

**TOWN OF AMHERST,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2015 and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Amherst, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, New York (the "Town"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015 the Town implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Duscher & Maleki LLP". The signature is fluid and cursive, with "Duscher & Maleki" on the top line and "LLP" on the bottom line.

May 2, 2016

TOWN OF AMHERST, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2015

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, 2015. This document should be read in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$133,857,938 (*net position*). This consists of \$195,628,474 net investment in capital assets, \$4,697,413 restricted for specific purposes, offset by an unrestricted net deficit of \$66,467,949.
- The Town’s total net position decreased \$12,474,762 during the year ended December 31, 2015.
- At the end of the current fiscal year, the Town’s governmental funds reported a combined ending fund balance of \$6,947,839, a decrease of \$459,988 in comparison with the prior year’s fund balance of \$7,407,827.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$7,583,538, or 12.5 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town’s discretion and constitutes approximately 49.7 percent of the General Fund’s total fund balance of \$15,258,089 at December 31, 2015.
- The Town’s total bonded debt increased by \$2,220,810 during the current year as a result of scheduled principal payments of \$4,016,029 offset by the issuance of serial bonds of \$6,236,839.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Town’s assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or

decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest and other fiscal charges. The Town does not engage in any business-type activities.

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

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

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

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

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

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

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

Proprietary funds—The Town maintains 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 self-insurance and workers compensation insurance programs. Because these insurance services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Self Insurance Fund, which is considered to be a major fund of the Town, and for the Workers Compensation Fund, which is considered to be a nonmajor fund.

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

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

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

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-60 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's Schedule of Funding Progress for its other postemployment benefits plan, the Town's net pension liability and the Town's budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note can be found on pages 61-69 of this report.

Supplemental schedules including the combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 70-73.

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 74-79 of this report.

The Federal Awards Information can be found on pages 80-90 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$133,857,938 at the close of the most recent year, as compared to \$146,332,700, as restated, at the close of the fiscal year ended December 31, 2014.

Table 1, as presented below, shows the net position as of December 31, 2015 and December 31, 2014.

Table 1 – Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2014	
	2015	(as restated)
Current assets	\$ 85,939,885	\$ 83,304,659
Capital assets	<u>265,514,102</u>	<u>264,360,873</u>
Total assets	<u>351,453,987</u>	<u>347,665,532</u>
Deferred outflows	<u>9,461,725</u>	<u>7,852,843</u>
Current liabilities	72,791,652	67,695,015
Long-term liabilities	<u>139,154,916</u>	<u>129,954,437</u>
Total liabilities	<u>211,946,568</u>	<u>197,649,452</u>
Deferred inflows	<u>15,111,206</u>	<u>11,536,223</u>
Net position:		
Net investment in capital assets	195,628,474	201,750,336
Restricted	4,697,413	4,509,612
Unrestricted	<u>(66,467,949)</u>	<u>(59,927,248)</u>
Total net position	<u>\$ 133,857,938</u>	<u>\$ 146,332,700</u>

The largest portion of the Town's net position, \$195,628,474, 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, \$4,697,413, 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 \$66,467,949.

Table 2, presented on the following page, shows the changes in net position for the years ended December 31, 2015 and December 31, 2014.

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

	Governmental Activities	
	Year Ended December 31,	
	2014	
	2015	(as restated)
Program revenues:		
Charges for services	\$ 13,239,825	\$ 13,223,968
Operating grants and contributions	30,342,379	28,109,314
Capital grants and contributions	75,044	592,360
General revenues	<u>103,428,267</u>	<u>96,609,462</u>
Total revenues	<u>147,085,515</u>	<u>138,535,104</u>
Total expenses	<u>159,560,277</u>	<u>157,429,459</u>
Change in net position	(12,474,762)	(18,894,355)
Net position—beginning	146,332,700	164,266,624
Restatement	<u>-</u>	<u>960,431</u>
Net position—ending	<u>\$ 133,857,938</u>	<u>\$ 146,332,700</u>

A summary of sources of revenues of the primary government for the years ended December 31, 2015 and December 31, 2014 is presented below in Table 3.

Table 3 – Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent (%)
Charges for services	\$ 13,239,825	\$ 13,223,968	\$ 15,857	0.1
Operating grants and contributions	30,342,379	28,109,314	2,233,065	7.9
Capital grants and contributions	75,044	592,360	(517,316)	(87.3)
Property and other taxes	92,416,409	92,300,982	115,427	0.1
Use of money and property	252,217	244,884	7,333	3.0
Licenses and permits	21,000	-	21,000	100.0
Sale of property and compensation for loss	449,103	493,654	(44,551)	(9.0)
Miscellaneous	6,333,202	341,713	5,991,489	1,753.4
State sources—unrestricted	<u>3,956,336</u>	<u>3,228,229</u>	<u>728,107</u>	<u>22.6</u>
Total revenues, net	<u>\$ 147,085,515</u>	<u>\$ 138,535,104</u>	<u>\$ 8,550,411</u>	<u>6.2</u>

Overall revenues of the primary government increased 6.2 percent from the prior year. This is due primarily to \$5,991,489 and \$2,233,065 increases in miscellaneous and operating grants and contribution revenues, respectively. Miscellaneous revenues increase due to the refund of prior year expenses related to the settlement of contracts, the receipt of litigation settlements and premiums on serial bonds and BANs. Operating grants and contributions increased due to an increase in the amount of federal revenue received from the Department of Housing and Urban Development for the reimbursement of increased expenditures for the Section 8 Housing Choice Vouchers program.

The most significant source of revenues is property and other taxes, which accounts for \$92,416,409, or 62.8 percent of total revenues, for the year ended December 31, 2015, and \$92,300,982, or 66.6 percent of total revenues, for the year ended December 31, 2014. The next largest source of revenue is operating grants and contributions, which comprises \$30,342,379, or 20.6 percent of total revenues and \$28,109,314, or 20.3 percent of total revenues for the years ended December 31, 2015 and 2014, respectively. Another significant source of revenue for the Town is charges for services, which provided \$13,239,825, or 9.0 percent of total revenues, and \$13,223,968, or 9.5 percent of total revenues, for the years ended December 31, 2015 and 2014, respectively.

A summary of program expenses for the years ended December 31, 2015 and December 31, 2014 is presented below in Table 4.

