

**TOWN OF AMHERST,
NEW YORK**

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

TOWN OF AMHERST, NEW YORK

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FINANCIAL SECTION

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Amherst, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Town has restated its business-type activity net position, governmental activities net position, General Fund fund balance, and Capital Projects Fund fund balance as of December 31, 2013. Our opinion not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deseched & Malecki LLP". The signature is written in a cursive, flowing style.

April 23, 2015

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TOWN OF AMHERST, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2014

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, 2014. 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 assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$145,372,269 (*net position*). This consists of \$202,955,690 net investment in capital assets, \$4,509,612 restricted for specific purposes, offset by an unrestricted net deficit of \$62,093,033.
- The Town's total net position decreased \$18,894,355 during the year ended December 31, 2014.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,407,827, a decrease of \$1,435,736 in comparison with the prior year's fund balance of \$8,843,563, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$6,509,655, or 10.4 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 47.1 percent of the General Fund's total fund balance of \$13,822,321 at December 31, 2014.
- The Town's total bonded debt decreased by \$268,974 during the current year as a result of scheduled principal payments of \$10,634,999 offset by the issuance of refunding bonds and serial bonds of \$10,366,025.

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 of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, transportation, economic assistance and opportunity, culture and recreation, and home and community services. As discussed in Note 2, the Town no longer reports any business-type activities.

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

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

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

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

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Highway, Sewer, Special Grant and Capital Projects funds, all of which are considered to be major funds. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* 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 16-20 of this report.

Proprietary funds—The Town maintains one type of proprietary fund. *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 insurance program.

The proprietary fund financial statements can be found on pages 21-23.

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

The fiduciary fund statement can be found on page 24 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 25-58 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s budgetary comparison schedules for each major fund with a legally adopted budget and the Town’s Schedule of Funding Progress for its other postemployment benefits plan. Required supplementary information can be found on pages 59-63 of this report.

Supplemental schedules including the combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 64-70.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the Town’s nonmajor funds. The Other Information can be found on pages 71-76 of this report.

The Federal Awards Information can be found on pages 77-87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$145,372,269 at the close of the most recent year, as compared to \$164,266,624 at the close of the fiscal year ended December 31, 2013.

Table 1, as presented on the following page, shows the net position as of December 31, 2014 and December 31, 2013.

Table 1 – Condensed Statement of Net Position—Primary Government

	<u>Governmental Activities</u>	
	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
		(as restated)
Current assets	\$ 83,304,659	\$ 85,650,397
Capital assets	<u>264,360,873</u>	<u>267,187,678</u>
Total assets	<u>347,665,532</u>	<u>352,838,075</u>
Deferred outflows	<u>209,407</u>	<u>118,828</u>
Current liabilities	67,695,015	65,133,765
Long-term liabilities	<u>123,271,432</u>	<u>111,345,692</u>
Total liabilities	<u>190,966,447</u>	<u>176,479,457</u>
Deferred inflows	<u>11,536,223</u>	<u>12,210,822</u>
Net position		
Net investment in capital assets	201,750,336	203,145,884
Restricted	4,509,612	4,815,134
Unrestricted	<u>(60,887,679)</u>	<u>(43,694,394)</u>
Total net position	<u>\$ 145,372,269</u>	<u>\$ 164,266,624</u>

The largest portion of the Town's net position, \$201,750,336, reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$4,509,612, represents resources that are subject to external restrictions on how they may be used. While another portion of net position is considered to be an unrestricted net deficit of \$60,887,679.

Table 2, presented on the following page, shows the changes in net position for the years ended December 31, 2014 and December 31, 2013.

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

	Governmental Activities	
	Year Ended December 31,	
	2014	2013 (as restated)
Revenues:		
Charges for services	\$ 13,223,968	\$ 10,532,859
Operating grants and contributions	28,109,314	27,313,721
Capital grants and contributions	592,360	200,000
General revenues	96,609,462	116,156,338
Total revenues	<u>138,535,104</u>	<u>154,202,918</u>
Program expenses and transfers out	<u>157,429,459</u>	<u>150,668,134</u>
Change in net position	(18,894,355)	3,534,784
Net position—beginning	<u>164,266,624</u>	<u>157,337,399</u>
Net position—ending	145,372,269	160,872,183
Restatement	-	3,394,441
Net position—ending (as restated)	<u>\$ 145,372,269</u>	<u>\$ 164,266,624</u>

A summary of sources of revenues of the primary government for the years ended December 31, 2014 and December 31, 2013 is presented below in Table 3.

Table 3 – Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent (%)
Charges for services	\$ 13,223,968	\$ 13,221,297	\$ 2,671	0.0
Operating grants and contributions	28,109,314	27,313,721	795,593	2.9
Capital grants and contributions	592,360	200,000	392,360	196.2
Property and other taxes	92,300,982	92,079,233	221,749	0.2
Use of money and property	244,884	4,679,238	(4,434,354)	(94.8)
Sale of property and compensation for loss	493,654	602,575	(108,921)	(18.1)
Miscellaneous	341,713	14,831,056	(14,489,343)	(97.7)
State sources—unrestricted	3,228,229	3,993,019	(764,790)	(19.2)
Total revenues, net	<u>\$ 138,535,104</u>	<u>\$ 156,920,139</u>	<u>\$ (18,385,035)</u>	(11.7)

Overall revenues of the primary government decreased 11.7 percent from the prior year. This is due primarily to \$14,489,343 and \$4,434,354 decreases in miscellaneous and use of money and property revenues, respectively, as the Town had received \$17,794,781 for reimbursement of insurance claims during the year ended December 31, 2013.

The most significant source of revenues is property and other taxes, which accounts for \$92,300,982, or 66.5 percent of total revenues, for the year ended December 31, 2014, and \$92,079,233, or 58.7 percent of total revenues, for the year ended December 31, 2013. The next largest source of revenue is operating grants and contributions, which comprises \$28,109,314, or 20.3 percent of total revenues and \$27,313,721, or 17.4 percent of total revenues for the years ended December 31, 2014 and 2013, respectively. Another significant source of revenue for the Town is charges for services, which provided \$13,223,968, or 9.5 percent of total revenues, and \$13,221,297, or 8.4 percent of total revenues, for the years ended December 31, 2014 and 2013, respectively.

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

Table 4 – Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent (%)
General government support	\$ 10,987,653	\$ 10,857,019	\$ 130,634	1.2
Public safety	47,752,401	46,087,664	1,664,737	3.6
Transportation	20,263,238	18,603,329	1,659,909	8.9
Economic assistance and opportunity	3,423,147	3,310,597	112,550	3.4
Culture and recreation	11,738,537	11,515,404	223,133	1.9
Home and community services	62,258,889	61,052,219	1,206,670	2.0
Interest and other fiscal charges	1,005,594	1,353,472	(347,878)	(25.7)
	<u>\$ 157,429,459</u>	<u>\$ 152,779,704</u>	<u>\$ 4,649,755</u>	<u>3.0</u>

Total expenses increased 3.0 percent from the year ended December 31, 2013, primarily due to \$1,659,909 and \$1,664,737 increases transportation and public service expenditures, respectively. These increases have been caused by to increases in personal service costs and employee benefits.

The Town’s significant expense items for the year ended December 31, 2014 were home and community services of \$62,258,889 (primarily sewer, water, and sanitation services), public safety of \$47,752,401 (primarily police services), transportation of \$20,263,238 (primarily highway and road services) and culture and recreation of \$11,738,537. Similarly, for the year ended December 31, 2013 significant expense items were home and community services of \$61,052,219 (primarily sewer, water, and sanitation services), public safety of \$46,087,664 (primarily police services), transportation of \$18,603,329 (primarily highway and road services) and general government support of \$10,857,019.

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, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular use by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2014, the Town’s governmental funds reported a combined ending fund balance of \$7,407,827, a decrease of \$1,435,736 from the prior year. Total unassigned fund balance is in a deficit position of \$28,661,241. The Capital Project Fund unassigned deficit of \$35,159,117 and the Special Grant fund unassigned deficit of \$11,779 is partially offset by the General Fund unassigned fund balance

of \$6,509,655. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that has already been committed 1) for prepaid items, 2) for payment of debt, 3) tax stabilization, 4) retirement contributions, 5) special purposes, 6) for equipment and capital improvements, 7) to liquidate contracts and purchase orders of the prior period, 8) assignments for equipment and improvements, or 9) for specific purposes.

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

The Town’s General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,509,655. The total fund balance decreased to \$13,822,321. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 10.4 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 22.2 percent of that same amount.

During the year ended December 31, 2014, the Town’s Highway Fund fund balance increased by \$1,139,649 from the prior year, resulting in an ending fund balance of \$4,854,291. Approximately 47.7 percent of this amount, \$2,317,349 is reported as fund balance assigned for specific use.

At December 31, 2014, the Town’s Sewer Fund reported fund balance of \$8,422,093 a decrease of \$25,170 in comparison with the prior year. Approximately 53.9 percent of this amount, \$4,541,798 is fund balance assigned for specific use.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules for the General Fund and the major funds, except the Special Grant and Capital Projects funds, within the Required Supplementary Information section of this report have been provided to demonstrate compliance with their budgets. Additionally, budgetary comparison schedules for the Town’s nonmajor funds have been provided as other information.

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

Table 5 – Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 58,802,649	\$ 62,297,545	\$ 61,304,787	\$ (992,758)
Expenditures and other financing uses	<u>60,465,554</u>	<u>64,088,325</u>	<u>62,353,254</u>	<u>1,735,071</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,662,905)</u>	<u>\$ (1,790,780)</u>	<u>\$ (1,048,467)</u>	<u>\$ 742,313</u>

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$3,622,771. Significant transfers and amendments to the budget included \$2,433,895 of supplemental appropriations for culture and recreation expenditures due to the activity of the Amherst Ice Facility being recorded in the General Fund in the current year. These budgetary increases were supported by increases in General Fund revenues from the Amherst Ice Facility.

Final budget compared to actual results—Total revenues and other financing sources were less than the final budget by \$992,758. The major contributors to this unfavorable revenue variance were departmental income, non property tax items, state aid and federal aid receipts not meeting expectations. Total expenditures and other financing uses were under the final budget by \$1,735,071. The most significant contributors were transfers out, general government support and culture and recreation, which had budgetary savings of \$1,820,410, \$839,376, and \$442,371, respectively.

Capital Asset and Debt Administration

Capital Assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2014, amounted to \$264,360,873 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings, building improvements, machinery and equipment and ice rink facility.

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

Capital assets net of depreciation for the governmental activities for the years ended December 31, 2014 and 2013 are presented on the following page.

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

	December 31,	
	2014	2013 (as restated)
Land	\$ 10,593,287	\$ 10,593,287
Construction in progress	15,608,414	26,916,764
Infrastructure	102,115,025	96,013,831
Land improvements	8,359,852	7,809,060
Buildings	77,147,352	81,127,850
Building improvements	4,518,706	4,344,030
Machinery and equipment	33,110,627	27,218,415
Ice rink facility	12,907,610	13,164,441
Total	<u>\$ 264,360,873</u>	<u>\$ 267,187,678</u>

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

Long-term debt—At December 31, 2014, the Town had bonded debt outstanding of \$32,226,026 as compared to \$32,495,000 at December 31, 2013. The Town made scheduled principal payments of \$4,459,999 and issued refunding bonds which refunded \$6,175,000 of previously outstanding bonds payable.

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

Economic Factors and Next Year's Budgets and Rates

The Town's comprehensive plan highlights that the Town is renowned for an exceptional quality of life that is based on three fundamental attributes: livability, community character and a shared direction with the Buffalo-Niagara region. While, key initiatives of the Town include: to become 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 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.

