
Recreation fees		2,969	
Other		<u>2,683</u>	<u>\$ 225,566</u>

Due from Other Governments—represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2007 are:

General Fund:		
Sales tax	\$ 5,183,797	
State emergency aid	388,792	
Federal emergency aid	1,166,374	
Grants	129,662	
DWI fines	125,510	
Other	<u>170,638</u>	<u>\$ 7,164,773</u>
Highway Fund:		
CHIPs	\$ 155,995	
Snow removal	117,643	
Utility reimbursement	59,829	
Other	<u>13,611</u>	<u>\$ 347,078</u>
Sewer Fund:		
Sewer fees		<u>\$ 2,207,815</u>
Drainage Fund:		
Insect control grant		<u>\$ 5,000</u>
Special Grant Fund:		
Community Development Block Grant		<u>\$ 2,857,364</u>
Capital Projects Fund:		
Eggertsville State Grant		<u>\$ 35,750</u>
Other governmental funds:		
Fire service		<u>\$ 6,106</u>

Loans Receivable – Loans receivable within the Community Development 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. These receivables are offset by deferred revenue since the revenue recognition criteria has not been met. The balance outstanding at December 31, 2007 is \$5,445,816.

6. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Town at December 31, 2007 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 2,860,219	\$ 2,729,545
Highway Fund	2,239,875	23,444
Sewer Fund	252,759	1,530,095
Drainage Fund	575	890,645
Special Grant Fund	-	20,493
Capital Projects Fund	123,853	13,648
Other governmental funds	348,611	348,147
Total governmental activities	<u>5,825,892</u>	<u>5,556,017</u>
Ice Facility	-	59,364
Fiduciary Fund	-	210,511
	<u>\$ 5,825,892</u>	<u>\$ 5,825,892</u>

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

The Town made the following transfers during 2007:

Fund	Transfers In	Transfers Out
Governmental activities:		
General Fund	\$ 2,344,418	\$ 3,025,841
Highway Fund	1,957,515	23,444
Sewer Fund	125,820	1,707,150
Drainage Fund	-	753,326
Capital Projects Fund	797,900	-
Other governmental funds	124,841	573,398
Total governmental activities	<u>5,350,494</u>	<u>6,083,159</u>
Business-type activities:		
Ice Facility	<u>732,665</u>	<u>-</u>
	<u>\$ 6,083,159</u>	<u>\$ 6,083,159</u>

Transfers are used primarily to move various fund revenues that the Town must account for in other funds in accordance with budgetary authorizations.

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance 1/1/2007	Additions and Reclassifications	Deletions and Reclassifications	Balance 12/31/07
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,319,186	\$ -	\$ -	\$ 9,319,186
Construction in progress	<u>20,817,364</u>	<u>4,359,815</u>	<u>(4,607,981)</u>	<u>20,569,198</u>
Total capital assets, not being depreciated	<u>30,136,550</u>	<u>4,359,815</u>	<u>(4,607,981)</u>	<u>29,888,384</u>
<i>Capital assets, being depreciated:</i>				
Infrastructure	139,928,847	6,089,404	-	146,018,251
Land improvements	4,605,344	5,400	-	4,610,744
Buildings	205,511,570	-	-	205,511,570
Building improvements	6,984,655	121,252	-	7,105,907
Machinery and equipment	<u>15,183,130</u>	<u>2,762,406</u>	<u>(743,675)</u>	<u>17,201,861</u>
Total capital assets, being depreciated	<u>372,213,546</u>	<u>8,978,462</u>	<u>(743,675)</u>	<u>380,448,333</u>
Less accumulated depreciation for:				
Infrastructure	(48,057,958)	(3,993,052)	-	(52,051,010)
Land improvements	(680,724)	(184,430)	-	(865,154)
Buildings	(94,805,012)	(4,075,160)	-	(98,880,172)
Building improvements	(3,590,045)	(263,226)	-	(3,853,271)
Machinery and equipment	<u>(8,045,437)</u>	<u>(1,059,584)</u>	<u>619,193</u>	<u>(8,485,828)</u>
Total accumulated depreciation	<u>(155,179,176)</u>	<u>(9,575,452)</u>	<u>619,193</u>	<u>(164,135,435)</u>
Total capital assets, being depreciated, net	<u>217,034,370</u>	<u>(596,990)</u>	<u>(124,482)</u>	<u>216,312,898</u>
Governmental activities capital assets, net	<u>\$ 247,170,920</u>	<u>\$ 3,762,825</u>	<u>\$ (4,732,463)</u>	<u>\$ 246,201,282</u>
Business-type Activities:				
Pepsi Center	\$ 19,017,212	\$ -	\$ -	\$ 19,017,212
Less accumulated depreciation	<u>(3,632,850)</u>	<u>(429,914)</u>	<u>-</u>	<u>(4,062,764)</u>
Business-type activities capital assets, net	<u>\$ 15,384,362</u>	<u>\$ (429,914)</u>	<u>\$ -</u>	<u>\$ 14,954,448</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2007 as follows:

General government support	\$ 390,120
Public safety	223,653
Transportation	414,611
Economic assistance and opportunity	5,601,679
Culture and recreation	2,669,902
Home and community services	<u>275,487</u>
	<u>\$ 9,575,452</u>

8. SHORT-TERM DEBT

Short-term debt of the Town represents bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with the criteria set forth in Financial Accounting Standards Board Statement No. 6, *Classification of Short-Term Obligations Expected to be Refinanced*, because legal steps have not been taken to refinance the notes on a long-term basis.