Table 4 – Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent (%)
General government support	\$ 15,209,655	\$ 10,987,653	\$ 4,222,002	38.4
Public safety	46,234,393	47,752,401	(1,518,008)	(3.2)
Transportation	18,339,771	20,263,238	(1,923,467)	(9.5)
Economic assistance and opportunity	3,322,751	3,423,147	(100,396)	(2.9)
Culture and recreation	10,701,506	11,738,537	(1,037,031)	(8.8)
Home and community services	63,880,953	62,258,889	1,622,064	2.6
Interest and other fiscal charges	1,871,248	1,005,594	865,654	86.1
	<u>\$ 159,560,277</u>	<u>\$ 157,429,459</u>	<u>\$ 2,130,818</u>	<u>1.4</u>

Total expenses increased 1.4 percent from the year ended December 31, 2014, primarily due to \$4,222,002 and \$1,622,064 increases in general government support and home and community services expenditures, respectively. These increases have been caused by the expenditures related to the settlement of litigation as well as increased spending from of federal awards, respectively. These increases were partially offset by decreases of \$1,923,467 and \$1,518,008 in transportation and public safety expenditures, respectively. The decrease in transportation has been caused by increased capitalizable expenditures and the decrease in public safety has been caused by unanticipated savings from the settlement of contracts.

The Town's significant expense items for the year ended December 31, 2015 were home and community services of \$63,880,953 (primarily sewer, water, and sanitation services), public safety of \$46,234,393 (primarily police services), transportation of \$18,339,771 (primarily highway and road services) and general government support of \$15,209,655. Similarly, for the year ended December 31, 2014 significant expense items 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.

Financial Analysis Governmental Funds

Governmental funds—The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular use by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2015, the Town's governmental funds reported a combined ending fund balance of \$6,947,839, a decrease of \$459,988 from the prior year. Total unassigned fund balance is in a deficit position of \$31,469,559. The Capital Projects Fund unassigned deficit of \$39,043,405 which is due to the Town issuing bond anticipation notes ("BANs"), which do not qualify for treatment as a long-term liability and the Special Grant fund unassigned deficit of \$9,692 is partially offset by the General Fund unassigned fund balance of \$7,583,538. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that has already been committed 1) for prepaid items, 2) tax stabilization, 3) retirement contributions, 4) for equipment and capital improvements, 5) special purposes, 6) for payment of debt, 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 \$7,583,538. The total fund balance increased to \$15,258,089. 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 12.5 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 25.2 percent of that same amount.

During the year ended December 31, 2015, the Town's Highway Fund fund balance decreased by \$430,779 from the prior year, resulting in an ending fund balance of \$4,423,512. Approximately 45.8 percent of this amount, \$2,026,056 is reported as fund balance assigned for specific highway use.

At December 31, 2015, the Town's Sewer Fund reported fund balance of \$10,768,059 an increase of \$2,345,966 in comparison with the prior year. Approximately 59.1 percent of this amount, \$6,359,146 is fund balance assigned for specific sewer use.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2015 is presented in Table 5 below:

Table 5 – Summary of General Fund Results of Operations

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and other financing sources	\$ 61,824,436	\$ 62,190,268	\$ 61,946,962	\$ (243,306)
Expenditures and other financing uses	<u>62,669,832</u>	<u>62,884,552</u>	<u>60,510,994</u>	<u>2,373,558</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (845,396)</u>	<u>\$ (694,284)</u>	<u>\$ 1,435,968</u>	<u>\$ 2,130,252</u>

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$214,720. Significant transfers and amendments to the budget included \$1,003,795 of supplemental appropriations for public safety expenditures to cover increased personal service expenditures. This was partially offset by a transfer from other financing uses.

Final budget compared to actual results—Total revenues and other financing sources were less than the final budget by \$243,306. The major contributors to this favorable revenue variance is attributable to unanticipated miscellaneous revenues due to the refund of prior year expenses related settlement of contracts. Total expenditures and other financing uses were under the final budget by \$2,373,558. The most significant contributors were culture and recreation, public safety and general government support, which had budgetary savings of \$978,603, \$430,400, and \$343,226, respectively.

Capital Asset and Debt Administration

Capital Assets—The Town's investment in capital assets for its governmental activities as of December 31, 2015, amounted to \$265,514,102 (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, 2015 and 2014 are presented below.

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

	December 31,	
	2015	2014
Land	\$ 10,593,287	\$ 10,593,287
Construction in progress	21,873,247	15,608,414
Infrastructure	101,712,415	102,115,025
Land improvements	8,659,066	8,359,852
Buildings	73,188,686	77,147,352
Building improvements	4,687,526	4,518,706
Machinery and equipment	32,321,697	33,110,627
Ice rink facility	12,478,178	12,907,610
Total	<u>\$ 265,514,102</u>	<u>\$ 264,360,873</u>

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

Long-term liabilities—At December 31, 2015, the Town had bonded debt outstanding of \$34,446,836 as compared to \$32,226,026 at December 31, 2014. The Town made scheduled principal payments of \$4,016,029 and issued serials bonds in the amount of \$6,236,839.

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 Town during December 2015 was 3.9 percent. This is favorable to New York State's unemployment rate of 4.8 and favorable to the national unemployment rate of 5.0 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 2016 budget. The Town's 2016 budget includes an appropriation of fund balance of \$1,617,444 and an additional appropriation of \$1,368,503 of restricted fund balance in the General Fund. The 2016 General Fund tax rate decreased 2.13% from 2015.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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TOWN OF AMHERST, NEW YORK
Statement of Net Position
December 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Industrial Development Agency
ASSETS		
Cash and cash equivalents	\$ 25,080,652	\$ 1,898,348
Restricted cash and cash equivalents	32,143,863	107,240
Receivables	3,553,745	128,240
Due from Agency Fund	292,201	-
Intergovernmental receivables	12,600,265	-
Loans receivable	7,300,739	-
Notes receivable, related party	-	50,000
Prepaid items	4,968,420	4,864
Capital assets not being depreciated	32,466,534	-
Capital assets, net of accumulated depreciation	233,047,568	656,400
Total assets	351,453,987	2,845,092
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows—relating to pensions	9,282,818	-
Deferred loss on refunding	178,907	-
Total deferred inflows of resources	9,461,725	-
LIABILITIES		
Accounts payable	5,647,012	20,000
Accrued liabilities	10,300,909	-
Retainages payable	313,917	-
Intergovernmental payables	57,563	4
Bond anticipation notes payable	56,426,006	-
Unearned revenue	46,245	-
Noncurrent liabilities:		
Due within one year	5,439,360	44,561
Due in more than one year	133,715,556	473,905
Total liabilities	211,946,568	538,470
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows—relating to pensions	115,575	-
Settlement recovery	3,132,522	-
Grant and loans receivable	11,863,109	-
Total deferred inflows of resources	15,111,206	-
NET POSITION		
Net investment in capital assets	195,628,474	137,934
Restricted for:		
Tax stabilization	368,503	-
Retirement contributions	1,000,000	-
Capital projects	841,783	-
Special purpose	2,487,127	-
Industrial development loans and mortgage escrow	-	107,240
Unrestricted	(66,467,949)	2,061,448
Total net position	\$ 133,857,938	\$ 2,306,622