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2014 was 5.7 percent. This is comparable to the New York State's unemployment rate of 5.8 percent and the national unemployment rate of 5.7 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2015 budget. The Town's 2015 budget includes an appropriation of fund balance of \$331,031 in the General Fund. The General Fund tax rate decreased 1.86% from 2014.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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TOWN OF AMHERST, NEW YORK
Statement of Net Position
December 31, 2014

	Primary Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 24,486,183
Restricted cash and cash equivalents	29,766,565
Receivables	3,907,312
Prepaid items	5,175,620
Loans receivable	6,991,098
Due from Agency Fund	300,000
Intergovernmental receivables	12,677,881
Capital assets not being depreciated	26,201,701
Capital assets, net of accumulated depreciation	<u>238,159,172</u>
Total assets	<u>347,665,532</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	<u>209,407</u>
Total deferred inflows of resources	<u>209,407</u>
LIABILITIES	
Accounts payable	5,599,996
Accrued liabilities	6,284,987
Retainages payable	54,599
Intergovernmental payables	57,568
Bond anticipation notes payable	54,487,882
Unearned revenue	1,209,983
Noncurrent liabilities:	
Due within one year	5,136,733
Due in more than one year	<u>118,134,699</u>
Total liabilities	<u>190,966,447</u>
DEFERRED INFLOWS OF RESOURCES	
Grant and loans receivable	10,348,640
Mortgage and lease receivable	<u>1,187,583</u>
Total deferred inflows of resources	<u>11,536,223</u>
NET POSITION	
Net investment in capital assets	201,750,336
Restricted:	
Tax stabilization	1,000,000
Retirement contributions	1,000,000
Capital projects	429,645
Special purpose	2,079,967
Unrestricted	<u>(60,887,679)</u>
Total net position	<u>\$ 145,372,269</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, 2014

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 10,987,653	\$ 2,269,197	\$ -	\$ -	\$ (8,718,456)
Public safety	47,752,401	2,743,217	-	-	(45,009,184)
Transportation	20,263,238	324,784	652,981	-	(19,285,473)
Economic assistance and opportunity	3,423,147	428,170	545,947	-	(2,449,030)
Culture and recreation	11,738,537	4,346,613	64,861	-	(7,327,063)
Home and community services	62,258,889	3,111,987	26,845,525	592,360	(31,709,017)
Interest and other fiscal charges	1,005,594	-	-	-	(1,005,594)
Total primary government	<u>\$ 157,429,459</u>	<u>\$ 13,223,968</u>	<u>\$ 28,109,314</u>	<u>\$ 592,360</u>	<u>(115,503,817)</u>
General revenues:					
					73,564,776
					18,736,206
					244,884
					493,654
					341,713
					<u>3,228,229</u>
					<u>96,609,462</u>
					(18,894,355)
					<u>164,266,624</u>
					<u>\$ 145,372,269</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, 2014

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
ASSETS							
Cash and cash equivalents	\$ 3,053,454	\$ 3,254,907	\$ 4,699,386	\$ 1,254,944	\$ 2,260,122	\$ 9,963,370	\$ 24,486,183
Restricted cash and cash equivalents	2,000,000	726,737	-	-	21,131,491	5,433,117	29,291,345
Receivables	2,284,331	126,436	3,499	-	-	1,489,476	3,903,742
Prepaid items	3,467,270	448,267	585,364	11,779	-	662,940	5,175,620
Loans receivable	-	-	-	6,991,098	-	-	6,991,098
Due from other funds	1,473,679	32,085	2,700,671	848	1,447,373	401,234	6,055,890
Intergovernmental receivables	6,575,190	675,472	1,759,000	3,038,126	173,013	449,536	12,670,337
Total assets	<u>\$ 18,853,924</u>	<u>\$ 5,263,904</u>	<u>\$ 9,747,920</u>	<u>\$ 11,296,795</u>	<u>\$ 25,011,999</u>	<u>\$ 18,399,673</u>	<u>\$ 88,574,215</u>
LIABILITIES							
Accounts payable	\$ 1,417,713	\$ 253,123	\$ 582,745	\$ 940,131	\$ 1,075,383	\$ 1,214,084	\$ 5,483,179
Accrued liabilities	3,254,625	85,743	178,022	7,935	-	233,743	3,760,068
Due to other funds	297,157	70,747	565,060	-	4,178,206	725,669	5,836,839
Intergovernmental payables	57,479	-	-	89	-	-	57,568
Bond anticipation notes payable	-	-	-	-	54,487,882	-	54,487,882
Unearned revenue	4,629	-	-	-	-	-	4,629
Total liabilities	<u>5,031,603</u>	<u>409,613</u>	<u>1,325,827</u>	<u>948,155</u>	<u>59,741,471</u>	<u>2,173,496</u>	<u>69,630,165</u>
DEFERRED INFLOWS OF RESOURCES							
Grant funding and loans receivable	-	-	-	10,348,640	-	-	10,348,640
Mortgage and lease receivable	-	-	-	-	-	1,187,583	1,187,583
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,348,640</u>	<u>-</u>	<u>1,187,583</u>	<u>11,536,223</u>
FUND BALANCES (DEFICIT)							
Nonspendable	3,467,270	448,267	585,364	11,779	-	662,940	5,175,620
Restricted	2,000,000	-	-	-	429,645	5,303,163	7,732,808
Assigned	1,845,396	4,406,024	7,836,729	-	-	9,072,491	23,160,640
Unassigned	6,509,655	-	-	(11,779)	(35,159,117)	-	(28,661,241)
Total fund balances (deficit)	<u>13,822,321</u>	<u>4,854,291</u>	<u>8,422,093</u>	<u>-</u>	<u>(34,729,472)</u>	<u>15,038,594</u>	<u>7,407,827</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 18,853,924</u>	<u>\$ 5,263,904</u>	<u>\$ 9,747,920</u>	<u>\$ 11,296,795</u>	<u>\$ 25,011,999</u>	<u>\$ 18,399,673</u>	<u>\$ 88,574,215</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
December 31, 2014

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

Total fund balances—governmental funds (page 16)		\$ 7,407,827
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$508,964,055 and the accumulated depreciation is \$244,603,182.		264,360,873
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(54,599)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		209,407
Net accrued interest expense for bond anticipation notes and serial bonds are not reported in the funds.		(366,310)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (32,226,026)	
Bond issue premium	(1,205,354)	
Capital leases	(1,383,683)	
NYS retirement liability	(225,833)	
Compensated absences	(16,637,897)	
OPEB obligation	<u>(72,797,993)</u>	(124,476,786)
Internal service fund net position which is due to governmental activities and related charges for services provided.		<u>(1,708,143)</u>
Net position of governmental activities		<u>\$ 145,372,269</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2014

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>	<u>Capital Projects</u>		
REVENUES							
Real property taxes	\$ 25,089,408	\$ 9,056,775	\$ 15,546,200	\$ -	\$ -	\$ 22,034,370	\$ 71,726,753
Other property tax items	1,838,023	-	-	-	-	-	1,838,023
Non property tax items	18,736,206	-	-	-	-	-	18,736,206
Departmental income	5,494,249	324,034	302,620	-	-	493,754	6,614,657
Intergovernmental charges	-	-	2,504,009	-	-	-	2,504,009
Use of money and property	172,956	4,955	9,342	-	15,075	74,202	276,530
Licenses and permits	1,312	-	-	-	-	2,350,776	2,352,088
Fines and forfeitures	1,753,214	-	-	-	-	-	1,753,214
Sale of property and compensation for loss	72,986	64,556	61,524	-	139,500	155,088	493,654
Miscellaneous	891,321	1,044,265	164,505	-	60,673	548,577	2,709,341
State aid	3,453,363	652,981	-	-	592,360	79,621	4,778,325
Federal aid	385,674	-	-	26,765,904	-	-	27,151,578
Total revenues	<u>57,888,712</u>	<u>11,147,566</u>	<u>18,588,200</u>	<u>26,765,904</u>	<u>807,608</u>	<u>25,736,388</u>	<u>140,934,378</u>
EXPENDITURES							
Current:							
General government support	10,190,257	4,264	-	-	-	1,958	10,196,479
Public safety	34,111,155	-	-	-	-	8,891,154	43,002,309
Transportation	2,217,693	10,710,501	-	-	-	3,094,977	16,023,171
Economic assistance and opportunity	2,886,846	-	-	-	-	-	2,886,846
Culture and recreation	9,881,515	-	-	-	-	25,172	9,906,687
Home and community services	-	-	13,844,311	26,765,904	-	11,576,813	52,187,028
Debt service:							
Principal	-	95,469	-	-	-	4,532,684	4,628,153
Interest	18,407	20,745	73,690	-	-	1,281,401	1,394,243
Capital outlay	-	-	-	-	8,205,057	-	8,205,057
Total expenditures	<u>59,305,873</u>	<u>10,830,979</u>	<u>13,918,001</u>	<u>26,765,904</u>	<u>8,205,057</u>	<u>29,404,159</u>	<u>148,429,973</u>
Excess (deficiency) of revenues over expenditures	<u>(1,417,161)</u>	<u>316,587</u>	<u>4,670,199</u>	<u>-</u>	<u>(7,397,449)</u>	<u>(3,667,771)</u>	<u>(7,495,595)</u>

(continued)

(concluded)

	Special Revenue				Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer	Special Grant			
OTHER FINANCING SOURCES (USES)							
Transfers in	3,416,075	-	321	-	12,951,278	5,457,718	21,825,392
Transfers out	(3,047,381)	(439,801)	(4,695,690)	-	(6,708,863)	(6,933,657)	(21,825,392)
Capital lease	-	1,262,863	-	-	-	-	1,262,863
Proceeds of serial bonds	-	-	-	-	-	4,576,025	4,576,025
Proceeds of refunding bonds	-	-	-	-	-	5,790,000	5,790,000
Premium on serial bond	-	-	-	-	220,971	-	220,971
Premium on refunding bonds	-	-	-	-	-	570,748	570,748
Payment to refunding bond escrow agent	-	-	-	-	-	(6,360,748)	(6,360,748)
Total other financing sources (uses)	<u>368,694</u>	<u>823,062</u>	<u>(4,695,369)</u>	<u>-</u>	<u>6,463,386</u>	<u>3,100,086</u>	<u>6,059,859</u>
Net change in fund balances	(1,048,467)	1,139,649	(25,170)	-	(934,063)	(567,685)	(1,435,736)
Fund balances (deficit)—beginning, as restated	<u>14,870,788</u>	<u>3,714,642</u>	<u>8,447,263</u>	<u>-</u>	<u>(33,795,409)</u>	<u>15,606,279</u>	<u>8,843,563</u>
Fund balances (deficit)—ending	<u>\$ 13,822,321</u>	<u>\$ 4,854,291</u>	<u>\$ 8,422,093</u>	<u>\$ -</u>	<u>\$ (34,729,472)</u>	<u>\$ 15,038,594</u>	<u>\$ 7,407,827</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit) of Governmental Funds to the Statement of Activities
December 31, 2014

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

Net change in fund balances (deficit)—total governmental funds (page 19) \$ (1,435,736)

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

Capital asset additions	\$ 10,901,447	
Loss on disposition of capital assets	(83,166)	
Depreciation expense	<u>(13,645,086)</u>	(2,826,805)

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. (54,599)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (52,307)

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

Proceeds from serial bonds/refunding bonds	\$ (10,366,025)	
Repayment of serial bonds	10,634,999	
Net change in premium on serial bonds	(157,692)	
Net change in premium on refunding bonds	(546,967)	
Deferred loss on refunding	90,579	
Proceeds from capital lease	(1,262,863)	
Repayment of capital lease	704,279	
Change in NYS retirement liability	479,026	
Change in compensated absences	(229,690)	
Change in OPEB obligation	(12,360,466)	
Change in amounts due to Museum	<u>475,000</u>	(12,539,820)

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. (1,985,088)

Change in net position of governmental activities \$ (18,894,355)

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2014

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Restricted cash and cash equivalents	\$ 475,220
Receivables	3,570
Due from other funds	80,949
Intergovernmental receivables	<u>7,544</u>
Total current assets	<u>567,283</u>
LIABILITIES	
Current liabilities:	
Accounts payable	116,817
Accrued liabilities	<u>2,158,609</u>
Total current liabilities	<u>2,275,426</u>
NET POSITION	
Unrestricted	<u>(1,708,143)</u>
Total net position	<u><u>\$ (1,708,143)</u></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 Position (Deficit)—Proprietary Funds
Year Ended December 31, 2014

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating revenues:	
Miscellaneous	\$ 163,733
Total operating revenues	<u>163,733</u>
Operating expenses:	
Administrative expenses	557,863
Judgments and claim expenses	<u>1,559,312</u>
Total operating expenses	<u>2,117,175</u>
Operating loss	<u>(1,953,442)</u>
Nonoperating revenues (expenses):	
Interest expense	(36,000)
Interest income	<u>4,354</u>
Total nonoperating revenues (expenses)	<u>(31,646)</u>
Loss before transfers	<u>(1,985,088)</u>
Transfers in	1,400,000
Transfers (out)	<u>(1,400,000)</u>
Total transfers in (out)	<u>-</u>
Change in net position	(1,985,088)
Total net position—beginning	<u>276,945</u>
Total net position—ending	<u>\$ (1,708,143)</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, 2014

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from participating funds and settlements	\$ 177,945
Payments for administrative and judgments and claims	<u>(2,235,465)</u>
Net cash used for operating activities	<u>(2,057,520)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to other funds	(80,949)
Transfers in	1,400,000
Transfers out	<u>(1,400,000)</u>
Net cash used for noncapital financing activities	<u>(80,949)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Payment of bond anticipation notes	(3,600,000)
Interest on bond anticipation notes	<u>(36,000)</u>
Net cash used for capital financing activities	<u>(3,636,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>4,354</u>
Net cash provided by investing activities	<u>4,354</u>
Net decrease in cash and cash equivalents	(5,770,115)
Cash and cash equivalents—beginning	<u>6,245,335</u>
Cash and cash equivalents—ending	<u>\$ 475,220</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (1,953,442)
Adjustments to reconcile operating loss to net cash used for operations:	
Decrease in accounts receivable	1
Decrease in intergovernmental receivables	14,211
Decrease in accounts payable	(46,237)
Decrease in accrued liabilities	<u>(72,053)</u>
Net cash used for operating activities	<u>\$ (2,057,520)</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2014

ASSETS

Cash	\$ 1,854,480
LOSAP assets	<u>8,577,371</u>
Total assets	<u>\$ 10,431,851</u>

LIABILITIES

Due to other funds	\$ 300,000
Amounts due to other parties	1,554,480
Amounts held for LOSAP	<u>8,577,371</u>
Total liabilities	<u>\$ 10,431,851</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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. As discussed in Note 2, the Town reports no business-type activities. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The Town reports no component units.

Reporting Entity

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

Independently elected officials of the Town include:

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

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

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

Participants share, proportionately to their usage, in all expenses. The joint venture has not accumulated significant surpluses or deficits. The Comptroller of the Town of Amherst has custody of all monies transferred from participants and is responsible for the books and records of the Cooperative. The Cooperative's financial information can be obtained from the Town Comptroller's office at 5583 Main Street, Williamsville, New York 14221.