The following is a summary of changes in the Town's short-term debt for the year ended December 31, 2007:

	Interest Rate	Balance 1/1/2007	Additions	Payments	Balance 12/31/2007
Bond anticipation notes:					
General Fund:					
Snowstorm related damages	4.00	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -
Total bond anticipation notes		<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>

9. LONG-TERM DEBT

Summary of Changes in Long-Term Debt—The following is a summary of changes in long-term debt for the year ended December 31, 2007:

	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
Governmental activities:				
Serial bonds	\$ 45,605,000	\$ 11,393,260	\$ 5,435,000	\$ 51,563,260
Installment purchase debt	2,775,975	-	484,711	2,291,264
NYS retirement liability	5,100,937	-	704,476	4,396,461
Compensated absences	15,246,491	779,306	340,014	15,685,783
OPEB obligation	-	7,889,035	-	7,889,035
Total	<u>68,728,403</u>	<u>20,061,601</u>	<u>6,964,201</u>	<u>81,825,803</u>
Business-type activities:				
Serial bonds	15,190,000	15,385,000	16,115,000	14,460,000
Compensated absences	115,903	46,359	-	162,262
Total government-wide	<u>\$ 84,034,306</u>	<u>\$ 35,492,960</u>	<u>\$ 23,079,201</u>	<u>\$ 96,448,065</u>

During the year ended December 31, 2007, the Town issued \$11,393,260 of General Obligation Bonds—2007, dated May 15, 2007. These bonds, which carry interest rates that range from 3.80% to 4.00%, were issued to fund various capital projects throughout the Town and mature on May 15, 2022.

Current Year Advanced Refunding—During the current year, the Town issued \$14,230,000 in Refunding Serial Bonds—2007 Series A and \$1,155,000 in 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 interest on the Series A bonds ranges from 4.000% to 5.000%, while the 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, \$14,520,000, has been removed from the financial statements.

Prior Years' Advanced Refundings—In prior years, the Town issued \$9,050,000 in Refunding Serial Bonds, 2004 Series A, with an interest range of 3.325% to 4.000%, to refund the previously issued Series 1999B Various Purpose Bonds. The net proceeds of \$8,980,589 (after deductions for net issuances costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America and were 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 for those bonds, \$7,095,000, has been removed from the financial statements. Additionally, the Town 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, 2007 financial statements do not reflect the obligation, now equal to \$13,965,000.

EFC Refinancing—On November 30, 2005, the New York State Environmental Facilities (EFC) announced a refinancing of \$57.9 million in previous State Revolving Fund loans. The refinancing will provide a present value savings of approximately \$1.9 million on debt service. The Town's 1994-BEFC outstanding debt is affected by the refinancing. The Town currently reports \$3,315,000 outstanding on its 1994-BEFC issue.