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, 2015

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Industrial Development Agency
Primary government:						
Governmental activities:						
General government support	\$ 15,209,655	\$ 2,427,446	\$ -	\$ -	\$ (12,782,209)	\$ -
Public safety	46,234,393	3,221,965	3,400	-	(43,009,028)	-
Transportation	18,339,771	371,742	855,184	75,044	(17,037,801)	-
Economic assistance and opportunity	3,322,751	393,528	404,583	-	(2,524,640)	-
Culture and recreation	10,701,506	3,576,241	37,936	-	(7,087,329)	-
Home and community services	63,880,953	3,248,903	29,041,276	-	(31,590,774)	-
Interest and other fiscal charges	1,871,248	-	-	-	(1,871,248)	-
Total primary government	<u>\$ 159,560,277</u>	<u>\$ 13,239,825</u>	<u>\$ 30,342,379</u>	<u>\$ 75,044</u>	<u>(115,903,029)</u>	<u>-</u>
Component unit:						
Industrial Development Agency	<u>\$ 788,323</u>	<u>\$ 948,284</u>	<u>\$ -</u>	<u>\$ -</u>		<u>159,961</u>
General revenues:						
Real property taxes and tax items					73,345,083	-
Non property taxes					19,071,326	-
Departmental income					-	
Intergovernmental charges					-	
Use of money and property					252,217	1,021
Licenses and permits					21,000	-
Fines and forfeitures					-	
Sale of property and compensation for loss					449,103	-
Miscellaneous					6,333,202	884
State sources—unrestricted					3,956,336	-
Total general revenues					<u>103,428,267</u>	<u>1,905</u>
Change in net position					(12,474,762)	161,866
Net position—beginning, as restated (see Note 2)					<u>146,332,700</u>	<u>2,144,756</u>
Net position—ending					<u>\$ 133,857,938</u>	<u>\$ 2,306,622</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, 2015

	Special Revenue					Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer	Special Grant				
ASSETS								
Cash and cash equivalents	\$ 3,758,012	\$ 2,448,963	\$ 6,085,537	\$ 1,651,428	\$ 177,871	\$ 10,958,841	\$ 25,080,652	
Restricted cash and cash equivalents	1,414,748	-	-	-	21,232,666	4,449,558	27,096,972	
Receivables	1,990,619	141,764	6,110	-	-	1,409,029	3,547,522	
Due from other funds	5,066,177	1,400,511	3,624,446	-	418,714	1,405,045	11,914,893	
Intergovernmental receivables	6,463,567	837,020	1,754,325	3,428,033	38,962	59,284	12,581,191	
Prepaid items	3,446,267	401,858	530,897	9,692	-	579,706	4,968,420	
Loans receivable	-	-	-	7,300,739	-	-	7,300,739	
Total assets	<u>\$ 22,139,390</u>	<u>\$ 5,230,116</u>	<u>\$ 12,001,315</u>	<u>\$ 12,389,892</u>	<u>\$ 21,868,213</u>	<u>\$ 18,861,463</u>	<u>\$ 92,490,389</u>	
LIABILITIES								
Accounts payable	\$ 1,167,996	\$ 279,288	\$ 747,574	\$ 508,172	\$ 1,469,060	\$ 1,356,271	\$ 5,528,361	
Accrued liabilities	1,654,344	445,769	310,237	18,527	-	501,169	2,930,046	
Due to other funds	3,955,237	81,547	175,445	-	2,174,769	1,235,694	7,622,692	
Intergovernmental payables	57,479	-	-	84	-	-	57,563	
Bond anticipation notes payable	-	-	-	-	56,426,006	-	56,426,006	
Unearned revenue	46,245	-	-	-	-	-	46,245	
Total liabilities	<u>6,881,301</u>	<u>806,604</u>	<u>1,233,256</u>	<u>526,783</u>	<u>60,069,835</u>	<u>3,093,134</u>	<u>72,610,913</u>	
DEFERRED INFLOWS OF RESOURCES								
Grant funding and loans receivable	-	-	-	11,863,109	-	-	11,863,109	
Mortgage and lease receivable	-	-	-	-	-	1,068,528	1,068,528	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,863,109</u>	<u>-</u>	<u>1,068,528</u>	<u>12,931,637</u>	
FUND BALANCES (DEFICITS)								
Nonspendable	3,446,267	401,858	530,897	9,692	-	579,706	4,968,420	
Restricted	1,368,503	-	-	-	841,783	5,313,421	7,523,707	
Assigned	2,859,781	4,021,654	10,237,162	-	-	8,806,674	25,925,271	
Unassigned	7,583,538	-	-	(9,692)	(39,043,405)	-	(31,469,559)	
Total fund balances (deficits)	<u>15,258,089</u>	<u>4,423,512</u>	<u>10,768,059</u>	<u>-</u>	<u>(38,201,622)</u>	<u>14,699,801</u>	<u>6,947,839</u>	
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 22,139,390</u>	<u>\$ 5,230,116</u>	<u>\$ 12,001,315</u>	<u>\$ 12,389,892</u>	<u>\$ 21,868,213</u>	<u>\$ 18,861,463</u>	<u>\$ 92,490,389</u>	

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2015

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

Total fund balances (deficit)—governmental funds (page 16)	\$ 6,947,839
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$524,649,463 and the accumulated depreciation is \$259,135,361.