The Amherst Museum (the "Museum") is an educational institution, chartered by the State of New York, whose purpose is to instill, educate and cultivate in a public audience an informed appreciation of the American past and its impact on current lifestyles, culture and historical development of the Town of Amherst. The chartered organization is legally responsible for the collections and is the fund-raising arm of the Museum. The artifacts and historical collections are property of the New York State Department of Education and are not included within the Town's financial statements. In 2010, the Town granted a revocable license to the Museum to use the Town property at 3755 Tonawanda Creek Road beginning January 1, 2011 until December 31, 2035. Additionally, the Town has agreed to pay to the Museum an annual subsidy of \$475,000 for each of the calendar years 2011, 2012, 2013 and 2014. 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.

Basis of Presentation—Government-wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its proprietary funds and fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are

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

The Town reports the following major governmental funds:

- *General Fund*—The General Fund is the principal operating fund of the Town and includes all operations not required to be recorded in other funds. The major source of revenue for this fund is real property taxes.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for this fund is real property taxes.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts. The major source of revenue for this fund is real property taxes.
- *Special Grant Fund*—The Special Grant Fund is used to record all activity related to the Federal Housing and Urban Development Community Development program. The major source of revenue for this fund is federal aid.
- *Capital Projects Fund*—The Capital Projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

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

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Cash, Cash Equivalents and Investments—The Town's cash, cash equivalents and investments consist of cash on hand, demand deposits, and time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2014; however, when the Town does have investments it is the Town's policy to record them at fair value based on quoted market value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions and unspent proceeds of debt.

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

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

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

The Town does not depreciate 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	10-25
Infrastructure:	
Water and sewer systems	50
Traffic control systems	30
Bridges and culverts	30-40
Roads	10-30
Street lighting	25
Machinery and equipment:	
Office equipment and furniture	10
Heavy equipment	15
Vehicles	5-10
Computers	5
Furniture	10
Other	10

Retainages Payable—Represents expenses incurred by the Town related to construction contracts but that have not been paid as of December 31, 2014.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred loss on refunding within its governmental activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenues from two sources: grants and loans receivable and a mortgage and lease receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

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

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

Revenues and Expenditures/Expenses

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

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

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

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

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

The compensated absences liability for the Town at December 31, 2014 totaled \$16,637,897 and is reported in the government-wide financial statements.

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to customers (funds) for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative

expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions—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.

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

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2014, the Town implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, No. 69, *Government Combinations and Disposals of Government Operations*, and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statement Nos. 67, 69, and 70 did not have a material impact on the Town’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68*, effective for the year ending December 31, 2015 and No. 72, *Fair Value Measurement and Application*, effective for the year ending December 31, 2016. The Town is, therefore, unable to disclose the impact that adopting GASB Statement Nos. 68, 71 and 72 will have on its financial position and results of operations—when such statements are adopted.

Stewardship, Compliance and Accountability

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

- Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 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 Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1st, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year’s original budget.
- The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project’s inception and lapse upon completion/termination of the grant/funding/project.
- Debt Service Fund appropriations are budgeted within the Town’s operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.
- Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

Deficit Fund Balances—The Capital Projects Fund has a deficit fund balance at December 31, 2014. This deficit will be remedied by future tax revenues, anticipated grants and proceeds from future bond issuances.

Additionally, the Town’s Workers Compensation Fund, had a net deficit at December 31, 2014. The Town anticipates receiving settlement revenues. In the event that settlement revenues do not remedy the deficit, the Town anticipates that transfers from other funds will remedy the deficit.

2. RESTATEMENT OF PRIOR YEAR FUND BALANCE AND NET POSITION

The Town Board, by resolution, eliminated the Enterprise Fund for the Ice Facility as of December 31, 2013 thereby changing its accounting policies to account for the Amherst Ice Facility within its' General Fund. Previously, the Town accounted for this activity as a separate Enterprise Fund. As a result of this change in accounting policies the net position of the Business-type Activity—Amherst Ice Facility at December 31, 2013 of \$3,394,441 has been restated to be \$0. Additionally, governmental activities net position, General Fund fund balance, and Capital Projects Fund fund balance have been restated as of December 31, 2013. The effects of the restatement follow:

The effect to net position of governmental activities is summarized as follows:

Beginning net position—governmental activities, as previously reported		\$ 160,872,183
Net position related to Amherst Ice Facility:		
Current assets	555,637	
Construction in progress	164,506	
Buildings, machinery and equipment, net of accumulated depreciation	13,164,441	
Deferred outflows of resources	118,828	
Current liabilities	(802,255)	
Accrued interest payable	(37,077)	
Serial bonds	(9,610,000)	
Compensated absences	(159,639)	
Total net position related to Amherst Ice Facility		<u>3,394,441</u>
Beginning net position—governmental activities, as restated		<u>\$ 164,266,624</u>

The effect of this change to beginning fund balance of the General Fund and Capital Projects Fund is summarized below:

	General Fund	Capital Projects Fund
Beginning fund balance, as previously reported	\$ 14,792,900	\$ (33,470,903)
Fund balance related to Amherst Ice Facility:		
Cash	304,064	-
Receivables	177,054	-
Prepaid items	72,966	-
Due from other funds	1,553	-
Accounts payable	(130,261)	-
Accrued liabilities	(9,972)	-
Bond anticipation notes payable	-	(324,506)
Due to other funds	(333,106)	-
Other liabilities	(4,410)	-
Beginning fund balance, as restated	<u>\$ 14,870,788</u>	<u>\$ (33,795,409)</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents at December 31, 2014 are as follows:

	Governmental Funds	Internal Service Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 25,933	\$ -	\$ -	\$ 25,933
Deposits	<u>53,751,595</u>	<u>475,220</u>	<u>1,854,480</u>	<u>56,081,295</u>
Total	<u>\$ 53,777,528</u>	<u>\$ 475,220</u>	<u>\$ 1,854,480</u>	<u>\$ 56,107,228</u>

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

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 1,250,000	\$ 1,250,000
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>56,667,441</u>	<u>54,831,295</u>
Total	<u>\$ 57,190,704</u>	<u>\$ 56,081,295</u>

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

Investments—The Town had no investments at December 31, 2014.

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

Restricted cash and cash equivalents—The Town reports fund balance restrictions and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2014, the Town reported \$29,766,565 of restricted cash and cash equivalents within its governmental activities.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2014:

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, 2014 are:

General Fund:		
Franchise fees	\$ 1,184,853	
Insurance reimbursement	285,458	
Town Justice	257,997	
Ice facility	177,054	
Property code violations	163,600	
Senior Center	60,540	
Meals on Wheels	46,789	
Town Clerk/Tax Receiver	25,739	
Judgments	11,443	
Museum	4,996	
Other	65,862	\$ 2,284,331
Highway Fund:		
Miscellaneous		\$ 126,436
Sewer Fund:		
Miscellaneous		\$ 3,499
Nonmajor funds:		
Mortgage and note receivable	\$ 1,187,583	
Town Clerk	244,170	
Recycling/waste management	57,723	\$ 1,489,476
Proprietary Fund:		
Workers compensation		\$ 3,570

Mortgage and note receivable—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling of \$679,317 and \$508,266, respectively, related to the sale of the compost facility and related equipment. The mortgage receivable carries 5.84% interest rate. The note receivable carries 4.25% interest rate and payments from the borrowers are due monthly from the months of March through November for both. During the year ended December 31, 2014, the Town received \$179,589 of mortgage payments, consisting of \$113,493 and \$66,096 of principal and interest, respectively. Payments on the note receivable began March 1, 2013. These receivables are offset by deferred inflows since the revenue recognition criteria has not been met.

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. Under GASB, these receivables are offset by deferred

inflows since the revenue recognition criteria has not been met. The balance at December 31, 2014 was \$6,991,098.

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

General Fund:			
Erie County - sales tax	\$	6,126,776	
Federal government		362,045	
New York State		73,505	
Erie County		7,502	
Other		5,362	
			\$ <u>6,575,190</u>
Highway Fund:			
Fuel reimbursement	\$	22,491	
Erie County		652,981	
			\$ <u>675,472</u>
Sewer Fund:			
Sewer fees			\$ <u>1,759,000</u>
Special Grant Fund:			
Community Development Block Grant			\$ <u>3,038,126</u>
Capital Projects Fund:			
Grants			\$ <u>173,013</u>
Nonmajor funds:			
Federal government	\$	20,833	
New York State		422,597	
Town of Tonawanda Service Award		6,106	
			\$ <u>449,536</u>
Proprietary Funds:			
Workers compensation			\$ <u>7,544</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance as Previously Reported 1/1/2014	Restatement (Note 2)	Restated Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 10,593,287	\$ -	\$ 10,593,287	\$ -	\$ -	\$ 10,593,287
Construction in progress	26,752,258	164,506	26,916,764	8,205,057	(19,513,407)	15,608,414
Total capital assets, not being depreciated	37,345,545	164,506	37,510,051	8,205,057	(19,513,407)	26,201,701
<i>Capital assets, being depreciated:</i>						
Infrastructure	174,204,467	-	174,204,467	10,682,762	-	184,887,229
Land improvements	11,072,074	-	11,072,074	1,134,844	-	12,206,918
Buildings	203,535,717	-	203,535,717	-	-	203,535,717
Building improvements	9,447,517	-	9,447,517	514,402	-	9,961,919
Machinery and equipment	43,464,629	-	43,464,629	9,704,578	(629,011)	52,540,196
Ice rink facility	-	19,457,164	19,457,164	173,211	-	19,630,375
Total capital assets, being depreciated	441,724,404	19,457,164	461,181,568	22,209,797	(629,011)	482,762,354
Less accumulated depreciation for:						
Infrastructure	(78,190,636)	-	(78,190,636)	(4,581,568)	-	(82,772,204)
Land improvements	(3,263,014)	-	(3,263,014)	(584,052)	-	(3,847,066)
Buildings	(122,407,867)	-	(122,407,867)	(3,980,498)	-	(126,388,365)
Building improvements	(5,103,487)	-	(5,103,487)	(339,726)	-	(5,443,213)
Machinery and equipment	(16,246,214)	-	(16,246,214)	(3,729,200)	545,845	(19,429,569)
Ice rink facility	-	(6,292,723)	(6,292,723)	(430,042)	-	(6,722,765)
Total accumulated depreciation	(225,211,218)	(6,292,723)	(231,503,941)	(13,645,086)	545,845	(244,603,182)
Total capital assets, being depreciated, net	216,513,186	13,164,441	229,677,627	8,564,711	(83,166)	238,159,172
Governmental activities capital assets, net	\$ 253,858,731	\$ 13,328,947	\$ 267,187,678	\$ 16,769,768	\$ (19,596,573)	\$ 264,360,873
Business Activities						
<i>Capital assets, not being depreciated:</i>						
Construction in progress	\$ 164,506	\$ (164,506)	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	164,506	(164,506)	-	-	-	-
<i>Capital assets, being depreciated:</i>						
Buildings, machinery and equipment	19,457,164	(19,457,164)	-	-	-	-
Total capital assets, being depreciated	19,457,164	(19,457,164)	-	-	-	-
Less accumulated depreciation for:						
Buildings, machinery and equipment	(6,292,723)	6,292,723	-	-	-	-
Total accumulated depreciation	(6,292,723)	6,292,723	-	-	-	-
Business activities capital assets, net	\$ 13,328,947	\$ (13,328,947)	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2014 as follows:

General government support	\$ 339,578
Public safety	415,724
Transportation	3,182,438
Economic assistance and opportunity	170,248
Culture and recreation	1,241,892
Home and community services	<u>8,295,206</u>
	<u>\$ 13,645,086</u>

6. ACCRUED LIABILITIES

Accrued liabilities include salary and other related liabilities. Accrued liabilities of the Town’s governmental funds at December 31, 2014 are:

General Fund	\$ 3,254,625
Highway Fund	85,743
Sewer Fund	178,022
Special Grant Fund	7,935
Nonmajor funds	<u>233,743</u>
Total accrued liabilities	<u>\$ 3,760,068</u>

7. PENSION PLANS

Plan Description—The Town participates in the New York State 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 (the “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 government by the New York State Retirement and Social Security Law (“NYSRSSL”). As set for the in the NYSRSSL, the Comptroller of the State of New York (the “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 transactions of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and requirement 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 ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) who generally contribute three percent (3%) of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%), based on salary. Under the authority of NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31st.

The Town is required to contribute at an actuarially determined rate. The required contributions per the New York State Local Retirement System invoices for the current year and the two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2014	\$ 6,019,128	\$ 4,776,310
2013	6,005,744	5,121,740
2012	5,150,100	4,823,903

8. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

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

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 thirty. Except in the case disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

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

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

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

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

Program Financial Condition

Assets and Liabilities

Actuarial present value of benefits at January 1, 2014			\$ 10,293,827
Less: Assets available for benefits			
<i>Cash and short-term investments:</i>	<u>% of total</u>		
Cash and cash equivalents	4.9%	\$	423,738
<i>Investments at fair value:</i>			
U.S. equities	3.1%		266,876
International equities	5.1%		440,945
Fixed income	40.2%		3,476,966
Mixed income	41.2%		3,566,820
Other assets	5.0%		436,111
<i>Other assets:</i>			
Benefits payable & interest receivable	0.5%		<u>42,774</u>
Total net assets available for benefits			<u>8,654,230</u>
Total unfunded benefits			<u>\$ 1,639,597</u>

Prior Service Costs

Prior service costs included in Actuarial Present Value of Benefits are being amortized over twenty years at a rate of 6.5%.