A summary of bonded indebtedness transactions for the year ended December 31, 2007 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2007	Issued	Redeemed	Principal Outstanding 12/31/2007
General fund:						
Origin. issue 4,527,000	1992/2009	6.20	\$ 601,000	\$ -	\$ 198,000	\$ 403,000
Senior, open space,mainten.,air mus.	1993/2008	5.05	205,400	-	105,000	100,400
Total General Fund schedule	1999/2013	4.20-4.50	1,430,000	-	325,000	1,105,000
Road impr. - municipal complex	2001/2011	4.00-4.20	80,000	-	16,000	64,000
Town hall - HVAC impr.	2001/2011	4.00-4.20	39,000	-	7,000	32,000
Saratoga park - impr. & additions	2001/2011	4.00-4.20	75,000	-	15,000	60,000
Museum storage collection facility	2001/2013	4.00-4.50	184,000	-	28,000	156,000
Town hall - HVAC impr.	2001/2009	4.00	125,000	-	50,000	75,000
Farmland preservation	2001/2011	4.00-4.20	112,000	-	22,000	90,000
Mill Street - land & building	2001/2019	4.00-5.00	1,775,000	-	130,000	1,645,000
Central alarm voice recording equip	2002/2022	4.125-4.375	238,576	-	11,073	227,503
Traffic signals	2002/2022	4.125-4.375	55,384	-	2,571	52,813
Amherst park master plan	2002/2022	4.125-4.375	161,891	-	7,514	154,377
Local waterfront rev plan	2002/2022	4.125-4.375	52,828	-	2,452	50,376
Senior center	2004/2020	3.25-4.00	6,875,000	-	380,000	6,495,000
2004 Series C - Various	2004/2008	3.00-4.00	415,000	-	205,000	210,000
Lehigh Valley railway plans & specs.	2004/2019	3.125-4.00	68,000	-	4,000	64,000
Lehigh Valley railway const. specs.	2004/2019	3.125-4.00	122,000	-	8,000	114,000
Court Parking Lot Improvements	2005/2015	3.625-3.75	185,000	-	20,000	165,000
Prep of Plans Lehigh Valley	2005/2010	3.625-3.75	80,000	-	20,000	60,000
Boiler Upgrades & Chimney	2005/2010	3.625-3.75	50,000	-	10,000	40,000
Radio Repeater	2005/2015	3.625-3.75	135,000	-	15,000	120,000
Acquisition - Eggerts. Community Ctr	2007/2022	3.80-4.00	-	500,000	-	500,000
Improvements - Eggerts. Community Ctr	2007/2022	3.80-4.00	-	500,000	-	500,000
Total general fund			<u>13,065,079</u>	<u>1,000,000</u>	<u>1,581,610</u>	<u>12,483,469</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2007	Issued	Redeemed	Principal Outstanding 12/31/2007
Part town fund						
Highway equipment - part town	2002/2022	4.125-4.375	11,076	-	514	10,562
Highway fund						
Highway equipment - highway	2002/2022	4.125-4.375	170,412	-	7,909	162,503
Various snow plowing equip.	2004/2019	3.125-4.00	895,000	-	55,000	840,000
Ayer Road Water District Improvements	2005/2020	3.625-3.75	2,195,000	-	210,000	1,985,000
Total highway fund			<u>3,260,412</u>	<u>-</u>	<u>272,909</u>	<u>2,987,503</u>
Water districts fund:						
WD15C, IF8 job # K9295	1994/2008	4.617	39,000	-	19,000	20,000
Waterline country pkwy	2002/2022	4.125-4.375	437,959	-	20,327	417,632
Hopkins Rd water system improve	2004/2019	3.125-4.000	895,000	-	55,000	840,000
Ayer Road Water District Improvements	2005/2020	3.625-3.75	330,000	-	20,000	310,000
Willowridge Road	2007/2022	3.80-4.00	-	590,760	-	590,760
Haussauer Road	2007/2022	3.80-4.00	-	525,000	-	525,000
Greenage Circle Phase II	2007/2022	3.80-4.00	-	150,000	-	150,000
Total water districts fund			<u>1,701,959</u>	<u>1,265,760</u>	<u>114,327</u>	<u>2,853,392</u>
Sewer districts fund:						
Series 1990C	1990/2011	3.60	1,595,000	-	305,000	1,290,000
Sanitary sewer #16, water pollution	1992/2009	6.20	699,000	-	247,000	452,000
SS16 job 890108, water pol. #7000006	1993/2007	5.05	25,000	-	25,000	-
1993-BEFC	1993/2013	3.65-5.20	1,335,000	-	180,000	1,155,000
SS16 job # K8875, job # K8792	1994/2008	4.167	107,000	-	53,000	54,000
1994 - BEFC (NYS EFC Series 2005D)	1994/2014	3.685	3,745,000	-	430,000	3,315,000
Hopkins rd. SS 16 job # 9431	1996/2011	4.00	1,105,000	-	210,000	895,000
1997 A	1997/2007	4.86	45,000	-	45,000	-
Total san sewer district schedule	1999/2013	4.20-4.50	1,075,000	-	160,000	915,000
2000 A	2000/2019	3.80-5.96	645,000	-	40,000	605,000
Hopkins Road - impr. SSD#16	2001/2011	4.00-4.20	85,000	-	17,000	68,000
Elect./centrifuge - SSD#1 & #16	2001/2018	4.00-5.00	600,000	-	50,000	550,000
Glen Oak / Smith Road SSD#16	2001/2011	4.00-4.20	100,000	-	20,000	80,000
WWPC - SSD #1 & #16	2001/2021	4.00-5.00	2,075,000	-	105,000	1,970,000
Lehn Springs SSD # 16 - Ext. 23	2001/2021	4.00-5.00	865,000	-	50,000	815,000
Lakewood/Smallwood SS # 1	2001/2010	4.00-4.10	40,000	-	10,000	30,000
Wastewater treatment plant - impr.	2001/2017	4.00-4.75	275,000	-	25,000	250,000
SSD #1 & 16 WWTP roofs (phase II)	2002/2022	4.125-4.375	319,522	-	14,830	304,692
SSD #1 Lafayette Blvd.	2002/2022	4.125-4.375	106,507	-	4,943	101,564
SSD # 16 N. French	2002/2022	4.125-4.375	724,249	-	33,615	690,634
SSD #1 & 16 transformer rehab study	2002/2022	4.125-4.375	85,206	-	3,955	81,251
SSD #1 & 16 Pelletiz bagging facility	2002/2022	4.125-4.375	221,535	-	10,282	211,253
SSD #1 & 16 centrifuge #5 replace	2002/2022	4.125-4.375	213,015	-	9,887	203,128
SSD #1 & 16 scum rem sys replace	2002/2022	4.125-4.375	136,329	-	6,328	130,001
SSD #1 & 16 elect sys load curtail	2002/2022	4.125-4.375	221,535	-	10,282	211,253
SSD #1 & 16 sand filter replacement	2002/2022	4.125-4.375	506,975	-	23,530	483,445
Maple/Hopkins/N French sew upg	2004/2019	3.25-4.00	750,000	-	50,000	700,000
NBailey sewer & storm drain improve	2004/2009	3.25-3.50	70,000	-	20,000	50,000
WWTP main transformer replace	2004/2019	3.125-4.00	448,000	-	28,000	420,000
Increase and improve - SSD#1, 16	2004/2019	3.125-4.00	606,000	-	37,000	569,000
Increase and improve - SSD# 16	2004/2019	3.125-4.00	108,000	-	7,000	101,000
Roof System Replacements	2005/2020	3.625-3.75	742,000	-	40,000	702,000

(continued)