265,514,102

Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows of resources in the funds but are considered government-wide revenues:

Deferred inflows of resources - mortgage and lease receivable	1,068,528
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Retained percentages are not a current liability and, therefore, are not reported in the funds.	(313,917)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows related to employer contributions	\$ 7,327,624
Deferred outflows related to experience and investment earnings one time	1,955,194
Deferred inflows of resources related to pensions	<u>(115,575)</u>

9,167,243

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.

178,907

Net accrued interest expense for bond anticipation notes and serial bonds is not reported in the funds.	(473,620)
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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	\$ (34,446,836)
Premium on serial bonds	(1,107,870)
Capital leases	(1,122,093)
Compensated absences	(16,458,753)
OPEB obligation	(81,207,697)
Net pension liability	<u>(4,811,667)</u>

(139,154,916)

Internal service funds' net position which is due to governmental activities and related charges for services provided.

(9,076,228)

Net position of governmental activities	<u>\$ 133,857,938</u>
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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, 2015

	Special Revenue				Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer	Special Grant			
REVENUES							
Real property taxes	\$ 25,233,895	\$ 8,986,114	\$ 16,162,065	\$ -	\$ -	\$ 21,413,140	\$ 71,795,214
Other property tax items	1,549,869	-	-	-	-	-	1,549,869
Non property tax items	19,071,326	-	-	-	-	-	19,071,326
Departmental income	4,723,776	370,815	264,822	-	-	464,897	5,824,310
Intergovernmental charges	-	-	2,662,631	-	-	-	2,662,631
Use of money and property	191,428	2,615	6,368	-	7,169	43,615	251,195
Licenses and permits	55,708	-	-	-	-	2,819,970	2,875,678
Fines and forfeitures	1,898,206	-	-	-	-	-	1,898,206
Sale of property and compensation for loss	73,990	182,381	43,348	-	-	149,384	449,103
Miscellaneous	1,884,573	701,602	396,852	-	322,254	696,927	4,002,208
State aid	4,100,003	696,404	-	111,663	-	701	4,908,771
Federal aid	269,979	79,390	-	29,040,575	75,044	-	29,464,988
Total revenues	<u>59,052,753</u>	<u>11,019,321</u>	<u>19,536,086</u>	<u>29,152,238</u>	<u>404,467</u>	<u>25,588,634</u>	<u>144,753,499</u>
EXPENDITURES							
Current:							
General government support	10,200,917	6,525	-	-	-	884	10,208,326
Public safety	33,717,557	-	-	-	-	9,016,249	42,733,806
Transportation	1,962,121	10,436,399	-	-	-	3,064,388	15,462,908
Economic assistance and opportunity	2,895,964	-	-	-	-	-	2,895,964
Culture and recreation	8,699,441	-	-	-	-	33,968	8,733,409
Home and community services	-	-	13,027,982	29,152,238	-	11,634,278	53,814,498
Debt service:							
Principal	-	211,564	-	-	-	4,066,055	4,277,619
Interest	53,941	38,736	223,186	-	-	1,417,575	1,733,438
Capital outlay	-	-	-	-	12,501,194	-	12,501,194
Total expenditures	<u>57,529,941</u>	<u>10,693,224</u>	<u>13,251,168</u>	<u>29,152,238</u>	<u>12,501,194</u>	<u>29,233,397</u>	<u>152,361,162</u>
Excess (deficiency) of revenues over expenditures	<u>1,522,812</u>	<u>326,097</u>	<u>6,284,918</u>	<u>-</u>	<u>(12,096,727)</u>	<u>(3,644,763)</u>	<u>(7,607,663)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	2,894,209	-	955	-	9,120,719	4,967,959	16,983,842
Transfers out	(2,981,253)	(756,876)	(3,939,907)	-	(1,337,925)	(7,967,881)	(16,983,842)
Proceeds of serial bonds	-	-	-	-	-	6,236,839	6,236,839
Premium on obligations	-	-	-	-	841,783	69,053	910,836
Total other financing sources (uses)	<u>(87,044)</u>	<u>(756,876)</u>	<u>(3,938,952)</u>	<u>-</u>	<u>8,624,577</u>	<u>3,305,970</u>	<u>7,147,675</u>
Net change in fund balances	1,435,768	(430,779)	2,345,966	-	(3,472,150)	(338,793)	(459,988)
Fund balances (deficit)—beginning	<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>
Fund balances (deficit)—ending	<u>\$ 15,258,089</u>	<u>\$ 4,423,512</u>	<u>\$ 10,768,059</u>	<u>\$ -</u>	<u>\$ (38,201,622)</u>	<u>\$ 14,699,801</u>	<u>\$ 6,947,839</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit)—Governmental Funds to the Statement of Activities
December 31, 2015

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

Net change in fund balances (deficit)—total governmental funds (page 18)	\$ (459,988)
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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	\$ 16,284,736
Loss on disposition of capital assets	(167,776)
Depreciation expense	<u>(14,963,731)</u>

1,153,229

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.

(259,318)

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

Town pension contributions	\$ 7,327,624
Cost of benefits earned net of employee contributions	<u>(3,932,479)</u>

3,395,145

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

(107,310)

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	\$ (6,236,839)
Repayment of serial bonds	4,016,029
Net change in premium on serial bonds	97,484
Deferred loss on refunding	1,038,028
Repayment of capital lease	261,590
Change in NYS retirement liability	225,833
Change in compensated absences	179,144
Change in OPEB obligation	<u>(8,409,704)</u>

(8,828,435)

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.