Receipts and Disbursements

Plan net assets, January 1, 2013			\$8,514,300
Changes during the year:			
Add: Plan contributions		\$	493,324
Net investment income			149,605
Less: Plan benefit withdrawals			(506,584)
Changes in benefits payable			6,560
Administrative fees			<u>(2,975)</u>
Net change			<u>139,930</u>
Plan net assets, December 31, 2013			<u>\$ 8,654,230</u>

Contributions and Administrative Fees

The Town contributed \$492,399 during the year ended December 31, 2014.

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the attained age normal frozen initial liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are based on an assumed rate of return on investment of 6.5%.

Mortality Tables used for retirement are based on the 1994 Uninsured Pensioner Male Table projected with scale AA to 2007.

The Town accounts for service award program assets within its Agency Fund. The fair value of these program assets as of December 31, 2014 is \$8,577,371.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town provides two experience rated PPO plans and one experience rates traditional indemnity plan for its retirees and their dependents. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents. There were 529 retirees receiving health care benefits at December 31, 2014.

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 table on the following page shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation.

	Year Ended December 31,	
	2014	2013
Annual required contribution	\$ 17,947,223	\$ 17,947,223
Interest on net OPEB obligation	2,417,501	1,944,105
Adjustment to annual required contribution	<u>(3,065,089)</u>	<u>(3,065,089)</u>
Annual OPEB costs (expense)	17,299,635	16,826,239
Contributions made	<u>(4,939,169)</u>	<u>(4,991,343)</u>
Increase in net OPEB obligation	12,360,466	11,834,896
Net OPEB obligation—beginning of year	<u>60,437,527</u>	<u>48,602,631</u>
Net OPEB obligation—end of year	<u>\$ 72,797,993</u>	<u>\$ 60,437,527</u>

Funding Status and Funding Progress—As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$198,879,911.

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

The Schedule of the Town’s Contributions is shown below:

Year Ended December 31,	Annual Required Contribution	Annual OPEB Cost	Contributions Made	Percentage Contributed
2014	\$ 17,947,223	\$ 17,299,635	\$ 4,939,169	28.6%
2013	17,947,223	16,826,239	4,991,343	29.7%
2012	12,569,128	12,147,457	4,378,368	36.0%

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

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

In the January 1, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2013. The discount rate used is 4%. The RP-2000 Mortality Table, with generational mortality using scale AA, for males and females is used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant report entitled “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.” Upon retirement it is assumed that

100% of eligible employees and their spouses will elect for post-employment health care benefits, while it is assumed that 70% of retirees will be married at the time of their retirement. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar closed basis, therefore the remaining amortization period at December 31, 2014 was twenty-three years.

10. RISK MANAGEMENT

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

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

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

At December 31, 2014, 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, 2013 resulted from the following:

	Liability, 1/1/2014	Claims	Payments	Liability, 12/31/2014
Judgments & claims	\$ 38,000	\$ 9,500	\$ 38,000	\$ 9,500
Workers' compensation	2,192,662	839,289	882,842	2,149,109

	Liability, 1/1/2013	Claims	Payments	Liability, 12/31/2013
Judgments & claims	\$ 856,000	\$ 945,428	\$ 1,763,428	\$ 38,000
Workers' compensation	1,844,746	1,158,549	810,633	2,192,662

The Town has claims of \$9,500 which are probable of a future loss. There are claims in the range of \$2,250,000 to \$9,779,253 which are classified as reasonably possible.

11. LEASE OBLIGATIONS

During the year ended December 31, 2012, the Town entered into two lease agreements as lessee for financing the acquisitions of certain golf equipment. The lease agreements qualify as a capital lease/installment purchase contract for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rate approximates 4.33%. Additionally, the lease agreements the Town entered into in 2010, 2009, and 2014 as lessee for financing the acquisition of certain highway equipment also qualified as capital leases/installment purchase contracts. Certain equipment related to the 2014 capital lease has not been

delivered to the Town as of December 31, 2014. Related to such, the Town reports an encumbrance of \$726,737 and restricted cash of the same amount. The obligation under the lease is summarized below:

Year ended December 31,	Governmental Activities		
	Golf Equipment	Highway Equipment	Total
2015	\$ 35,158	\$ 240,078	\$ 275,236
2016	35,158	240,078	275,236
2017	-	240,078	240,078
2018	-	220,678	220,678
2019	-	220,678	220,678
2020	-	220,678	220,678
Total minimum lease payments	70,316	1,382,268	1,452,584
Less: Amount representing imputed interest costs	(4,321)	(64,580)	(68,901)
Present value of minimum lease payment	<u>\$ 65,995</u>	<u>\$ 1,317,688</u>	<u>\$ 1,383,683</u>

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

	Governmental Activities
Assets:	
Highway equipment	\$ 1,632,685
Special purpose equipment	161,781
Less: Accumulated depreciation	<u>(676,226)</u>
Total	<u>\$ 1,118,240</u>

12. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The following is a summary of the Town’s short-term debt for the year ended December 31, 2014:

	Issued	Maturity	Interest Rate	Balance 1/1/2014	Additions	Payments	Balance 12/31/2014
Bond anticipation notes:							
Payment of judgement	7/17/13	7/17/14	1.00%	\$ 3,600,000	\$ -	\$ 3,600,000	\$ -
Various capital projects	11/13/13	11/13/14	1.00%	48,145,702	-	48,145,702	-
Various capital projects	11/12/14	11/12/15	0.75%	-	54,487,882	-	54,487,882
				<u>\$ 51,745,702</u>	<u>\$ 54,487,882</u>	<u>\$ 51,745,702</u>	<u>\$ 54,487,882</u>

13. LONG-TERM DEBT

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums

received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, capital leases, NYS retirement liability, compensated absences, OPEB obligation and amounts due to Museum. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term debt at December 31, 2014 follows:

	Balance as Previously Reported 1/1/2014	Restatement (Note 2)	Restated Balance 1/1/2014	Additions	Reductions	Balance 12/31/2014	Due Within One Year
Governmental activities:							
Serial bonds	\$ 22,885,000	\$ 9,610,000	\$ 32,495,000	\$ 10,366,025	\$ 10,634,999	\$ 32,226,026	\$ 4,016,026
Capital leases	825,099	-	825,099	1,262,863	704,279	1,383,683	261,590
NYS retirement liability	704,859	-	704,859	-	479,026	225,833	225,833
Compensated absences	16,248,568	159,639	16,408,207	459,380	229,690	16,637,897	633,284
OPEB obligation	60,437,527	-	60,437,527	17,299,635	4,939,169	72,797,993	-
Amounts due to Museum	475,000	-	475,000	-	475,000	-	-
Total governmental activities	<u>\$ 101,576,053</u>	<u>\$ 9,769,639</u>	<u>\$ 111,345,692</u>	<u>\$ 29,387,903</u>	<u>\$ 17,462,163</u>	<u>\$ 123,271,432</u>	<u>\$ 5,136,733</u>
Business-type activities:							
Serial bonds	\$ 9,610,000	\$(9,610,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	159,639	(159,639)	-	-	-	-	-
Total business-type activities	<u>\$ 9,769,639</u>	<u>\$(9,769,639)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

In the current year, the Town issued \$4,576,025 in Public Improvement Serial Bonds for various purposes. The interest rate on these bonds is 0.75% and the bonds will mature on November 1, 2039.

Current Year Bond Refunding—In the current year, the Town issued \$5,790,000 in Refunding Serial bonds, to refund \$6,175,000 outstanding principal of the previously issued 2004 Series A & B bonds, originally issued for various purposes. The interest on the 2004 bonds ranged from 3.125% to 4.000%. The Town used the net proceeds to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service of the refunded 2004 Series A & B bonds. As a result, the 2004 Series A & B serial bonds are considered defeased, and the Town has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$5,300,000 at December 31, 2014. The refund resulted in a net present value benefit to the Town of \$442,583.

Prior Year's Advanced Refunding—During prior years, the Town issued \$7,695,000 in Refunding Serial Bonds, which collectively refund the previously issued 1999 and 2001 (partial refunding) bonds, originally issued for various purposes. The interest on the 2009 bonds ranges from 2.5% to 3.5%. The total net proceeds of the bonds (after deductions for net issuance costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America, with the remaining cash proceeds from the sale of the bonds, and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original 1999 bonds are considered fully refunded and the 2001 bonds are considered partially refunded and the liability of those bonds, now \$0 and \$2,625,000, respectively, has been removed from the financial statements.

Also during prior years, the Town issued \$14,230,000 in Refunding Serial Bonds—2007 Series A and \$1,155,000 in 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, \$8,910,000, has been removed from the financial statements.

Additionally, 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, \$3,680,000, has been removed from the financial statements. The Town also advance refunded \$17,980,000 of Tax-Exempt Lease Revenue Bonds 1997A of the Amherst Industrial Development Agency (the “AIDA Bonds”) that were used to finance the construction of the Amherst Multi-Surface Ice Rink complex. The bond proceeds were placed into an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the AIDA Bonds. As a result, the AIDA Bonds were considered to be defeased, and the December 31, 2014 financial statements do not reflect the obligation, now equal to \$8,830,000.

Also during prior years, the Town issued \$3,430,000 in 2011 Refunding Serial Bonds, to refund the previously issued 2002 (partial refunding) bonds, originally issued for various purposes. The interest on the bonds ranges from 4.125% to 4.375%. The net proceeds of \$3,686,991 (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 partially refunded and the liability for those bonds, now equal to \$2,765,000, has been removed from the financial statements.

A summary of bonded indebtedness transactions for the year ended December 31, 2014 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2014	Issued	Redeemed	Principal Outstanding 12/31/2014
General Fund:						
2004 Series A - Senior Center	2004/2020	3.250-4.000%	\$ 3,890,000	\$ -	\$ 3,890,000	\$ -
2004 Series B - Lehigh Valley Trailway Plans & Specs.	2004/2019	3.125-4.000%	36,000	-	36,000	-
2004 Series B - Lehigh Valley Trailway Const. Specs.	2004/2019	3.125-4.000%	63,000	-	63,000	-
Court Parking Lot Improvements	2005/2015	3.625-3.750%	45,000	-	25,000	20,000
Radio Repeater	2005/2015	3.625-3.750%	30,000	-	15,000	15,000
Acquisition - Eggertsville Community Center	2007/2022	3.800-4.000%	333,969	-	31,597	302,372
Eggertsville Community Center	2007/2022	3.800-4.000%	333,969	-	31,597	302,372
Mill Street Land & Building	2009/2019	2.500-5.000%	870,000	-	130,000	740,000
Central Alarm Voice Recording Equipment	2011/2022	2.500-5.000%	146,121	-	13,581	132,540
Traffic Signals	2011/2022	2.500-5.000%	33,989	-	3,159	30,830
Amherst Park Master Plan	2011/2022	2.500-5.000%	99,351	-	9,234	90,117
Local Waterfront Rev Plan	2011/2022	2.500-5.000%	32,246	-	2,997	29,249
Veterans Canal Park Improvements	2014/2039	2.000-5.000%	-	48,747	-	48,747
Dellwood Park Improvements	2014/2039	2.000-5.000%	-	50,644	-	50,644
Golf Course Improvements	2014/2039	2.000-5.000%	-	656,508	-	656,508
Senior Center	2014/2020	2.000-5.000%	-	3,655,000	500,000	3,155,000
2014 Refunding Lehigh Valley Trailway	2014/2020	2.000-5.000%	-	30,000	5,000	25,000
2014 Refunding Lehigh Valley Trailway Const. Specs.	2014/2020	2.000-5.000%	-	60,000	10,000	50,000
2007 Series A Ice Rink Acquisition	2007/2022	4.000-5.000%	8,880,000	-	845,000	8,035,000
2007 Series B Ice Rink Acquisition	2007/2022	5.630%	730,000	-	65,000	665,000
Total General Fund			<u>15,523,645</u>	<u>4,500,899</u>	<u>5,676,165</u>	<u>14,348,379</u>
Town Outside Village Fund						
Highway Equipment - Town Outside Village	2011-2022	2.000-5.000%	<u>6,682</u>	<u>-</u>	<u>621</u>	<u>6,061</u>
Total Town Outside Village Fund			<u>6,682</u>	<u>-</u>	<u>621</u>	<u>6,061</u>
Highway Fund:						
Various Snow Plowing Equipment	2004/2019	3.125-4.000%	465,000	-	465,000	-
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	550,000	-	270,000	280,000
Highway Equipment - Highway	2011/2022	2.000-5.000%	104,580	-	9,720	94,860
2014 Refunding Various Snow Plowing Equipment	2014/2020	2.000-5.000%	-	435,000	70,000	365,000
Total Highway Fund			<u>1,119,580</u>	<u>435,000</u>	<u>814,720</u>	<u>739,860</u>
Water District Fund:						
Hopkins Rd Water System Improve	2004/2019	3.125-4.000%	465,000	-	465,000	-
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	195,000	-	25,000	170,000
Willowridge Road	2007/2022	3.800-4.000%	394,591	-	37,333	357,258
Haussauer Road	2007/2022	3.800-4.000%	350,667	-	33,176	317,491
Greengage Circle Phase II	2007/2022	3.800-4.000%	100,191	-	9,479	90,712
Waterline Country Pkwy	2011/2022	2.000-5.000%	268,422	-	24,948	243,474
Water District 15 Improvements	2014/2039	2.000-5.000%	-	1,371,972	-	1,371,972
2014 Refunding Hopkins Road Water System Improve	2014/2020	2.000-5.000%	-	435,000	75,000	360,000
Total Water District Fund			<u>1,773,871</u>	<u>1,806,972</u>	<u>669,936</u>	<u>2,910,907</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2014	Issued	Redeemed	Principal Outstanding 12/31/2014
Sewer District Fund:						
Maple Rd, Hopkins, N. French Upgrades	2004/2019	3.250-4.000%	390,000	-	390,000	-
WWTP Main Transformer Replacement	2004/2019	3.125-4.000%	232,000	-	232,000	-
Increase and Improvement - SSD#1, 16	2004/2019	3.125-4.000%	315,000	-	315,000	-
Increase and Improvement - SSD# 16	2004/2019	3.125-4.000%	56,000	-	56,000	-
Roof System Replacements	2005/2020	3.625-3.750%	422,000	-	55,000	367,000
Lift Station Equipment Replacement	2005/2020	3.625-3.750%	76,000	-	10,000	66,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	60,000	-	5,000	55,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	30,000	-	15,000	15,000
NYS EFC Series 2005D	2005/2014	3.6859%	495,000	-	495,000	-
Sewer District #1 Harlem and Kensington	2007/2022	3.800-4.000%	166,984	-	15,799	151,185
Sand Filtration System Plant 16	2007/2022	3.800-4.000%	3,206,106	-	303,337	2,902,769
Various Impr	2007/2022	3.800-4.000%	1,103,768	-	104,430	999,338
LeBrun Storm Sewer SS#1	2007/2022	3.800-4.000%	150,289	-	14,221	136,068
SSD#1 & SSD#16	2009/2018	2.500-5.000%	250,000	-	50,000	200,000
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	1,175,000	-	135,000	1,040,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	490,000	-	55,000	435,000
WWTP Improvements	2009/2017	2.500-5.000%	100,000	-	25,000	75,000
Series 2011A (Refunded 2000A)	2011/2019	0.870-3.591%	325,000	-	50,000	275,000
SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.500-5.000%	195,797	-	18,198	177,599
SSD #1 Lafayette Blvd.	2011/2022	2.500-5.000%	65,363	-	6,075	59,288
SSD #1 16 N. French	2011/2022	2.500-5.000%	443,884	-	41,256	402,628
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.500-5.000%	52,290	-	4,860	47,430
SSD #1 & 16 Pelletiz Bagging Facility	2011/2022	2.500-5.000%	135,664	-	12,609	123,055
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.500-5.000%	130,435	-	12,123	118,312
SSD #1 & 16 Scum System Replacement	2011/2022	2.500-5.000%	83,663	-	7,776	75,887
SSD #1 & 16 Elect System Load Curtail	2011/2022	2.500-5.000%	135,663	-	12,609	123,054
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.500-5.000%	310,835	-	28,890	281,945
Grit Collector/Plant 16 Equipment	2014/2039	2.000-5.000%	-	134,412	-	134,412
Sewage Pump Motor Replacement	2014/2039	2.000-5.000%	-	379,736	-	379,736
Oxygen Deck Stage II Repairs	2014/2039	2.000-5.000%	-	186,125	-	186,125
Lift Station Control Panel	2014/2039	2.000-5.000%	-	74,948	-	74,948
Pump House Recovery	2014/2039	2.000-5.000%	-	107,370	-	107,370
Sanitary Sewers 16 Generators	2014/2039	2.000-5.000%	-	172,628	-	172,628
New Motor Control Center	2014/2039	2.000-5.000%	-	137,325	-	137,325
2014 Refunding Sewer Upgrades	2014/2020	2.000-5.000%	-	370,000	65,000	305,000
2014 Refunding WWTP Main Transformer	2014/2020	2.000-5.000%	-	215,000	35,000	180,000
2014 Refunding Incr. & Improv. SSD # 1, 16	2014/2020	2.000-5.000%	-	295,000	50,000	245,000
2014 Refunding Incr. & Improv. SSD # 16	2014/2020	2.000-5.000%	-	60,000	10,000	50,000
Total Sewer District Fund			<u>10,596,741</u>	<u>2,132,544</u>	<u>2,630,183</u>	<u>10,099,102</u>