(concluded)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2007	Issued	Redeemed	Principal Outstanding 12/31/2007
Lift Station Equipment Replacement	2005/2020	3.625-3.75	146,000	-	10,000	136,000
Various Sanitary Sewer	2005/2020	3.625-3.75	95,000	-	5,000	90,000
Various Sanitary Sewer	2005/2020	3.625-3.75	110,000	-	10,000	100,000
Various Sanitary Sewer	2005/2020	3.625-3.75	100,000	-	25,000	75,000
North French Sewer	2005/2010	3.625-3.75	195,000	-	45,000	150,000
Sewer District #1 Harlem and Kennsington	2007/2022	3.80-4.00	-	250,000	-	250,000
Sand Filtration System Plant 16	2007/2022	3.80-4.00	-	4,800,000	-	4,800,000
Various Improvements	2007/2022	3.80-4.00	-	1,652,500	-	1,652,500
LeBrun Storm Sewer SS#1	2007/2022	3.80-4.00	-	225,000	-	225,000
Total sewer districts fund			<u>20,320,873</u>	<u>6,927,500</u>	<u>2,366,652</u>	<u>24,881,721</u>
Drainage districts fund						
Drainage #16, #26	1992/2009	6.20	219,000	-	70,000	149,000
SWDD4 IF16 job # 890027	1993/2008	5.05	94,600	-	45,000	49,600
SWDD 16&26 job #K9387, # K8791	1994/2008	4.617	554,000	-	278,000	276,000
Total storm water drainage schedule	1999/2013	4.20-4.50	1,820,000	-	240,000	1,580,000
Maple Drive - SW # 4	2001/2010	4.00-4.10	80,000	-	20,000	60,000
Lakewood/Smallwood # 4	2001/2015	4.00-4.625	540,000	-	60,000	480,000
Allenhurst Road storm sewers	2001/2016	4.00-4.75	250,000	-	25,000	225,000
Storm drain #16 McKinley/Harding	2002/2022	4.125-4.375	395,354	-	18,350	377,004
Storm drain #16 Eggerts/Bailey	2002/2022	4.125-4.375	213,015	-	9,887	203,128
Highway equipment - drainage	2002/2022	4.125-4.375	298,220	-	13,842	284,378
Youngs Rd. storm drainage	2004/2014	3.25-3.75	330,000	-	40,000	290,000
Inc & improve storm water drainage	2004/2019	3.125-4.00	76,000	-	5,000	71,000
Storm water improve-Carmen Rd	2004/2019	3.125-4.00	213,000	-	13,000	200,000
Increase & improve SSWD#4, 16, 26	2004/2019	3.125-4.00	134,000	-	8,000	126,000
Ditch 9a South Weir Replacement	2005/2010	3.625-3.75	40,000	-	10,000	30,000
Storm Water Drainage Delta Rd.	2005/2020	3.625-3.75	430,000	-	25,000	405,000
Improvement of Storm Water Drainage	2005/2020	3.625-3.75	650,000	-	35,000	615,000
Ayer Road Storm Sewers Improvements	2005/2010	3.625-3.75	105,000	-	25,000	80,000
Various Drainage Improvements	2007/2022	3.80-4.00	-	500,000	-	500,000
Total drainage districts fund			<u>6,442,189</u>	<u>500,000</u>	<u>941,079</u>	<u>6,001,110</u>
Community environment fund						
Refuse & garbage district	1992/2009	6.20	306,000	-	110,000	196,000
Composting Job #890089	1993/2008	5.05	50,000	-	25,000	25,000
Highway equipment - comm envir	2002/2022	4.125-4.375	170,412	-	7,909	162,503
Various Refuse District Improvements	2005/2020	3.625-3.75	277,000	-	15,000	262,000
Residential Refuse Containers	2007/2022	3.80-4.00	-	1,700,000	-	1,700,000
Total community environment fund			<u>803,412</u>	<u>1,700,000</u>	<u>157,909</u>	<u>2,345,503</u>
Total governmental activities			<u>45,605,000</u>	<u>11,393,260</u>	<u>5,435,000</u>	<u>51,563,260</u>
Business-type activities						
Amherst ice facility	1999/2022	5.375-5.50	15,190,000	-	15,190,000	-
Refunding 2007 Series A	2007/2022	4.00-5.00	-	14,230,000	845,000	13,385,000
Refunding 2007 Series B	2007/2022	5.63	-	1,155,000	80,000	1,075,000
Total business-type activities			<u>15,190,000</u>	<u>15,385,000</u>	<u>16,115,000</u>	<u>14,460,000</u>
Total primary government			<u>\$60,795,000</u>	<u>\$ 26,778,260</u>	<u>\$21,550,000</u>	<u>\$66,023,260</u>

Installment Purchase Debt— The Town has entered into Energy Performance Contracts for modifications to various facilities. The modifications were made to improve energy efficiency. Principal and interest payments are made quarterly. During 2007, principal payments totaled \$484,711 and interest payments totaled \$121,198. The interest rate approximates 4.71%. The following summarizes requirements of the Town’s Energy Performance Contracts:

<u>Year ended December 31,</u>	<u>Governmental Activities</u>
2008	\$ 606,749
2009	606,749
2010	606,749
2011	470,782
2012	<u>251,480</u>
Total minimum lease payments	2,542,509
Less: Amount representing imputed interest costs	<u>(251,245)</u>
Present value of minimum lease payment	<u>\$ 2,291,264</u>

Compensated Absences—As explained in Note 1, the Town records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2007, for governmental activities is \$15,685,783. Management estimates that \$570,305 is due within one year. A non-current liability totaling \$15,115,478 has also been recorded. Additionally, the Town records compensated absences in its business-type activity. The value recorded in the government-wide financial statements at December 31, 2007, for business-type activities is \$162,262. Management estimates that \$7,266 is due within one year. A non-current liability totaling \$154,996 has also been recorded. Since payment of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 10, 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 Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The estimated long-term OPEB liability is estimated to be \$7,889,035 at December 31, 2007, of which \$272,036 is estimated to be due within one year.

The following is a maturity schedule of the Town's governmental activities indebtedness:

	Serial Bonds	Installment Purchase Debt	NYS Retirement Liability	Compensated Absences	OPEB Obligation	Total
2008	\$ 6,073,260	\$ 508,562	\$ 704,475	\$ 570,305	\$ 272,036	\$ 8,128,638
2009	5,280,000	532,674	704,475	-	272,036	6,789,185
2010	4,660,000	557,931	704,475	-	272,036	6,194,442
2011	4,570,000	446,965	704,475	-	272,036	5,993,476
2012	3,945,000	245,132	704,475	-	272,036	5,166,643
2013-2017	15,955,000	-	874,086	-	1,360,180	18,189,266
2018-2022	11,080,000	-	-	-	1,360,180	12,440,180
Beyond 2022	-	-	-	-	3,808,495	3,808,495
Various	-	-	-	15,115,478	-	15,115,478
	<u>\$ 51,563,260</u>	<u>\$ 2,291,264</u>	<u>\$ 4,396,461</u>	<u>\$ 15,685,783</u>	<u>\$ 7,889,035</u>	<u>\$ 81,825,803</u>