(7,368,085)

Change in net position of governmental activities	\$ (12,474,762)
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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, 2015

	Governmental Activities			Total
	Major Fund	Nonmajor Fund		
	Self Insurance Fund	Workers Compensation Fund		
ASSETS				
Current assets:				
Restricted cash and cash equivalents	\$ 4,032,549	\$ 1,014,342	\$ 5,046,891	
Receivables	-	6,223	6,223	
Intergovernmental receivables	-	19,074	19,074	
Total current assets	<u>4,032,549</u>	<u>1,039,639</u>	<u>5,072,188</u>	
LIABILITIES				
Current liabilities:				
Accounts payable	88,376	30,275	118,651	
Accrued liabilities	4,061,251	2,835,992	6,897,243	
Due to other funds	<u>3,000,000</u>	<u>1,000,000</u>	<u>4,000,000</u>	
Total current liabilities	<u>7,149,627</u>	<u>3,866,267</u>	<u>11,015,894</u>	
DEFERRED INFLOWS OF RESOURCES				
Settlement recovery	3,132,522	-	3,132,522	
Total deferred inflows of resources	<u>3,132,522</u>	<u>-</u>	<u>3,132,522</u>	
NET POSITION				
Unrestricted	(6,249,600)	(2,826,628)	(9,076,228)	
Total net position	<u>\$ (6,249,600)</u>	<u>\$ (2,826,628)</u>	<u>\$ (9,076,228)</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—Proprietary Funds
Year Ended December 31, 2015

	Governmental Activities		
	Major Fund	Nonmajor Fund	
	Self Insurance Fund	Workers Compensation Fund	Total
Operating revenues:			
Miscellaneous	\$ 161	\$ 120,718	\$ 120,879
Total operating revenues	<u>161</u>	<u>120,718</u>	<u>120,879</u>
Operating expenses:			
Administrative expenses	481,790	44,415	526,205
Judgments and claim expenses	<u>5,198,720</u>	<u>1,765,061</u>	<u>6,963,781</u>
Total operating expenses	<u>5,680,510</u>	<u>1,809,476</u>	<u>7,489,986</u>
Operating loss	<u>(5,680,349)</u>	<u>(1,688,758)</u>	<u>(7,369,107)</u>
Nonoperating revenues (expenses):			
Miscellaneous	(125)	(78)	(203)
Interest income	<u>1,030</u>	<u>195</u>	<u>1,225</u>
Total nonoperating revenues (expenses)	<u>905</u>	<u>117</u>	<u>1,022</u>
Loss before transfers	<u>(5,679,444)</u>	<u>(1,688,641)</u>	<u>(7,368,085)</u>
Transfers in	-	725,974	725,974
Transfers (out)	<u>(725,974)</u>	-	<u>(725,974)</u>
Total transfers in (out)	<u>(725,974)</u>	<u>725,974</u>	-
Change in net position	(6,405,418)	(962,667)	(7,368,085)
Total net position—beginning	<u>155,818</u>	<u>(1,863,961)</u>	<u>(1,708,143)</u>
Total net position—ending	<u>\$ (6,249,600)</u>	<u>\$ (2,826,628)</u>	<u>\$ (9,076,228)</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, 2015

	Governmental Activities			
	Major Fund	Nonmajor Fund		
	Self Insurance Fund	Workers Compensation Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from participating funds	\$ 161	\$ 106,535	\$ 106,696	
Receipts from settlement recoveries	3,132,522	-	3,132,522	
Receipts from other funds	-	80,949	80,949	
Payments for administrative and judgments and claims	<u>(1,622,191)</u>	<u>(1,127,327)</u>	<u>(2,749,518)</u>	
Net cash provided by (used for) operating activities	<u>1,510,492</u>	<u>(939,843)</u>	<u>570,649</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans from other funds	3,000,000	1,000,000	4,000,000	
Transfers in	-	725,974	725,974	
Transfers out	<u>(725,974)</u>	-	<u>(725,974)</u>	
Net cash provided by noncapital financing activities	<u>2,274,026</u>	<u>1,725,974</u>	<u>4,000,000</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Bank charges	(125)	(78)	(203)	
Interest earnings	<u>1,030</u>	<u>195</u>	<u>1,225</u>	
Net cash provided by investing activities	<u>905</u>	<u>117</u>	<u>1,022</u>	
Net increase in cash and cash equivalents	3,785,423	786,248	4,571,671	
Cash and cash equivalents—beginning	<u>247,126</u>	<u>228,094</u>	<u>475,220</u>	
Cash and cash equivalents—ending	<u>\$ 4,032,549</u>	<u>\$ 1,014,342</u>	<u>\$ 5,046,891</u>	
Reconciliation of operating loss to net cash used for operating activities:				
Operating loss	\$ (5,680,349)	\$ (1,688,758)	\$ (7,369,107)	
Adjustments to reconcile operating loss to net cash used for operations:				
Increase in accounts receivable	-	(2,653)	(2,653)	
Increase in due from other governments	-	(11,530)	(11,530)	
Decrease in due from other funds	-	80,949	80,949	
Increase (decrease) in accounts payable	6,568	(4,734)	1,834	
Increase in accrued liabilities	4,051,751	686,883	4,738,634	
Increase in deferred inflows	<u>3,132,522</u>	-	<u>3,132,522</u>	
Net cash provided by (used for) operating activities	<u>\$ 1,510,492</u>	<u>\$ (939,843)</u>	<u>\$ 570,649</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, 2015

ASSETS

Cash	\$ 1,955,024
LOSAP assets	<u>8,048,715</u>
Total assets	<u>\$ 10,003,739</u>

LIABILITIES

Due to other funds	\$ 292,201
Amounts due to other parties	1,662,823
Amounts held for LOSAP	<u>8,048,715</u>
Total liabilities	<u>\$ 10,003,739</u>

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

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TOWN OF AMHERST, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

Independently elected officials of the Town include:

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

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

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

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

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

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

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

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

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

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

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

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the 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 principal source of revenue for this fund is real property taxes.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for this fund is real property taxes.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts. The major source of revenue for this fund is real property taxes.
- *Special Grant Fund*—The Special Grant Fund is used to record all activity related to the Federal Housing and Urban Development Community Development program. The major source of revenue for this fund is federal aid.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund types:

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

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, pensions, other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Cash, Cash Equivalents and Investments—The Town's cash and cash equivalents consist of cash on hand, demand deposits, 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, 2015; 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, unspent proceeds of debt and premium from debt and cash received for items not meeting revenue recognition criteria.

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 reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Discretely Presented Component Unit

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

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, 2015.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for fund financial purposes. At December 31, 2015, the Town reported unearned revenues in the General Fund in the amount of \$46,245 for cash received in advance for which the Town has not performed the related services.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2015, the Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date. The second item is a deferred loss on refunding which the Town reports within its governmental activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2015, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net

change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements. The second item represents unavailable revenues. The Town reports unavailable revenues from three sources: grants and loans receivable, a mortgage and lease receivable and settlement recovery funds that are currently being disputed by the Town's insurance carrier. 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 Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues—The amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are

restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

In 2015 payments were due January 1 to February 17 without penalty; February 18 to March 2 a 1.5% penalty; March 3 to 16 a 3% penalty; March 17 to 31 a 4.5% penalty; April 1 to 15 a 6% penalty; April 16 to April 30 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, 2015 totaled \$16,458,753 and is reported in the government-wide financial statements.