(continued)

(concluded)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2014	Issued	Redeemed	Principal Outstanding 12/31/2014
Drainage Fund:						
Young's Rd. Storm Drainage	2004/2014	3.250-3.750%	45,000	-	45,000	-
Improvement Storm Water Drainage	2004/2019	3.125-4.000%	39,000	-	39,000	-
Storm Water Improv.- SWD #4 Carmen Rd	2004/2019	3.125-4.000%	110,000	-	110,000	-
Increase & Improvement SWD#4, 16, 26	2004/2019	3.125-4.000%	69,000	-	69,000	-
Storm Water Drainage Delta Rd.	2005/2020	3.625-3.750%	240,000	-	30,000	210,000
Improvement of Storm Water Drainage	2005/2020	3.625-3.750%	365,000	-	45,000	320,000
Various Drainage Improvements	2007/2022	3.800-4.000%	333,970	-	31,598	302,372
Storm Water #4 Sheridan Drive	2009/2014	2.500-5.000%	60,000	-	60,000	-
Storm Water#16 Transit Valley / Hunt Club	2009/2014	2.500-5.000%	65,000	-	65,000	-
Lakewood / Smallwood #4	2009/2015	2.500-5.000%	120,000	-	60,000	60,000
Allenhurst Road Storm Sewers	2009/2016	2.500-5.000%	75,000	-	25,000	50,000
Highway Equipment - Drainage	2011/2022	2.500-5.000%	182,725	-	16,983	165,742
Storm Drain #16 McKinley/Harding	2011/2022	2.500-5.000%	242,277	-	22,518	219,759
Storm Drain #16 Eggerts/Bailey	2011/2022	2.500-5.000%	130,434	-	12,123	118,311
Drainage 16 Harding/McKinley	2014/2039	2.000-5.000%	-	440,496	-	440,496
Drainage 26 Rambling Culvert	2014/2039	2.000-5.000%	-	137,466	-	137,466
Drainage 16 Bassett Park	2014/2039	2.000-5.000%	-	420,884	-	420,884
26 Chapel Wood Culvert	2014/2039	2.000-5.000%	-	256,764	-	256,764
2014 Refunding Youngs Road Storm Drainage	2014/2020	2.000-5.000%	-	45,000	45,000	-
2014 Refunding Inc. & Imp. SWD	2014/2020	2.000-5.000%	-	30,000	5,000	25,000
2014 Refunding Storm Water Imp. Carmen Rd.	2014/2020	2.000-5.000%	-	100,000	15,000	85,000
2014 Refunding Inc. & Imp. SWD #4, 16,26	2014/2020	2.000-5.000%	-	60,000	10,000	50,000
Total Drainage Fund			<u>2,077,406</u>	<u>1,490,610</u>	<u>706,222</u>	<u>2,861,794</u>
Community Environment Fund:						
Various District Improvements	2005/2020	3.625-3.750%	157,000	-	20,000	137,000
Residential Refuse Containers	2007/2022	3.800-4.000%	1,135,496	-	107,432	1,028,064
Highway Equipment - Comm.Environment	2011/2022	2.000-5.000%	104,580	-	9,720	94,860
Total Community Environment Fund			<u>1,529,572</u>	<u>-</u>	<u>137,152</u>	<u>1,259,924</u>
Total governmental activities			<u>\$ 32,495,000</u>	<u>\$ 10,366,025</u>	<u>\$ 10,634,999</u>	<u>\$ 32,226,026</u>

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

	Balance 1/1/2014	Additions	Reductions	Balance 12/31/2014
Premium on Serial Bonds	\$ 500,695	\$ 791,719	\$ 87,060	\$ 1,205,354

Capital Leases—During the year ended December 31, 2012, TCF Equipment Finance, Inc. provided a \$161,781 lease-purchase agreement for five years to the Town for the purchase of special purpose equipment. The outstanding balance at December 31, 2014 was \$65,995. During the years ended December 31, 2009 and 2010, First Niagara Bank provided five and seven year lease-purchase agreements totaling \$1,632,685 for the purchase of highway equipment. During the year ended December 31, 2014, two of these seven year lease-purchase agreements were refinanced by First Niagara Bank. Additional highway equipment was also purchased under the new six year lease-purchase agreement. The outstanding balance at December 31, 2014 for these leases was \$1,383,683. Refer to Note 11 for additional information related to the Town’s capital leases.

NYS Retirement Liability—As explained in Note 7, 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”). The Town elected to amortize certain payments relating to ERS and PFRS during 2005 and 2006 over ten years in accordance with Chapter 260 of the Laws of 2004 of the State of New York. Additionally, the Town provided an ERS retirement incentive during 2011 that is paid over five years. Accordingly, at December 31, 2014, the Town has recorded a liability in amount of \$225,833, all of which is considered current.

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, 2014, for governmental activities is \$16,637,897. Management estimates that \$633,284 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The estimated OPEB liability is estimated to be \$72,797,993 at December 31, 2014.

Amounts Due to Museum—On December 6, 2010, the Town entered into a license agreement (the “Agreement”) with the Amherst Museum (the “Museum”). The Agreement granted to the Museum, and the Museum accepted from the Town, a revocable license to use the Town property at 3755 Tonawanda Creek Road, Amherst, New York for the period commencing on January 1, 2011 and ending on December 31, 2035. The Museum is responsible for maintaining public liability and property damage insurance to protect the Town from claims for damages. The Museum is also required to take good care of the licensed property and at its sole cost and expense make all repairs. As part of the Agreement the Town agrees to pay the Museum an annual subsidy of \$475,000 for each of the calendar years of 2011, 2012, 2013 and 2014. Accordingly, at December 31, 2014, the Town no longer has an outstanding liability.

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

	Serial Bonds	Capital Leases	NYS Retirement Liability	Compensated Absences	OPEB Obligation	Total
2015	\$ 4,016,026	\$ 261,590	\$ 225,833	\$ 633,284	\$ -	\$ 5,136,733
2016	3,795,000	255,467	-	-	-	4,050,467
2017	3,940,000	225,651	-	-	-	4,165,651
2018	4,040,000	210,205	-	-	-	4,250,205
2019	4,155,000	213,639	-	-	-	4,368,639
2020-2024	9,865,000	217,131	-	-	-	10,082,131
2025-2029	770,000	-	-	-	-	770,000
2030-2034	820,000	-	-	-	-	820,000
2035-2039	825,000	-	-	-	-	825,000
Various	-	-	-	16,004,613	72,797,993	88,802,606
	<u>\$ 32,226,026</u>	<u>\$ 1,383,683</u>	<u>\$ 225,833</u>	<u>\$ 16,637,897</u>	<u>\$ 72,797,993</u>	<u>\$ 123,271,432</u>

Interest requirements on serial bonds are as follows:

Year ending December 31,	Interest
2015	\$ 1,315,953
2016	1,143,914
2017	980,451
2018	808,235
2019	627,108
2020-2024	1,141,241
2025-2029	331,925
2030-2034	217,181
2035-2039	82,963
	<u>\$ 6,648,971</u>

14. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 264,360,873
Related debt:		
Serial bonds issued	(32,226,026)	
Unamortized bond issue premium	(1,205,354)	
Bond anticipation notes issued for capital assets	(54,487,882)	
Unspent proceeds from debt	20,701,846	
Amounts for restricted debt	<u>3,223,196</u>	
Debt issued and used for capital assets		(63,994,220)
Capital lease		1,383,683
Unspent capital lease proceeds		<u>(726,737)</u>
Net investment in capital assets		<u>\$ 201,750,336</u>

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

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2014 includes:

	General Fund	Highway Fund	Sewer Fund	Special Grant Fund	Nonmajor Funds	Total
Prepaid items	<u>\$ 3,467,270</u>	<u>\$ 448,267</u>	<u>\$ 585,364</u>	<u>\$ 11,779</u>	<u>\$ 662,940</u>	<u>\$ 5,175,620</u>

- **Prepaid Items**—Represents the portion of fund balance composed of prepaid assets. This balance is nonspendable as the asset does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2014 include:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Tax stabilization	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Retirement contributions	1,000,000	-	-	1,000,000
Capital projects	-	429,645	-	429,645
Special purpose	-	-	2,079,967	2,079,967
Debt	-	-	3,223,196	3,223,196
Total restricted fund balance	<u>\$ 2,000,000</u>	<u>\$ 429,645</u>	<u>\$ 5,303,163</u>	<u>\$ 7,732,808</u>

- ***Restricted for tax stabilization***—Represents funds accumulated and utilized to minimize future tax increases in the General Fund.
- ***Restricted for retirement contributions***—Represents funds for to be used for the payment of retirement contributions.
- ***Restricted capital projects***—Represents unspent premiums to be used for capital projects or on related debt.
- ***Restricted for special purpose***—Represents funds for various purposes as accounted for in a special purpose special revenue fund.
- ***Restricted for debt***—Represents unspent debt proceeds which is restricted for the reduction of future debt service requirements.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the Town. At December 31, 2014, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's expenditures	\$ 331,031	\$ 260,206	\$ 1,025,784	\$ 1,770,971	\$ 3,387,992
Encumbrances	514,365	828,469	269,147	149,823	1,761,804
Capital improvements	1,000,000	1,000,000	2,000,000	-	4,000,000
Specific use:					
Highway expenditures	-	2,317,349	-	-	2,317,349
Sewer expenditures	-	-	4,541,798	-	4,541,798
Town outside village expenditures	-	-	-	1,433,307	1,433,307
Lighting expenditures	-	-	-	1,722,022	1,722,022
Community environment expenditures	-	-	-	1,115,943	1,115,943
Fire protection expenditures	-	-	-	118,293	118,293
Water district expenditures	-	-	-	982,645	982,645
Drainage district expenditures	-	-	-	1,779,487	1,779,487
Total assigned fund balance	<u>\$ 1,845,396</u>	<u>\$ 4,406,024</u>	<u>\$ 7,836,729</u>	<u>\$ 9,072,491</u>	<u>\$ 23,160,640</u>

- ***Assigned to subsequent year's expenditures***—Represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- ***Assigned to encumbrances***—Represents authorizations related to unperformed contracts or purchase orders for goods or services.
- ***Assigned capital improvements***—Represents funds assigned for capital improvements.
- ***Assigned for specific use***—Represents remaining fund balance of special revenue funds to be used for each fund's specific use.