The following is a maturity schedule of the Town's business-type activity indebtedness:

	Serial Bonds	Compensated Absences	Total
2008	\$ 740,000	\$ 7,266	\$ 747,266
2009	770,000	-	770,000
2010	795,000	-	795,000
2011	820,000	-	820,000
2012	845,000	-	845,000
2013-2017	4,760,000	-	4,760,000
2018-2022	5,730,000	-	5,730,000
Various	-	154,996	154,996
	<u>\$ 14,460,000</u>	<u>\$ 162,262</u>	<u>\$ 14,622,262</u>

The interest requirement for the Town's outstanding serial bonds is as follows:

	Governmental Activities		Total
	Governmental Activities	Business-type Activities	
2008	\$ 2,068,485	\$ 660,529	\$ 2,729,014
2009	1,824,708	630,114	2,454,822
2010	1,619,204	598,418	2,217,622
2011	1,431,275	565,721	1,996,996
2012	1,255,287	531,943	1,787,230
2013 - 2017	4,044,025	1,985,353	6,029,378
2018 - 2022	1,113,680	746,538	1,860,218
	<u>\$ 13,356,663</u>	<u>\$ 5,718,616</u>	<u>\$ 19,075,279</u>

10. PENSION PLANS

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

Funding Policy—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary. The State Legislature passed legislation in 2000 that suspends the 3% contribution for employees who have ten years of service or more of credited service. Additionally members who meet certain eligibility requirements will receive one month additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

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

	<u>ERS</u>	<u>PFRS</u>
2007	\$ 2,982,524	\$ 2,996,396
2006	3,389,224	3,089,863
2005	2,957,912	1,861,526

The Town’s contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Since 1989, the System’s billings have been based in Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

11. OTHER POST EMPLOYMENT 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. In addition, the Town provides a Medicare Supplement plan option for their Medicare eligible retirees. There were 359 retirees receiving health care benefits at December 31, 2007.

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 Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 following table 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.

Annual required contribution	\$ 11,070,362
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB costs (expense)	11,070,362
Contributions made	<u>(3,181,327)</u>
Increase in net OPEB obligation	7,889,035
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	<u><u>\$ 7,889,035</u></u>

Funding Status and Funding Progress—As of January 1, 2007, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$133,824,359.

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 funding progress is not presented as required supplemental information as this is the first year of implementing GASB Statement No. 45. This schedule would present multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities 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, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2007. The discount rate used is 4%. The RP-2000 Mortality Table for males and females is used for mortality rates. The rates of decrement due to turnover 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 open basis, therefore the remaining amortization period at December 31, 2007 was twenty-nine years.

12. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Town established a defined benefit Length of Service Awards Program (the "Program") 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.

Program Description—

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

Benefits—A participant's benefit under the Program is the actuarial equivalent of a monthly payment for life equal to twenty dollars multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. 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.

As of December 31, 2006, the most recent date actuary information is available, the funded ratio is 74%. Funds on hand at December 31, 2006 totaled \$4,928,265. During the year ended December 31, 2007, the Town began accounting for Amounts Held for LOSAP within its Agency Fund. At December 31, 2007, the Program had \$5,690,733 of assets available for benefits, as follows:

Cash	\$ 1,225,692
Interest and dividends receivable	21,512
Equities	597,715
Fixed income	2,222,651
Balanced	1,534,705
Alternative strategies	88,458
	<u>\$5,690,733</u>

During 2007, the Town contributed \$861,141 to the Program, of which, \$369,598 represented a retroactive lump sum payment to senior firefighters who continued to be active after attaining entitlement age. Administration fees paid by the Town totaled \$25,164.

13. 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, 2007:

	Balance			Balance
ASSETS	1/1/2007	Additions	Deletions	12/31/2007
Cash	\$ 921,018	\$ 26,560,389	\$ 26,240,337	\$ 1,241,070
LOSAP assets	-	5,690,733	-	5,690,733
Accounts receivable	1,383,120	-	1,383,120	-
Due from other governments	716	-	716	-
Total assets	<u>\$ 2,304,854</u>	<u>\$ 32,251,122</u>	<u>\$ 27,624,173</u>	<u>\$ 6,931,803</u>
LIABILITIES				
Accounts payable	892,225	-	892,225	-
Due to other funds	239,144	-	28,633	210,511
Amounts due to other parties	1,173,485	26,560,389	26,703,315	1,030,559
Amounts held for LOSAP	-	5,690,733	-	5,690,733
Total liabilities	<u>\$ 2,304,854</u>	<u>\$ 32,251,122</u>	<u>\$ 27,624,173</u>	<u>\$ 6,931,803</u>

14. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. Two bargaining units had a contract through December 31, 2006 and one through December 31, 2005. These three units are currently under negotiations, a liability for retroactive wages related to these contracts has been recorded in the fund financial statements. One of the remaining two bargaining units has a contract through December 31, 2008 and the other through December 31, 2010.

15. NET ASSETS, RESERVES AND DESIGNATIONS

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

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

Capital assets, net of accumulated depreciation		\$ 246,201,282
Related debt:		
Serial bonds:		
Total serial bonds issued	(51,563,260)	
Debt proceeds reserved in capital projects	<u>13,943,358</u>	
Serial bonds issued and used for capital assets		(37,619,902)
Installment purchase debt		(2,291,264)
Bond issue cost		<u>55,660</u>
Investment in capital assets, net of related debt		<u>\$ 206,345,776</u>

- ◆ **Restricted Net Assets**—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. Net assets are restricted for the following purposes:

Capital projects	\$ 5,328,205
Endowments	<u>1,978,050</u>
	<u>\$ 7,306,255</u>

- ◆ **Unrestricted Net Assets**—This category represents net assets of the Town not restricted for any project or other purpose.