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

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

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

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

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

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2015, the Town implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and financial reporting by governments for pensions.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending December 31, 2018. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 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 5.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.

- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20.
- Formal annual budgetary accounts are employed as a management control device for the General and all Special Revenue Funds, except the Special Grants Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- Annual budgets for governmental funds, except the Special Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1st, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year's original budget.
- The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project's inception and lapse upon completion/termination of the grant/funding/project.
- Debt Service Fund appropriations are budgeted within the Town's operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.
- Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

Deficit Fund Balances—The Capital Projects Fund has a deficit fund balance at December 31, 2015. This deficit will be remedied by future tax revenues, anticipated grants and proceeds from future bond issuances.

Additionally, the Town's Self Insurance Fund and Workers Compensation Fund had net deficit fund balances at December 31, 2015. 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 NET POSITION

For the fiscal year ended December 31, 2015, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and No. 71 resulted in the reporting of deferred outflows of resources, deferred inflows of resources and liabilities related to the Town's participation in the New York State Employees' and Police and Fire Retirement Systems.

The Town's net position has been restated as follows:

	<u>Governmental Activities</u>
Net position—December 31, 2014, as previously stated GASB Statements No. 68 and No. 71 implementation:	\$ 145,372,269
Beginning system liability—Police and Fire Retirement System	(2,135,073)
Beginning system liability—Employees' Retirement System	(4,547,932)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:	
Police and Fire Retirement System	3,376,776
Employees' Retirement System	<u>4,266,660</u>
Net position—December 31, 2014, as restated	<u>\$ 146,332,700</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, 2015 are as follows:

	Internal			
	Governmental	Service	Fiduciary	Total
	Funds	Funds	Fund	
Petty cash (uncollateralized)	\$ 24,834	\$ -	\$ -	\$ 24,834
Deposits	<u>52,152,790</u>	<u>5,046,891</u>	<u>1,955,024</u>	<u>59,154,705</u>
Total	<u>\$ 52,177,624</u>	<u>\$ 5,046,891</u>	<u>\$ 1,955,024</u>	<u>\$ 59,179,539</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2015 as follows:

	Bank	Carrying
	Balance	Balance
FDIC insured	\$ 1,251,539	\$ 1,251,539
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>58,258,005</u>	<u>57,903,166</u>
Total	<u>\$ 59,509,544</u>	<u>\$ 59,154,705</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, 2015, 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, 2015.

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, 2015, the Town reported \$32,143,863 of restricted cash and cash equivalents within its governmental activities.

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—The Agency had unrestricted deposits of \$1,898,348 and restricted deposits of \$107,240 which were insured or collateralized by securities held by the pledging financial institution’s trust department or agent in the Agency’s name, totaling \$1,949,030.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2015:

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, 2015 are:

General Fund:

Franchise fees	\$ 1,229,501
Town Justice	225,518
Ice facility	128,412
Property code violations	121,399
Workers compensation	79,539
Senior Center	52,381
Meals on Wheels	37,548
Town Clerk/Tax Receiver	20,047
Insurance reimbursement	12,978
Town Recreation Department	10,837
Museum	10,389
Other	<u>62,070</u> <u>\$ 1,990,619</u>

Highway Fund:

Fuel purchases	\$ 141,764
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Sewer Fund:

Miscellaneous	\$ 6,110
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Nonmajor funds:

Mortgage and note receivable	\$ 1,068,528
Town Clerk	281,762
Recycling/waste management	29,654
Miscellaneous	29,085
	<u>\$ 1,409,029</u>

Proprietary Funds:

Workers compensation	\$ <u>6,223</u>
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Mortgage and note receivable—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling of \$638,365 and \$430,163, 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, 2015, the Town received \$179,590 of mortgage payments, consisting of \$119,047 and \$60,543 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, 2015 was \$7,300,739.

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, 2015 are:

General Fund:

Erie County - sales tax	\$ 6,284,582
Federal government	<u>178,985</u>
	<u>\$ 6,463,567</u>

Highway Fund:

New York State	\$ 669,941
Fuel reimbursement	<u>167,079</u>
	<u>\$ 837,020</u>

Sewer Fund:

Sewer fees	<u>\$ 1,754,325</u>
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Special Grant Fund:

Community Development Block Grant	<u>\$ 3,428,033</u>
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Capital Projects Fund:

Grants	<u>\$ 38,962</u>
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Nonmajor funds:

Federal government	\$ 20,833
New York State	<u>38,451</u>
	<u>\$ 59,284</u>

Proprietary Funds:

Workers compensation	<u>\$ 19,074</u>
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Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—Significant receivables of the Agency include accounts receivable and notes receivable. At December 31, 2015, the Agency had accounts receivable of \$128,240 and notes receivable of \$50,000.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,593,287	\$ -	\$ -	\$ 10,593,287
Construction in progress	<u>15,608,414</u>	<u>12,501,194</u>	<u>(6,236,361)</u>	<u>21,873,247</u>
Total capital assets not being depreciated	<u>26,201,701</u>	<u>12,501,194</u>	<u>(6,236,361)</u>	<u>32,466,534</u>
Capital assets, being depreciated:				
Infrastructure	184,887,229	4,508,337	-	189,395,566
Land improvements	12,206,918	960,013	-	13,166,931
Buildings	203,535,717	-	-	203,535,717
Building improvements	9,961,919	530,493	-	10,492,412
Machinery and equipment	52,540,196	4,021,060	(599,328)	55,961,928
Ice rink facility	<u>19,630,375</u>	<u>-</u>	<u>-</u>	<u>19,630,375</u>
Total capital assets, being depreciated	<u>482,762,354</u>	<u>10,019,903</u>	<u>(599,328)</u>	<u>492,182,929</u>
Less accumulated depreciation for:				
Infrastructure	(82,772,204)	(4,910,947)	-	(87,683,151)
Land improvements	(3,847,066)	(660,799)	-	(4,507,865)
Buildings	(126,388,365)	(3,958,666)	-	(130,347,031)
Building improvements	(5,443,213)	(361,673)	-	(5,804,886)
Machinery and equipment	(19,429,569)	(4,642,214)	431,552	(23,640,231)
Ice rink facility	<u>(6,722,765)</u>	<u>(429,432)</u>	<u>-</u>	<u>(7,152,197)</u>
Total accumulated depreciation	<u>(244,603,182)</u>	<u>(14,963,731)</u>	<u>431,552</u>	<u>(259,135,361)</u>
Total capital assets being depreciated, net	<u>238,159,172</u>	<u>(4,943,828)</u>	<u>(167,776)</u>	<u>233,047,568</u>
Governmental activities capital assets, net	<u>\$ 264,360,873</u>	<u>\$ 7,557,366</u>	<u>\$ (6,404,137)</u>	<u>\$ 265,514,102</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2015 as follows:

General government support	\$ 396,162
Public safety	423,168
Transportation	3,451,718
Economic assistance and opportunity	175,227
Culture and recreation	1,268,437
Home and community services	<u>9,249,019</u>
	<u>\$ 14,963,731</u>

Discretely Presented Component Units

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

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets, being depreciated:				
Leasehold improvements	22,710	-	-	22,710
Equipment	173,680	3,907	-	177,587
Buildings	<u>719,835</u>	<u>-</u>	<u>-</u>	<u>719,835</u>
Total capital assets, being depreciated	<u>916,225</u>	<u>3,907</u>	<u>-</u>	<u>920,132</u>
Less accumulated depreciation for:				
Leasehold improvements	(12,428)	(2,233)	-	(14,661)
Equipment	(148,543)	(7,928)	-	(156,471)
Buildings	<u>(174,438)</u>	<u>(18,162)</u>	<u>-</u>	<u>(192,600)</u>
Total accumulated depreciation	<u>(335,409)</u>	<u>(28,323)</u>	<u>-</u>	<u>(363,732)</u>
Total capital assets being depreciated, net	<u>580,816</u>	<u>(24,416)</u>	<u>-</u>	<u>556,400</u>
Capital assets, net	<u>\$ 680,816</u>	<u>\$ (24,416)</u>	<u>\$ -</u>	<u>\$ 656,400</u>

6. ACCRUED LIABILITIES

Accrued liabilities include salary and other related liabilities. Accrued liabilities of the Town's governmental funds at December 31, 2015 are:

General Fund	\$ 1,654,344
Highway Fund	445,769
Sewer Fund	310,237
Special Grant Fund	18,527
Nonmajor funds	<u>501,169</u>
Total accrued liabilities	<u>\$ 2,930,046</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2015, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2014, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2015	March 31, 2015
Net pension liability	\$ 1,411,688	\$ 3,399,979
Town's portion of the Plan's total net pension liability	0.5128572%	0.1006434%

For the year ended December 31, 2015, the Town recognized pension expenses of \$3,250,367 and \$3,229,922, respectively, for PFRS and ERS. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 170,241	\$ 108,837	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	473,951	590,533	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	611,632	115,575	-
Town contributions subsequent to the measurement date	<u>3,731,930</u>	<u>3,595,694</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,376,122</u>	<u>\$ 4,906,696</u>	<u>\$ 115,575</u>	<u>\$ -</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2016	\$ 129,421	\$ 327,751
2017	129,421	327,751
2018	129,421	327,751
2019	129,421	327,749
2020	10,933	-

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

	PFRS	ERS
Measurement date	March 31, 2015	March 31, 2015
Actuarial valuation date	April 1, 2014	April 1, 2014
Interest rate	7.50%	7.50%
Salary scale	6.00%	4.90%
Decrement tables	April 1, 2005- March 31, 2010	April 1, 2005- March 31, 2010
Inflation rate	2.7%	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	<u>March 31, 2015</u>	
Asset class:		
Domestic equities	38.0 %	7.3 %
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bonds and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
Total	<u>100.0 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart on the following page presents the Town’s proportionate share of the net pension liabilities calculated using the discount rate of 7.5%, as well as what the Town’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current assumption.

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 18,795,892	\$ 1,411,688	\$ (13,157,323)
Employer's proportionate share of the net pension liability/(asset)—ERS	22,662,330	3,399,979	(12,862,222)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	March 31, 2015	March 31, 2015	
Employers' total pension liability	\$ 28,474,417	\$ 164,591,504	\$ 193,065,921
Plan fiduciary net position	<u>28,199,157</u>	<u>161,213,259</u>	<u>189,412,416</u>
Employers' net pension liability	<u>\$ 275,260</u>	<u>\$ 3,378,245</u>	<u>\$ 3,653,505</u>
System fiduciary net position as a percentage of total pension liability	99.0%	97.9%	98.1%

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, 2015.

Program Financial Condition

Assets and Liabilities

Actuarial present value of benefits at January 1, 2015		\$ 11,021,431
Less: Assets available for benefits		
<i>Cash and short-term investments:</i>	<u>% of total</u>	
Cash and cash equivalents		
	16.7%	\$ 1,435,823
<i>Investments at fair value:</i>		
U.S. equities	9.9%	851,258
International equities	10.1%	870,993
Fixed income	15.3%	1,310,603
Mixed income	42.5%	3,653,412
Other assets	5.3%	455,283
<i>Other assets:</i>		
Benefits payable & interest receivable	0.1%	<u>11,781</u>
Total net assets available for benefits		<u>8,589,153</u>
Total unfunded benefits		<u>\$ 2,432,278</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, 2014	\$ 8,654,230
Changes during the year:	
Add: Plan contributions	\$ 492,399
Net investment income	37,409
Less: Plan benefit withdrawals	(560,776)
Changes in benefits payable	(30,786)
Administrative fees	<u>(3,323)</u>
Net change	<u>(65,077)</u>
Plan net assets, December 31, 2014	<u>\$ 8,589,153</u>

Contributions and Administrative Fees

The Town contributed \$491,799 during the year ended December 31, 2015.

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, 2015 is \$8,048,715.

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 558 retirees receiving health care benefits at December 31, 2015.