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

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

15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables of the Town at December 31, 2014 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental:		
General Fund	\$ 1,473,679	\$ 297,157
Highway Fund	32,085	70,747
Sewer Fund	2,700,671	565,060
Special Grant Fund	848	-
Capital Projects Fund	1,447,373	4,178,206
Nonmajor funds	<u>401,234</u>	<u>725,669</u>
Subtotal governmental	<u>6,055,890</u>	<u>5,836,839</u>
Proprietary funds	80,949	-
Fiduciary fund	-	300,000
Total	<u>\$ 6,136,839</u>	<u>\$ 6,136,839</u>

The decreased balances outstanding between funds are the result the amount of closed capital projects due to various funds, in which the cash was transferred subsequent to year end. Other balances result from payments made on behalf of other funds or temporary advances. All of these other balances are expected to be collected/paid within the subsequent year.

The Town made the following transfers during the year ended December 31, 2014:

Fund	Transfers In	Transfers Out
Governmental:		
General Fund	\$ 3,416,075	\$ 3,047,381
Highway Fund	-	439,801
Sewer Fund	321	4,695,690
Capital Projects Fund	12,951,278	6,708,863
Nonmajor funds	<u>5,457,718</u>	<u>6,933,657</u>
Subtotal governmental	<u>21,825,392</u>	<u>21,825,392</u>
Proprietary funds	<u>1,400,000</u>	<u>1,400,000</u>
Total	<u>\$ 23,225,392</u>	<u>\$ 23,225,392</u>

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

A summary of the transfers out made during the year ended December 31, 2014 is follows:

	BAN	Debt Service			Capital	Total
	Payments	Reserve	Principal	Interest	and Other	
Governmental funds:						
General Fund	\$ 640,994	\$ -	\$ 1,687,165	\$ 631,235	\$ 87,987	\$ 3,047,381
Highway Fund	81,262	-	349,720	8,819	-	439,801
Sewer Fund	881,926	-	1,637,183	375,039	1,801,542	4,695,690
Capital Projects Fund	-	-	-	-	6,708,863	6,708,863
Nonmajor funds	5,132,172	168,592	785,931	195,655	651,307	6,933,657
Proprietary funds:						
Internal service funds	-	-	-	-	1,400,000	1,400,000
Total	<u>\$ 6,736,354</u>	<u>\$ 168,592</u>	<u>\$ 4,459,999</u>	<u>\$ 1,210,748</u>	<u>\$ 10,649,699</u>	<u>\$ 23,225,392</u>

16. AGENCY FUND

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

ASSETS	Balance	Additions	Deletions	Balance
	1/1/2014			12/31/2014
Cash	\$ 1,703,337	\$ 19,344,323	\$ 19,193,180	\$ 1,854,480
LOSAP assets	8,611,456	906,700	940,785	8,577,371
Total assets	<u>\$ 10,314,793</u>	<u>\$ 20,251,023</u>	<u>\$ 20,133,965</u>	<u>\$ 10,431,851</u>
LIABILITIES				
Due to other funds	\$ 300,000	\$ 8,449,686	\$ 8,449,686	\$ 300,000
Amounts due to other parties	1,403,337	10,894,637	10,743,494	1,554,480
Amounts held for LOSAP	8,611,456	906,700	940,785	8,577,371
Total liabilities	<u>\$ 10,314,793</u>	<u>\$ 20,251,023</u>	<u>\$ 20,133,965</u>	<u>\$ 10,431,851</u>

17. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. Three bargaining units had contracts through December 31, 2010, 2012 and 2013 and are currently under negotiations. Other bargaining units have contracts settled through December 31, 2014 and December 31, 2016, respectively.

18. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. Significant encumbrances as of December 31, 2014, are as listed below:

<u>Fund</u>	<u>Purpose</u>	<u>Amount Encumbered</u>
General	Safe routes to schools	\$ 152,836
General	Central alarm software	66,491
Highway	Plow trucks	726,737
Highway	Safety transportation engineers	76,970
Sewer	Professional services	53,628
Sewer	Plant service	80,050
Water district	Contractual engineering	56,977

19. CONTINGENCIES

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

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

Pollution Remediation Obligations—On February 13, 2007, the Town was issued a consent order by the New York State Department of Environmental Conservation. As part of the consent order the Town submitted a plan for the abatement of the overflow of sanitary sewer discharge in February 2011. The NYSDEC approved the plan in September 2011.

20. SUBSEQUENT EVENTS

On April 15, 2015, the Town signed a contract transferring operations of its golf course to an outside entity.

Management has evaluated subsequent events through April 23, 2015, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Funding Progress—Other Postemployment Benefits Plan
Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a percentage of Covered Payroll ((b-a)/c)
December 31, 2014	\$ -	\$198,879,911	\$198,879,911	0.0%	n/a	n/a
December 31, 2013	-	198,879,911	198,879,911	0.0%	n/a	n/a
December 31, 2012	-	145,068,638	145,068,638	0.0%	n/a	n/a

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Real property taxes	\$ 25,094,707	\$ 25,089,324	\$ 25,089,408	\$ 84
Other property tax items	1,912,495	1,912,495	1,838,023	(74,472)
Non property tax items	19,058,788	19,106,806	18,736,206	(370,600)
Departmental income	3,503,610	6,070,210	5,494,249	(575,961)
Use of money and property	139,335	139,435	172,956	33,521
Licenses and permits	1,100	1,100	1,312	212
Fines and forfeitures	1,935,000	1,935,000	1,753,214	(181,786)
Sale of property and compensation for loss	-	39,944	72,986	33,042
Miscellaneous	516,156	659,610	891,321	231,711
State aid	3,692,958	3,789,853	3,453,363	(336,490)
Federal aid	90,000	695,268	385,674	(309,594)
Total revenues	<u>55,944,149</u>	<u>59,439,045</u>	<u>57,888,712</u>	<u>(1,550,333)</u>
EXPENDITURES				
Current:				
General government support	10,374,407	11,029,633	10,190,257	839,376
Public safety	32,604,420	32,707,127	34,111,155	(1,404,028)
Transportation	2,123,795	2,145,239	2,217,693	(72,454)
Economic assistance and opportunity	2,676,793	2,986,738	2,886,846	99,892
Culture and recreation	7,889,991	10,323,886	9,881,515	442,371
Debt service:				
Interest	-	27,911	18,407	9,504
Total expenditures	<u>55,669,406</u>	<u>59,220,534</u>	<u>59,305,873</u>	<u>(85,339)</u>
Excess (deficiency) of revenues over expenditures	<u>274,743</u>	<u>218,511</u>	<u>(1,417,161)</u>	<u>(1,635,672)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,858,500	2,858,500	3,416,075	557,575
Transfers out	<u>(4,796,148)</u>	<u>(4,867,791)</u>	<u>(3,047,381)</u>	<u>1,820,410</u>
Total other financing sources (uses)	<u>(1,937,648)</u>	<u>(2,009,291)</u>	<u>368,694</u>	<u>2,377,985</u>
Net change in fund balances*	(1,662,905)	(1,790,780)	(1,048,467)	742,313
Fund balances—beginning, as restated	<u>14,870,788</u>	<u>14,870,788</u>	<u>14,870,788</u>	<u>-</u>
Fund balances—ending	<u>\$ 13,207,883</u>	<u>\$ 13,080,008</u>	<u>\$ 13,822,321</u>	<u>\$ 742,313</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Highway Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Real property taxes	\$ 9,056,775	\$ 9,056,775	\$ 9,056,775	\$ -
Departmental income	329,800	329,800	324,034	(5,766)
Use of money and property	20,000	20,000	4,955	(15,045)
Sale of property and compensation for loss	80,000	92,524	64,556	(27,968)
Miscellaneous	1,047,986	1,047,987	1,044,265	(3,722)
State aid	586,591	1,094,591	652,981	(441,610)
Total revenues	<u>11,121,152</u>	<u>11,641,677</u>	<u>11,147,566</u>	<u>(494,111)</u>
EXPENDITURES				
Current:				
General government support	4,264	4,264	4,264	-
Transportation	10,423,520	11,021,180	10,710,501	310,679
Debt service:				
Principal	201,854	201,854	95,469	106,385
Interest	-	26,773	20,745	6,028
Total expenditures	<u>10,629,638</u>	<u>11,254,071</u>	<u>10,830,979</u>	<u>423,092</u>
Excess of revenues over expenditures	<u>491,514</u>	<u>387,606</u>	<u>316,587</u>	<u>(71,019)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(653,668)	(626,895)	(439,801)	187,094
Capital lease	-	-	1,262,863	1,262,863
Total other financing sources (uses)	<u>(653,668)</u>	<u>(626,895)</u>	<u>823,062</u>	<u>1,449,957</u>
Net change in fund balances*	(162,154)	(239,289)	1,139,649	1,378,938
Fund balances—beginning	<u>3,714,642</u>	<u>3,714,642</u>	<u>3,714,642</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,552,488</u>	<u>\$ 3,475,353</u>	<u>\$ 4,854,291</u>	<u>\$ 1,378,938</u>

* The net change in fund balances was included in the budget as an increase of fund balance offset by re-appropriation of prior year encumbrances.

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 15,546,200	\$ 15,546,200	\$ 15,546,200	\$ -
Departmental income	281,794	281,794	302,620	20,826
Intergovernmental revenues	2,087,172	2,087,172	2,504,009	416,837
Use of money and property	50,000	50,000	9,342	(40,658)
Sale of property and compensation for loss	12,500	12,500	61,524	49,024
Miscellaneous	141,385	210,117	164,505	(45,612)
Total revenues	<u>18,119,051</u>	<u>18,187,783</u>	<u>18,588,200</u>	<u>400,417</u>
EXPENDITURES				
Current:				
Home and community services	14,407,775	14,418,422	13,844,311	574,111
Debt service:				
Interest	-	-	73,690	(73,690)
Total expenditures	<u>14,407,775</u>	<u>14,418,422</u>	<u>13,918,001</u>	<u>500,421</u>
Excess of revenues over expenditures	<u>3,711,276</u>	<u>3,769,361</u>	<u>4,670,199</u>	<u>900,838</u>
OTHER FINANCING USES				
Transfers in	-	-	321	321
Transfers out	(5,323,847)	(5,339,373)	(4,695,690)	643,683
Total other financing uses	<u>(5,323,847)</u>	<u>(5,339,373)</u>	<u>(4,695,369)</u>	<u>644,004</u>
Net change in fund balance*	(1,612,571)	(1,570,012)	(25,170)	1,544,842
Fund balances—beginning	<u>8,447,263</u>	<u>8,447,263</u>	<u>8,447,263</u>	<u>-</u>
Fund balances—ending	<u>\$ 6,834,692</u>	<u>\$ 6,877,251</u>	<u>\$ 8,422,093</u>	<u>\$ 1,544,842</u>

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

TOWN OF AMHERST, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2014

1. BUDGETARY INFORMATION

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

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

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

Excess of Expenditures over Appropriations—The Town’s appropriations for the year ended December 31, 2014 exceeded the adjusted budget as follows:

- General Fund public safety expenditures exceeded the adjusted budget due the payment of retroactive compensation which was not included in the budget.
- General Fund transportation exceeded the adjusted budget primarily due to unanticipated payroll and employee benefit costs not accounted for in the budget.
- Sewer Fund interest expenditures exceeded the adjusted budget due bond anticipation note interest payments excluded from the budget.