In the fund financial statements, reservations that represent portions of fund balance that has been legally segregated for a specific use or is not appropriate for expenditure by the Town at December 31, 2006, and include:

- ◆ **Reserved for Encumbrances**—representing funds accumulated for commitments related to unperformed contracts or purchase orders for goods or services.
- ◆ **Reserved for Endowments**—represents funds for various purposes as accounted for in a special purpose special revenue fund.
- ◆ **Reserved for Debt**—represents funds available to pay off certain debt.
- ◆ **Reserved for Capital Projects**—represents funds for capital projects.
- ◆ **Reserved for Prepaid Items**—represents funds for prepaid expenditures.

Designations represent funds for which there is intent by the Town to be used for a specific purpose. Designations of fund balance at December 31, 2007 include:

- ◆ **Designated for Subsequent Year's Expenditures**—represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- ◆ **Designated for Equipment Purchases**—represents Federal funds that were received for reimbursement of equipment costs incurred during the October 13, 2006 storm intended for future equipment purchases.

A summary of the unreserved fund balance (deficit) by governmental fund follows:

Fund	Unreserved, Undesignated	Unreserved, Designated for Subsequent Year's Expenditures	Unreserved, Designated for Equipment Purchases	Total Unreserved
General Fund	\$ 11,616,340	\$ 735,000	\$ 191,965	\$ 12,543,305
Highway Fund	1,308,848	648,000	1,957,515	3,914,363
Sewer Fund	3,274,771	3,000,000	125,820	6,400,591
Drainage Fund	987,062	790,000	-	1,777,062
Town Outside Village Fund	687,383	349,000	-	1,036,383
Lighting District	385,736	220,000	15,338	621,074
Community Environment Fund	742,861	-	105,928	848,789
Fire Protection District	(47,066)	13,000	-	(34,066)
Water District District	1,003,835	788,000	-	1,791,835
Total	<u>\$ 19,959,770</u>	<u>\$ 6,543,000</u>	<u>\$ 2,396,566</u>	<u>\$ 28,899,336</u>

16. DEFICIT FUND BALANCE

The Fire Protection District and certain capital projects have deficit unreserved fund balances at December 31, 2007. These deficits will be remedied by future tax revenues, anticipated grants and proceeds from future bond issuances.

17. 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.

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, 2007, 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, 2006 resulted from the following:

	Liability, 1/1/2007	Claims	Payments	Liability, 12/31/2007
Judgments & claims	\$ 2,048,169	724,991	\$ 108,630	\$ 2,664,530
Workers' compensation	584,848	631,174	539,943	676,079

	Liability, 1/1/2006	Claims	Payments	Liability, 12/31/2006
Judgments & claims	\$ 2,274,291	\$ 300,711	\$ 526,833	\$ 2,048,169
Workers' compensation	587,722	738,560	741,434	584,848

Other—The Town is involved in litigation arising in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town's financial condition or results of operations.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Purpose Special Revenue Fund—maintains that 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 Fund—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

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2007

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>	
ASSETS				
Cash	\$ 1,879,791	\$ 1,157,000	\$ 4,667,701	\$ 7,704,492
Accounts receivable	81,048	130,070	14,448	225,566
Prepaid items	-	68,656	35,370	104,026
Due from other funds	22,700	1,401	324,510	348,611
Due from other governments	-	-	6,106	6,106
Total assets	<u>\$ 1,983,539</u>	<u>\$ 1,357,127</u>	<u>\$ 5,048,135</u>	<u>\$ 8,388,801</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,489	\$ 57,061	\$ 1,544,320	\$ 1,606,870
Accrued liabilities	-	61,087	508,924	570,011
Due to other funds	-	104,414	243,733	348,147
Total liabilities	<u>5,489</u>	<u>222,562</u>	<u>2,296,977</u>	<u>2,525,028</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	29,526	34,867	64,393
Endowments	1,978,050	-	-	1,978,050
Debt	-	-	166,289	166,289
Prepaid items	-	68,656	35,370	104,026
Unreserved:				
Designated for:				
Subsequent year's expenditures	-	349,000	1,021,000	1,370,000
Equipment purchases	-	-	121,266	121,266
Undesignated	-	687,383	1,372,366	2,059,749
Total fund balances	<u>1,978,050</u>	<u>1,134,565</u>	<u>2,751,158</u>	<u>5,863,773</u>
Total liabilities and fund balances	<u>\$ 1,983,539</u>	<u>\$ 1,357,127</u>	<u>\$ 5,048,135</u>	<u>\$ 8,388,801</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2007

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>	
REVENUES				
Real property taxes	\$ -	\$ 2,243,554	\$ 16,030,780	\$ 18,274,334
Departmental income	92,631	155,288	358,560	606,479
Use of money and property	114,670	99,895	423,352	637,917
Licenses and permits	-	1,947,617	-	1,947,617
Miscellaneous	282,601	18,198	379,845	680,644
State aid	-	-	115,560	115,560
Total revenues	<u>489,902</u>	<u>4,464,552</u>	<u>17,308,097</u>	<u>22,262,551</u>
EXPENDITURES				
Current:				
General government support	-	-	556	556
Public safety	-	2,061,697	5,228,580	7,290,277
Transportation	-	-	3,754,909	3,754,909
Culture and recreation	20,605	-	-	20,605
Home and community services	105,936	1,422,024	7,589,408	9,117,368
Employee benefits	-	1,009,553	186,906	1,196,459
Debt service:				
Principal	-	514	272,236	272,750
Interest	-	469	158,884	159,353
Total expenditures	<u>126,541</u>	<u>4,494,257</u>	<u>17,191,479</u>	<u>21,812,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>363,361</u>	<u>(29,705)</u>	<u>116,618</u>	<u>450,274</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,575	-	121,266	124,841
Transfers out	<u>(231,500)</u>	<u>(23,444)</u>	<u>(318,454)</u>	<u>(573,398)</u>
Total other financing sources (uses)	<u>(227,925)</u>	<u>(23,444)</u>	<u>(197,188)</u>	<u>(448,557)</u>
Net change in fund balances	135,436	(53,149)	(80,570)	1,717
Fund balances—beginning	<u>1,842,614</u>	<u>1,187,714</u>	<u>2,831,728</u>	<u>5,862,056</u>
Fund balances—ending	<u>\$ 1,978,050</u>	<u>\$ 1,134,565</u>	<u>\$ 2,751,158</u>	<u>\$ 5,863,773</u>