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SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2014

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
ASSETS					
Cash	\$ -	\$ 1,676,361	\$ 8,287,009	\$ -	\$ 9,963,370
Restricted cash	2,209,921	-	-	3,223,196	5,433,117
Receivables	-	238,890	1,250,586	-	1,489,476
Prepaid items	-	353,021	309,919	-	662,940
Due from other funds	54,324	108,838	238,072	-	401,234
Intergovernmental receivables	20,833	-	428,703	-	449,536
Total assets	<u>\$ 2,285,078</u>	<u>\$ 2,377,110</u>	<u>\$ 10,514,289</u>	<u>\$ 3,223,196</u>	<u>\$ 18,399,673</u>
LIABILITIES					
Accounts payable	\$ 114,822	\$ 119,360	\$ 979,902	\$ -	\$ 1,214,084
Accrued liabilities	501	128,577	104,665	-	233,743
Due to other funds	89,788	4,722	631,159	-	725,669
Total liabilities	<u>205,111</u>	<u>252,659</u>	<u>1,715,726</u>	<u>-</u>	<u>2,173,496</u>
DEFERRED INFLOWS OF RESOURCES					
Mortgage and lease receivable	-	-	1,187,583	-	1,187,583
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,187,583</u>	<u>-</u>	<u>1,187,583</u>
FUND BALANCES					
Nonspendable	-	353,021	309,919	-	662,940
Restricted	2,079,967	-	-	3,223,196	5,303,163
Assigned	-	1,771,430	7,301,061	-	9,072,491
Total fund balances	<u>2,079,967</u>	<u>2,124,451</u>	<u>7,610,980</u>	<u>3,223,196</u>	<u>15,038,594</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,285,078</u>	<u>\$ 2,377,110</u>	<u>\$ 10,514,289</u>	<u>\$ 3,223,196</u>	<u>\$ 18,399,673</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2014

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
REVENUES					
Real property taxes	\$ -	\$ 2,708,441	\$ 19,325,929	\$ -	\$ 22,034,370
Departmental income	-	188,396	305,358	-	493,754
Use of money and property	19,776	2,274	52,152	-	74,202
Licenses and permits	-	2,350,776	-	-	2,350,776
Miscellaneous	334,474	92,799	121,304	-	548,577
Sale of property and compensation for loss	-	160	154,928	-	155,088
State aid	-	-	79,621	-	79,621
Total revenues	<u>354,250</u>	<u>5,342,846</u>	<u>20,039,292</u>	<u>-</u>	<u>25,736,388</u>
EXPENDITURES					
Current:					
General government support	-	-	1,958	-	1,958
Public safety	-	3,207,592	5,683,562	-	8,891,154
Transportation	-	-	3,094,977	-	3,094,977
Culture and recreation	25,172	-	-	-	25,172
Home and community services	213,190	2,081,292	9,282,331	-	11,576,813
Debt service:					
Principal	30,956	41,729	-	4,459,999	4,532,684
Interest	4,202	3,273	44,115	1,229,811	1,281,401
Total expenditures	<u>273,520</u>	<u>5,333,886</u>	<u>18,106,943</u>	<u>5,689,810</u>	<u>29,404,159</u>
Excess (deficiency) of revenues over expenditures	<u>80,730</u>	<u>8,960</u>	<u>1,932,349</u>	<u>(5,689,810)</u>	<u>(3,667,771)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,695	-	168,593	5,275,430	5,457,718
Transfers out	(84,179)	(29,008)	(2,244,445)	(4,576,025)	(6,933,657)
Proceeds of serial bonds	-	-	-	4,576,025	4,576,025
Proceeds of refunding bonds	-	-	-	5,790,000	5,790,000
Premium on refunding bonds	-	-	-	570,748	570,748
Payment to escrow agent	-	-	-	(6,360,748)	(6,360,748)
Total other financing sources (uses)	<u>(70,484)</u>	<u>(29,008)</u>	<u>(2,075,852)</u>	<u>5,275,430</u>	<u>3,100,086</u>
Net change in fund balances	10,246	(20,048)	(143,503)	(414,380)	(567,685)
Fund balances—beginning	<u>2,069,721</u>	<u>2,144,499</u>	<u>7,754,483</u>	<u>3,637,576</u>	<u>15,606,279</u>
Fund balances—ending	<u>\$ 2,079,967</u>	<u>\$ 2,124,451</u>	<u>\$ 7,610,980</u>	<u>3,223,196</u>	<u>\$ 15,038,594</u>

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Special District Funds
December 31, 2014

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Total Nonmajor Special Districts</u>
ASSETS						
Cash	\$ 2,593,754	\$ 1,522,428	\$ 272,891	\$ 1,532,702	\$ 2,365,234	\$ 8,287,009
Receivables	-	1,245,306	-	-	5,280	1,250,586
Prepaid items	10,748	70,695	-	-	228,476	309,919
Due from other funds	196	170,528	-	-	67,348	238,072
Intergovernmental receivables	-	422,597	6,106	-	-	428,703
Total assets	<u>\$ 2,604,698</u>	<u>\$ 3,431,554</u>	<u>\$ 278,997</u>	<u>\$ 1,532,702</u>	<u>\$ 2,666,338</u>	<u>\$ 10,514,289</u>
LIABILITIES						
Accounts payable	\$ 47,838	\$ 809,753	\$ 43,268	\$ 26,659	\$ 52,384	\$ 979,902
Accrued liabilities	3,170	4,452	-	1,209	95,834	104,665
Due to other funds	204,920	7,083	80,948	104,993	233,215	631,159
Total liabilities	<u>255,928</u>	<u>821,288</u>	<u>124,216</u>	<u>132,861</u>	<u>381,433</u>	<u>1,715,726</u>
DEFERRED INFLOWS OF RESOURCES						
Mortgage and lease receivable	-	1,187,583	-	-	-	1,187,583
Total deferred inflows of resources	<u>-</u>	<u>1,187,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187,583</u>
FUND BALANCES						
Nonspendable	10,748	70,695	-	-	228,476	309,919
Assigned	2,338,022	1,351,988	154,781	1,399,841	2,056,429	7,301,061
Total fund balances	<u>2,348,770</u>	<u>1,422,683</u>	<u>154,781</u>	<u>1,399,841</u>	<u>2,284,905</u>	<u>7,610,980</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,604,698</u>	<u>\$ 3,431,554</u>	<u>\$ 278,997</u>	<u>\$ 1,532,702</u>	<u>\$ 2,666,338</u>	<u>\$ 10,514,289</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Special District Funds
Year Ended December 31, 2014

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Total Nonmajor Special Districts</u>
REVENUES						
Real property taxes	\$ 3,100,924	\$ 5,102,630	\$ 5,370,882	\$ 909,040	\$ 4,842,453	\$ 19,325,929
Departmental income	-	305,358	-	-	-	305,358
Use of money and property	3,043	41,005	648	1,846	5,610	52,152
Sale of property and compensation for loss	-	149,093	-	-	5,835	154,928
Miscellaneous	1,471	10,940	7,945	-	100,948	121,304
State aid	-	78,954	-	-	667	79,621
Total revenues	<u>3,105,438</u>	<u>5,687,980</u>	<u>5,379,475</u>	<u>910,886</u>	<u>4,955,513</u>	<u>20,039,292</u>
EXPENDITURES						
Current:						
Public safety	-	263,910	5,419,652	-	-	5,683,562
Transportation	3,094,977	-	-	-	-	3,094,977
Home and community services	-	5,784,816	-	134,963	3,362,552	9,282,331
Debt service:						
Interest	-	-	-	32,846	11,269	44,115
Total expenditures	<u>3,094,977</u>	<u>6,050,684</u>	<u>5,419,652</u>	<u>167,809</u>	<u>3,373,821</u>	<u>18,106,943</u>
Excess (deficiency) of revenues over expenditures	<u>10,461</u>	<u>(362,704)</u>	<u>(40,177)</u>	<u>743,077</u>	<u>1,581,692</u>	<u>1,932,349</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	168,593	-	-	-	168,593
Transfers out	(7,173)	(397,349)	-	(662,729)	(1,177,194)	(2,244,445)
Total other financing sources (uses)	<u>(7,173)</u>	<u>(228,756)</u>	<u>-</u>	<u>(662,729)</u>	<u>(1,177,194)</u>	<u>(2,075,852)</u>
Net change in fund balances	3,288	(591,460)	(40,177)	80,348	404,498	(143,503)
Fund balances—beginning	<u>2,345,482</u>	<u>2,014,143</u>	<u>194,958</u>	<u>1,319,493</u>	<u>1,880,407</u>	<u>7,754,483</u>
Fund balances—ending	<u>\$ 2,348,770</u>	<u>\$ 1,422,683</u>	<u>\$ 154,781</u>	<u>\$ 1,399,841</u>	<u>\$ 2,284,905</u>	<u>\$ 7,610,980</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2014

	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Restricted cash and cash equivalents	\$ 247,126	\$ 228,094	\$ 475,220
Receivables	-	3,570	3,570
Due from other funds	-	80,949	80,949
Intergovernmental receivables	-	7,544	7,544
Total current assets	<u>247,126</u>	<u>320,157</u>	<u>567,283</u>
LIABILITIES			
Current liabilities:			
Accounts payable	81,808	35,009	116,817
Accrued liabilities	9,500	2,149,109	2,158,609
Total current liabilities	<u>91,308</u>	<u>2,184,118</u>	<u>2,275,426</u>
NET POSITION			
Unrestricted	155,818	(1,863,961)	(1,708,143)
Total net position	<u>\$ 155,818</u>	<u>\$ (1,863,961)</u>	<u>\$ (1,708,143)</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenses and Changes in
Net Position—Internal Service Funds
Year Ended December 31, 2014

	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Miscellaneous	\$ -	\$ 163,733	\$ 163,733
Total operating revenues	<u>-</u>	<u>163,733</u>	<u>163,733</u>
Operating expenses:			
Administrative expenses	506,501	51,362	557,863
Judgments and claim expenses	436,183	1,123,129	1,559,312
Total operating expenses	<u>942,684</u>	<u>1,174,491</u>	<u>2,117,175</u>
Operating loss	<u>(942,684)</u>	<u>(1,010,758)</u>	<u>(1,953,442)</u>
Nonoperating revenues (expenses):			
Interest expense	(36,000)	-	(36,000)
Interest income	4,288	66	4,354
Total nonoperating revenues (expenses)	<u>(31,712)</u>	<u>66</u>	<u>(31,646)</u>
Loss before transfers	<u>(974,396)</u>	<u>(1,010,692)</u>	<u>(1,985,088)</u>
Transfers in	-	1,400,000	1,400,000
Transfers (out)	<u>(1,400,000)</u>	<u>-</u>	<u>(1,400,000)</u>
Total transfers in (out)	<u>(1,400,000)</u>	<u>1,400,000</u>	<u>-</u>
Change in net position	(2,374,396)	389,308	(1,985,088)
Total net position—beginning	<u>2,530,214</u>	<u>(2,253,269)</u>	<u>276,945</u>
Total net position—ending	<u>\$ 155,818</u>	<u>\$ (1,863,961)</u>	<u>\$ (1,708,143)</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2014

	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ -	\$ 177,945	\$ 177,945
Payments for administrative and judgments and claims	<u>(1,051,470)</u>	<u>(1,183,995)</u>	<u>(2,235,465)</u>
Net cash used for operating activities	<u>(1,051,470)</u>	<u>(1,006,050)</u>	<u>(2,057,520)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to other funds	84,973	(165,922)	(80,949)
Transfers in	-	1,400,000	1,400,000
Transfers out	<u>(1,400,000)</u>	<u>-</u>	<u>(1,400,000)</u>
Net cash (used for) provided by noncapital financing activities	<u>(1,315,027)</u>	<u>1,234,078</u>	<u>(80,949)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Issuance (payment) of bond anticipation notes	(3,600,000)	-	(3,600,000)
Interest on bond anticipation notes	(36,000)	-	(36,000)
Premium on bond anticipation notes	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used for capital financing activities	<u>(3,636,000)</u>	<u>-</u>	<u>(3,636,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	<u>4,288</u>	<u>66</u>	<u>4,354</u>
Net cash provided by investing activities	<u>4,288</u>	<u>66</u>	<u>4,354</u>
Net increase (decrease) in cash and cash equivalents	(5,998,209)	228,094	(5,770,115)
Cash and cash equivalents—beginning	<u>6,245,335</u>	<u>-</u>	<u>6,245,335</u>
Cash and cash equivalents—ending	<u>\$ 247,126</u>	<u>\$ 228,094</u>	<u>\$ 475,220</u>
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (942,684)	\$ (1,010,758)	\$ (1,953,442)
Adjustments to reconcile operating loss to net cash used for operations:			
Decrease in accounts receivable	-	1	1
Decrease in due from other governments	-	14,211	14,211
(Decrease) increase in accounts payable	(80,286)	34,049	(46,237)
Decrease in accrued liabilities	<u>(28,500)</u>	<u>(43,553)</u>	<u>(72,053)</u>
Net cash used for operating activities	<u>\$ (1,051,470)</u>	<u>\$ (1,006,050)</u>	<u>\$ (2,057,520)</u>

OTHER INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 2,708,441	\$ 2,708,441	\$ 2,708,441	\$ -
Departmental income	152,000	152,000	188,396	36,396
Use of money and property	15,000	15,000	2,274	(12,726)
Licenses and permits	1,964,000	2,044,000	2,350,776	306,776
Sale of property and compensation for loss	-	-	160	160
Miscellaneous	50,119	77,069	92,799	15,730
Total revenues	<u>4,889,560</u>	<u>4,996,510</u>	<u>5,342,846</u>	<u>346,336</u>
EXPENDITURES				
Current:				
Public safety	3,107,444	3,186,449	3,207,592	(21,143)
Home and community services	2,133,589	2,142,081	2,081,292	60,789
Debt service:				
Principal	41,729	41,729	41,729	-
Interest	3,273	3,273	3,273	-
Total expenditures	<u>5,286,035</u>	<u>5,373,532</u>	<u>5,333,886</u>	<u>39,646</u>
Excess (deficiency) of revenues over expenditures	<u>(396,475)</u>	<u>(377,022)</u>	<u>8,960</u>	<u>385,982</u>
OTHER FINANCING USES				
Transfers out	<u>(48,790)</u>	<u>(48,790)</u>	<u>(29,008)</u>	<u>19,782</u>
Total other financing uses	<u>(48,790)</u>	<u>(48,790)</u>	<u>(29,008)</u>	<u>19,782</u>
Net change in fund balances*	(445,265)	(425,812)	(20,048)	405,764
Fund balances—beginning	<u>2,144,499</u>	<u>2,144,499</u>	<u>2,144,499</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,699,234</u>	<u>\$ 1,718,687</u>	<u>\$ 2,124,451</u>	<u>\$ 405,764</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Lighting District Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 3,100,924	\$ 3,100,924	\$ 3,100,924	\$ -
Use of money and property	15,000	15,000	3,043	(11,957)
Miscellaneous	1,553	1,553	1,471	(82)
Total revenues	<u>3,117,477</u>	<u>3,117,477</u>	<u>3,105,438</u>	<u>(12,039)</u>
EXPENDITURES				
Current:				
Transportation	3,726,477	3,726,477	3,094,977	631,500
Total expenditures	<u>3,726,477</u>	<u>3,726,477</u>	<u>3,094,977</u>	<u>631,500</u>
Excess (deficiency) of revenues over expenditures	<u>(609,000)</u>	<u>(609,000)</u>	<u>10,461</u>	<u>619,461</u>
OTHER FINANCING USES				
Transfers out	(7,000)	(7,000)	(7,173)	(173)
Total other financing uses	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,173)</u>	<u>(173)</u>
Net change in fund balances*	(616,000)	(616,000)	3,288	619,288
Fund balances—beginning	<u>2,345,482</u>	<u>2,345,482</u>	<u>2,345,482</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,729,482</u>	<u>\$ 1,729,482</u>	<u>\$ 2,348,770</u>	<u>\$ 619,288</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Community Environment Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 5,102,630	\$ 5,102,630	\$ 5,102,630	\$ -
Departmental income	240,000	240,000	305,358	65,358
Use of money and property	68,450	68,450	41,005	(27,445)
Sale of property and compensation for loss	128,851	128,849	149,093	20,244
Miscellaneous	19,928	19,928	10,940	(8,988)
State aid	16,000	16,000	78,954	62,954.00
Total revenues	<u>5,575,859</u>	<u>5,575,857</u>	<u>5,687,980</u>	<u>112,123</u>
EXPENDITURES				
Current:				
Public safety	295,487	295,487	263,910	31,577
Home and community services	5,244,355	5,239,243	5,784,816	(545,573)
Total expenditures	<u>5,541,800</u>	<u>5,536,688</u>	<u>6,050,684</u>	<u>(513,996)</u>
Excess of revenues over expenditures	<u>34,059</u>	<u>39,169</u>	<u>(362,704)</u>	<u>(401,873)</u>
OTHER FINANCING USES				
Transfers out	<u>(232,222)</u>	<u>(232,222)</u>	<u>(397,349)</u>	<u>(165,127)</u>
Total other financing uses	<u>(232,222)</u>	<u>(232,222)</u>	<u>(228,756)</u>	<u>3,466</u>
Net change in fund balances*	(198,163)	(193,053)	(591,460)	(398,407)
Fund balances—beginning	2,014,143	2,014,143	2,014,143	-
Fund balances—ending	<u>\$ 1,815,980</u>	<u>\$ 1,821,090</u>	<u>\$ 1,422,683</u>	<u>\$ (398,407)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Fire Protection Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 5,370,882	\$ 5,370,882	\$ 5,370,882	\$ -
Use of money and property	2,400	2,400	648	(1,752)
Miscellaneous	8,179	8,179	7,945	(234)
Total revenues	<u>5,381,461</u>	<u>5,381,461</u>	<u>5,379,475</u>	<u>(1,986)</u>
EXPENDITURES				
Current:				
Public safety	<u>5,438,229</u>	<u>5,438,229</u>	<u>5,419,652</u>	<u>18,577</u>
Total expenditures	<u>5,438,229</u>	<u>5,438,229</u>	<u>5,419,652</u>	<u>18,577</u>
Net change in fund balances*	(56,768)	(56,768)	(40,177)	16,591
Fund balances—beginning	<u>194,958</u>	<u>194,958</u>	<u>194,958</u>	<u>-</u>
Fund balances—ending	<u>\$ 138,190</u>	<u>\$ 138,190</u>	<u>\$ 154,781</u>	<u>\$ 16,591</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Water District Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 909,040	\$ 909,040	\$ 909,040	\$ -
Use of money and property	4,200	4,200	1,846	(2,354)
Total revenues	<u>916,731</u>	<u>916,731</u>	<u>910,886</u>	<u>(5,845)</u>
EXPENDITURES				
Current:				
Home and community services	294,127	294,110	134,963	159,147
Debt service:				
Interest	-	-	32,846	(32,846)
Total expenditures	<u>294,127</u>	<u>294,110</u>	<u>167,809</u>	<u>126,301</u>
Excess of revenues over expenditures	<u>622,604</u>	<u>622,621</u>	<u>743,077</u>	<u>120,456</u>
OTHER FINANCING USES				
Transfers out	<u>(1,009,465)</u>	<u>(1,009,465)</u>	<u>(662,729)</u>	<u>346,736</u>
Total other financing uses	<u>(1,009,465)</u>	<u>(1,009,465)</u>	<u>(662,729)</u>	<u>346,736</u>
Net change in fund balances*	(386,861)	(386,844)	80,348	467,192
Fund balances—beginning	<u>1,319,493</u>	<u>1,319,493</u>	<u>1,319,493</u>	<u>-</u>
Fund balances—ending	<u>\$ 932,632</u>	<u>\$ 932,649</u>	<u>\$ 1,399,841</u>	<u>\$ 467,192</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Drainage District Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 4,842,451	\$ 4,842,451	\$ 4,842,453	\$ 2
Use of money and property	25,000	25,000	5,610	(19,390)
Sale of property and compensation for loss	-	-	5,835	5,835
Miscellaneous	331,382	327,239	100,948	(226,291)
State aid	-	667	667	-
Total revenues	<u>5,198,833</u>	<u>5,195,357</u>	<u>4,955,513</u>	<u>(239,844)</u>
EXPENDITURES				
Current:				
Home and community services	3,951,506	3,943,958	3,362,552	581,406
Debt service:				
Interest	-	-	11,269	(11,269)
Total expenditures	<u>3,951,506</u>	<u>3,943,958</u>	<u>3,373,821</u>	<u>570,137</u>
Excess of revenues over expenditures	<u>1,247,327</u>	<u>1,251,399</u>	<u>1,581,692</u>	<u>330,293</u>
OTHER FINANCING USES				
Transfers out	<u>(1,649,170)</u>	<u>(1,645,026)</u>	<u>(1,177,194)</u>	<u>467,832</u>
Total other financing uses	<u>(1,649,170)</u>	<u>(1,645,026)</u>	<u>(1,177,194)</u>	<u>467,832</u>
Net change in fund balances*	(401,843)	(393,627)	404,498	798,125
Fund balances—beginning	<u>1,880,407</u>	<u>1,880,407</u>	<u>1,880,407</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,478,564</u>	<u>\$ 1,486,780</u>	<u>\$ 2,284,905</u>	<u>\$ 798,125</u>

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

FEDERAL AWARDS INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Grantor/Pass-through Grantor Program (1)	Federal CFDA Number (2)	Pass-Through Identifying Number	Federal Expenditures (3)
Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grant (CDBG)	14.218	N/A	\$ 493,745
HOME Investment Partnership Program	14.239	N/A	498,775
Supportive Housing for Persons with Disabilities (3)	14.181	N/A	778,547
Moderate Rehabilitation (3)	14.856	NY091MR0001	149,619
Moderate Rehabilitation (3)	14.856	NY091MR0002	502,042
Moderate Rehabilitation (3)	14.856	NY091MR0004	155,192
Moderate Rehabilitation (3)	14.856	NY091MR0005	65,088
Section 8 Housing Choice Vouchers	14.871	NY091V0	<u>24,122,896</u>
Total U.S. Department of Housing and Urban Development			<u>26,765,904</u>
U.S. Department of Justice:			
Passed through the NYS Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>10,285</u>
Total U.S. Department of Justice			<u>10,285</u>
U.S. Department of Transportation:			
Passed through the NYS Department of Transportation:			
Safe Routes to Schools	20.205	N/A	<u>283,539</u>
Total U.S. Department of Transportation			<u>283,539</u>
U.S. Department of Health and Human Services:			
Passed through the NYS Office of Aging			
Special Programs for the Aging—Title III			
Part C Nutrition Services	93.045	N/A	<u>91,850</u>
Total U.S. Department of Health and Human Services			<u>91,850</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$27,151,578</u>

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

TOWN OF AMHERST, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town. The following notes were identified on the schedule of expenditures of federal awards:

- (1) Includes all federal award programs of the Town of Amherst, New York.
- (2) Source: Catalog of Federal Domestic Assistance.
- (3) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principle contained in OMB Circular A-87, *Cost Principles for State, Local & Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. RECONCILIATION

A reconciliation to the basic financial statements is available.

Certified Public Accountants

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

Honorable Town Board
Town of Amherst, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 23, 2015 (which report contains an emphasis of matter paragraph relating to the restatement of beginning fund balance and net position).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



April 23, 2015

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Town Board
Town of Amherst, New York

Report on Compliance for Each Major Federal Program

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

The Town's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



April 23, 2015

TOWN OF AMHERST, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2014

Part I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | |
|---|---|--|
| 1. Material weakness(es) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> No |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ <input checked="" type="checkbox"/> Yes | _____ None reported |
| 3. Noncompliance material to the financial statements noted? | _____ Yes | _____ <input checked="" type="checkbox"/> No |

Federal Awards:

Type of auditors' report issued on compliance for major programs: Unmodified

Internal control over major programs:

- | | | |
|---|-----------|---|
| 4. Material weakness(es) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> No |
| 5. Significant deficiency(ies) identified not considered to be material weaknesses? | _____ Yes | _____ <input checked="" type="checkbox"/> None reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | _____ Yes | _____ <input checked="" type="checkbox"/> No |

7. The Town's major programs were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Moderate Rehabilitation	14.856
Section 8 Housing Choice Vouchers	14.871

- | | | |
|---|---|-------------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | | \$ <u>814,547</u> |
| 9. Auditee qualified as low-risk auditee? | _____ <input checked="" type="checkbox"/> Yes | _____ No |

Part II. FINANCIAL STATEMENT FINDINGS SECTION

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

Finding 2014-001—Human Resources

Criteria: The policies and procedures that are currently utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. All affected departments should be notified in a timely manner when there is a change in employment status of an employee of the Town.

Condition and Context: Certain departments have failed to inform the Comptroller's office, the Human Resource Department and the Information Technology Department in a timely manner when an employee has been hired, terminated or transferred. Additionally, although the Town has a Change Form to notify the Information Technology Department, it was noted that of 5 terminations, resignations, retirements and deaths recorded in the Human Resources Department, only one Change Form for employment was submitted by the Human Resources Department in a timely manner. As a result, terminated employees still had active computer user rights after their termination.

Cause: The Town has not established a formal policies and procedures manual for notifying the appropriate departments of new hires, terminations and transfers.

Effect or Potential Effect: Payroll records, human resource records and information technology access may not be updated in a timely manner.

Recommendation: We recommend that formalized policies and procedures be established to ensure that all applicable departments are notified promptly when an employee is hired, terminated or transferred. Additionally, the checklists that are currently utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. Items within these forms should be dated and initialed once an action is completed.

Managements Corrective Action Plan: Payroll clerks do not have access to create or delete employees. The modification of employee's status is done in the Human Resources office. The Town investigates all W-2's that come back undeliverable. Additionally, the budget is prepared based on actual salaries, in which any variance would be noticeable. The Town also plans to implement a random identity verification procedure in 2015 during which employees in the Comptroller's Office will distribute a sample of paychecks and check photo identification.

Finding 2014-002 Justice Department

Criteria: Per the Office of the New York State Comptroller, receipts of the Justice Department must be made within 72 hours of collection. Additionally, per the Uniform Justice Court Act §2019-a, when a justice leaves office at the end of their term, the justice is required to transfer pending cases and all moneys received on these cases to a remaining or succeeding justice. Further, bank reconciliations should be prepared on a monthly basis and be reviewed by a party independent of the cash functions.

Condition and Context: While conducting tests relating to cash within the Town's Justice Department we noted the following:

- Certain deposits within the Town Justice Department were not made within the required timeframe of 72 hours.
- As of December 31, 2014, the fines account of one justice who left office as of December 31, 2013 was still open and had not been transferred to a remaining or succeeding justice.
- There are unexplained variances in cash balances at year end for the Town Justices fines and bail accounts. Discrepancies included the Town's book balance exceeding the bank balance by \$278 for the fine accounts and the bank balance exceeding the Town's book balance by \$5,631 for the bail accounts at year end. It was noted that the unexplained variance in the bail account varied each month.

Cause: Lack of proper reconciliation procedures and performing functions in a timely manner.

Effect or Potential Effect: Lack of compliance with New York State requirements and increased risk of asset misappropriations.

Recommendation: We recommend the following:

- Cash collections should be deposited in a timely manner in accordance with applicable guidelines as determined by the State.
- All pending cases and all moneys received on those cases of the justice who left office as of December 31, 2013 should be transferred to a remaining or succeeding justice
- Bank reconciliations should be prepared on a monthly basis and be reviewed by someone independent of the cash functions. Reconciling items should be addressed in a timely manner.

Managements Corrective Action Plan: During 2015, the Justice Department will work to ensure that all deposits are made timely, that the pending cases and moneys received for the justice who left office as of December 31, 2013 is properly transferred, and to resolve the cash differences and the Comptroller will set a policy for the timely completion of bank reconciliations.

Part III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No findings noted.

TOWN OF AMHERST, NEW YORK
Schedule of Prior Year Audit Findings
Year Ended December 31, 2014
(Follow-up of December 31, 2013 findings)

No findings noted.

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