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 2,243,554	\$ 2,243,554	\$ 2,243,554	\$ -
Departmental income	225,400	225,400	155,288	(70,112)
Use of money and property	110,000	110,000	99,895	(10,105)
Licenses and permits	1,805,245	1,805,245	1,947,617	142,372
Miscellaneous	-	-	18,198	18,198
Federal aid	-	16,450	-	(16,450)
Total revenues	<u>4,384,199</u>	<u>4,400,649</u>	<u>4,464,552</u>	<u>63,903</u>
EXPENDITURES				
Current:				
General government support	37,000	-	-	-
Public safety	2,093,742	2,093,742	2,061,697	32,045
Home and community services	1,380,064	1,443,043	1,422,024	21,019
Employee benefits	892,366	861,453	1,009,553	(148,100)
Debt service:				
Principal	514	514	514	-
Interest	469	469	469	-
Total expenditures	<u>4,404,155</u>	<u>4,399,221</u>	<u>4,494,257</u>	<u>(95,036)</u>
Excess (deficiency) of revenues over expenditures	(19,956)	1,428	(29,705)	(31,133)
OTHER FINANCING (USES):				
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>(23,444)</u>	<u>2,556</u>
Total other financing (uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(23,444)</u>	<u>2,556</u>
Net change in fund balances	(45,956)	(24,572)	(53,149)	(28,577)
Fund balances—beginning	<u>1,187,714</u>	<u>1,187,714</u>	<u>1,187,714</u>	<u>349,847</u>
Fund balances—ending	<u>\$ 1,141,758</u>	<u>\$ 1,163,142</u>	<u>\$ 1,134,565</u>	<u>\$ 321,270</u>

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Special District Funds
December 31, 2007

	Lighting District	Community Environment	Fire Protection	Water District	Total Nonmajor Special Districts
ASSETS					
Cash	\$ 1,131,776	\$ 2,060,681	\$ 5,105	\$ 1,470,139	\$ 4,667,701
Accounts receivable	-	14,448	-	-	14,448
Prepaid items	3,242	31,514	-	614	35,370
Due from other funds	18,096	306,414	-	-	324,510
Due from other governments	-	-	6,106	-	6,106
Total assets	<u>\$ 1,153,114</u>	<u>\$ 2,413,057</u>	<u>\$ 11,211</u>	<u>\$ 1,470,753</u>	<u>\$ 5,048,135</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 520,153	\$ 973,105	\$ 34,074	\$ 16,988	\$ 1,544,320
Accrued liabilities	5,812	503,112	-	-	508,924
Due to other funds	1,975	54,300	11,203	176,255	243,733
Total liabilities	<u>527,940</u>	<u>1,530,517</u>	<u>45,277</u>	<u>193,243</u>	<u>2,296,977</u>
Fund Balances (deficit):					
Reserved for:					
Encumbrances	858	2,237	-	31,772	34,867
Debt	-	-	-	166,289	166,289
Prepaid items	3,242	31,514	-	614	35,370
Unreserved:					
Designated for:					
Subsequent year's expenditures	220,000	-	13,000	788,000	1,021,000
Equipment purchases	15,338	105,928	-	-	121,266
Undesignated	385,736	742,861	(47,066)	290,835	1,372,366
Total fund balances (deficit)	<u>625,174</u>	<u>882,540</u>	<u>(34,066)</u>	<u>1,277,510</u>	<u>2,751,158</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,153,114</u>	<u>\$ 2,413,057</u>	<u>\$ 11,211</u>	<u>\$ 1,470,753</u>	<u>\$ 5,048,135</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—
Nonmajor Special District Funds
Year Ended December 31, 2007

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Total Nonmajor Special Districts</u>
REVENUES					
Real property taxes	\$ 3,374,363	\$ 7,164,812	\$ 4,809,435	\$ 682,170	\$ 16,030,780
Departmental income	-	358,560	-	-	358,560
Use of money and property	119,563	177,897	47,877	78,015	423,352
Miscellaneous	3,369	376,476	-	-	379,845
State aid	-	115,560	-	-	115,560
Total revenues	<u>3,497,295</u>	<u>8,193,305</u>	<u>4,857,312</u>	<u>760,185</u>	<u>17,308,097</u>
EXPENDITURES					
Current:					
General government support	-	556	-	-	556
Public safety	-	339,849	4,888,731	-	5,228,580
Transportation	3,754,909	-	-	-	3,754,909
Home and community services	-	7,476,606	-	112,802	7,589,408
Employee benefits	-	182,403	-	4,503	186,906
Debt service:					
Principal	-	157,909	-	114,327	272,236
Interest	-	68,547	-	90,337	158,884
Total expenditures	<u>3,754,909</u>	<u>8,225,870</u>	<u>4,888,731</u>	<u>321,969</u>	<u>17,191,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(257,614)</u>	<u>(32,565)</u>	<u>(31,419)</u>	<u>438,216</u>	<u>116,618</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	15,338	105,928	-	-	121,266
Transfers out	-	(23,444)	-	(295,010)	(318,454)
Total other financing sources (uses)	<u>15,338</u>	<u>82,484</u>	<u>-</u>	<u>(295,010)</u>	<u>(197,188)</u>
Net change in fund balances	(242,276)	49,919	(31,419)	143,206	(80,570)
Fund balances (deficit)—beginning	867,450	832,621	(2,647)	1,134,304	2,831,728
Fund balances (deficit)—ending	<u>\$ 625,174</u>	<u>\$ 882,540</u>	<u>\$ (34,066)</u>	<u>\$ 1,277,510</u>	<u>\$ 2,751,158</u>

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Lighting District Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 3,374,363	\$ 3,374,363	\$ 3,374,363	\$ -
Use of money and property	102,600	102,600	119,563	16,963
Miscellaneous	-	-	3,369	3,369
Total revenues	<u>3,476,963</u>	<u>3,476,963</u>	<u>3,497,295</u>	<u>20,332</u>
EXPENDITURES				
Current:				
Transportation	<u>3,746,963</u>	<u>3,746,963</u>	<u>3,754,909</u>	<u>(7,946)</u>
Total expenditures	<u>3,746,963</u>	<u>3,746,963</u>	<u>3,754,909</u>	<u>(7,946)</u>
Excess (deficiency) of revenues over (under) expenditures	(270,000)	(270,000)	(257,614)	12,386
OTHER FINANCING SOURCES				
Transfers in	-	-	15,338	15,338
Total other financing sources	<u>-</u>	<u>-</u>	<u>15,338</u>	<u>15,338</u>
Net change in fund balances	(270,000)	(270,000)	(242,276)	27,724
Fund balances—beginning	867,450	867,450	867,450	-
Fund balances—ending	<u>\$ 597,450</u>	<u>\$ 597,450</u>	<u>\$ 625,174</u>	<u>\$ 27,724</u>

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Community Environment Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 7,164,812	\$ 7,164,812	\$ 7,164,812	\$ -
Departmental income	314,014	314,014	358,560	44,546
Use of money and property	224,000	224,000	177,897	(46,103)
Miscellaneous	360,000	360,000	376,476	16,476
State aid	16,000	16,000	115,560	99,560
Total revenues	<u>8,078,826</u>	<u>8,078,826</u>	<u>8,193,305</u>	<u>114,479</u>
EXPENDITURES				
Current:				
General government support	60,556	556	556	-
Public safety	308,664	339,859	339,849	10
Home and community services	7,198,685	7,493,074	7,476,606	16,468
Employee benefits	157,100	157,100	182,403	(25,303)
Debt service:				
Principal	241,244	157,909	157,909	-
Interest	107,295	68,547	68,547	-
Total expenditures	<u>8,073,544</u>	<u>8,217,045</u>	<u>8,225,870</u>	<u>(8,825)</u>
Excess (deficiency) of revenues over (under) expenditures	5,282	(138,219)	(32,565)	105,654
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	105,928	105,928
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>(23,444)</u>	<u>2,556</u>
Total other financing uses	<u>(26,000)</u>	<u>(26,000)</u>	<u>82,484</u>	<u>108,484</u>
Net change in fund balances	(20,718)	(164,219)	49,919	214,138
Fund balances—beginning	<u>832,621</u>	<u>832,621</u>	<u>832,621</u>	<u>-</u>
Fund balances—ending	<u>\$ 811,903</u>	<u>\$ 668,402</u>	<u>\$ 882,540</u>	<u>\$ 214,138</u>

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund (Deficit)—
Budget and Actual—Fire Protection Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 4,809,435	\$ 4,809,435	\$ 4,809,435	\$ -
Use of money and property	<u>58,000</u>	<u>58,000</u>	<u>47,877</u>	<u>(10,123)</u>
Total revenues	<u>4,867,435</u>	<u>4,867,435</u>	<u>4,857,312</u>	<u>(10,123)</u>
EXPENDITURES				
Current:				
Public safety	<u>4,867,435</u>	<u>4,867,435</u>	<u>4,888,731</u>	<u>(21,296)</u>
Total expenditures	<u>4,867,435</u>	<u>4,867,435</u>	<u>4,888,731</u>	<u>(21,296)</u>
Net change in fund balances	-	-	(31,419)	(31,419)
Fund balances (deficit)—beginning	<u>(2,647)</u>	<u>(2,647)</u>	<u>(2,647)</u>	<u>-</u>
Fund balances (deficit)—ending	<u>\$ (2,647)</u>	<u>\$ (2,647)</u>	<u>\$ (34,066)</u>	<u>\$ (31,419)</u>

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Water District Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 682,170	\$ 682,170	\$ 682,170	\$ -
Use of money and property	<u>37,330</u>	<u>37,330</u>	<u>78,015</u>	<u>40,685</u>
Total revenues	<u>719,500</u>	<u>719,500</u>	<u>760,185</u>	<u>40,685</u>
EXPENDITURES				
Current:				
Home and community services	396,353	139,975	112,802	27,173
Employee benefits	6,780	6,780	4,503	2,277
Debt service:				
Principal	185,162	171,882	114,327	57,555
Interest	<u>126,963</u>	<u>126,963</u>	<u>90,337</u>	<u>36,626</u>
Total expenditures	<u>715,258</u>	<u>445,600</u>	<u>321,969</u>	<u>123,631</u>
Excess of revenues over expenditures	4,242	273,900	438,216	164,316
OTHER FINANCING (USES)				
Transfers out	<u>(112,500)</u>	<u>(348,900)</u>	<u>(295,010)</u>	<u>53,890</u>
Total other financing uses	<u>(112,500)</u>	<u>(348,900)</u>	<u>(295,010)</u>	<u>53,890</u>
Net change in fund balances	(108,258)	(75,000)	143,206	218,206
Fund balances—beginning	<u>1,134,304</u>	<u>1,134,304</u>	<u>1,134,304</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,026,046</u>	<u>\$ 1,059,304</u>	<u>\$ 1,277,510</u>	<u>\$ 218,206</u>