Funding Policy—Authorization for the Town to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Town Board or through union contracts, which are ratified by the Town Board. For an employee to be eligible for the Town's postemployment health plan they must qualify for retirement as a member of the New York State retirement system. All current retirees, future eligible police retirees as well as future eligible non-police retirees (hired prior to January 1, 1977) receive full health care coverage with no contribution requirements for themselves,

dependents, and surviving spouses. Eligible non-police retirees that were hired after January 1, 1977 will be required to pay 10% of the additional premium for spousal coverage, with surviving spouse being required to contribute 15% of the individual premium.

The Town's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The table below 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,	
	2015	2014
Annual required contribution	\$ 16,262,764	\$ 17,947,223
Interest on net OPEB obligation	2,911,920	2,417,501
Adjustment to annual required contribution	(5,668,038)	(3,065,089)
Annual OPEB costs (expense)	13,506,646	17,299,635
Contributions made	(5,096,942)	(4,939,169)
Increase in net OPEB obligation	8,409,704	12,360,466
Net OPEB obligation—beginning of year	72,797,993	60,437,527
Net OPEB obligation—end of year	\$ 81,207,697	\$ 72,797,993

Funding Status and Funding Progress—As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$176,281,612.

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
2015	\$ 16,262,764	\$ 13,506,646	\$ 5,096,942	37.7%
2014	17,947,223	17,299,635	4,939,169	28.6%
2013	17,947,223	16,826,239	4,991,343	29.7%

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

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

In the January 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2015. 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, 2015 was twenty-two 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 were no settlements in excess of the insurance coverage in any of the three prior fiscal years. On April 11, 2016, the Town approved the settlement judgment of litigation in the amount of \$4,036,251. This has been accrued in the Self Insurance Fund as of December 31, 2015.

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, 2015, the judgments and claims liability and the workers' compensation liability are recorded within the Town's Internal Service Funds. This liability is the Town's best estimate based on available information. Changes in the reported liabilities since January 1, 2014 resulted from the following:

	Liability,			Liability,	
	1/1/2015	Claims	Payments		12/31/2015
Judgments & claims	\$ 9,500	\$ 4,061,251	\$ 9,500	\$ 4,061,251	
Workers' compensation	2,149,109	1,380,478	693,595		2,835,992
	Liability,			Liability,	
	1/1/2014	Claims	Payments		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

In addition to a liability of \$4,036,251, discussed above, the Town has claims in the range of \$25,000 to \$95,000 which are probable of a future loss. There are claims in the range of \$2,056,777 to \$2,360,528 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. The obligation under the lease is summarized below:

Year ended December 31,	Governmental Activities		
	Golf Equipment	Highway Equipment	Total
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	35,158	1,142,190	1,177,348
Less: Amount representing imputed interest costs	(1,460)	(53,795)	(55,255)
Present value of minimum lease payment	<u>\$ 33,698</u>	<u>\$ 1,088,395</u>	<u>\$ 1,122,093</u>

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

Governmental Activities	
Assets:	
Highway equipment	\$ 2,244,258
Special purpose equipment	161,781
Less: Accumulated depreciation	(720,170)
Total	<u>\$ 1,685,869</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, 2015:

	Issued	Maturity	Interest Rate	Balance		Redemptions	Balance 12/31/2015
				1/1/2015	Issues		
Bond anticipation notes:							
Various capital projects	11/12/14	11/12/15	0.75%	\$ 54,487,882	\$ -	\$ 54,487,882	\$ -
Various capital projects	11/10/15	11/10/16	0.51%	<u>\$ 54,487,882</u>	<u>\$ 56,426,006</u>	<u>\$ -</u>	<u>\$ 56,426,006</u>

13. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include serial bonds, capital leases, NYS retirement liability, compensated absences, OPEB obligation and the net pension liability. 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 liabilities at December 31, 2015 follows:

	Balance 1/1/2015 (as restated)	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Governmental activities:					
Serial bonds	\$ 32,226,026	\$ 6,236,839	\$ 4,016,029	\$ 34,446,836	\$ 4,286,839
Premium on serial bonds	<u>1,205,354</u>	<u>69,053</u>	<u>166,537</u>	<u>1,107,870</u>	<u>170,374</u>
Net bonds payable	33,431,380	6,305,892	4,182,566	35,554,706	4,457,213
Capital leases	1,383,683	-	261,590	1,122,093	275,236
NYS retirement liability	225,833	-	225,833	-	-
Compensated absences	16,637,897	584,267	763,411	16,458,753	706,911
OPEB obligation	72,797,993	13,506,646	5,096,942	81,207,697	-
Net pension liability*	<u>6,683,005</u>	<u>-</u>	<u>1,871,338</u>	<u>4,811,667</u>	<u>-</u>
Total governmental activities	<u>\$ 131,159,791</u>	<u>\$ 20,396,805</u>	<u>\$ 12,401,680</u>	<u>\$ 139,154,916</u>	<u>\$ 5,439,360</u>

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

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 \$6,236,839 in Public Improvement Serial Bonds for various purposes. The premium on these bonds is \$69,053, the interest rate is 2.0% to 3.0% and the bonds will mature on November 1, 2030.

Prior Year's Advanced Refunding—During prior years, 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 in the amount \$4,435,000 at December 31, 2015 has been removed from the financial statements.

Furthermore, 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 \$2,150,000, 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, \$7,960,000, 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, \$3,135,000, 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, 2015 financial statements do not reflect the obligation, now equal to \$7,925,000.

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 \$2,470,000, has been removed from the financial statements.

A summary of bonded indebtedness transactions for the year ended December 31, 2015 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2015	Issues	Redemptions	Principal Outstanding 12/31/2015
General Fund:						
Court Parking Lot Improvements	2005/2015	3.625-3.750%	\$ 20,000	\$ -	\$ 20,000	\$ -
Radio Repeater	2005/2015	3.625-3.750%	15,000	-	15,000	-
Acquisition - Eggertsville Community Center	2007/2022	3.800-4.000%	302,372	-	32,695	269,677
Eggertsville Community Center	2007/2022	3.800-4.000%	302,372	-	32,695	269,677
Mill Street Land & Building	2009/2019	2.500-5.000%	740,000	-	135,000	605,000
Central Alarm Voice Recording Equipment	2011/2022	2.500-5.000%	132,540	-	14,338	118,202
Traffic Signals	2011/2022	2.500-5.000%	30,830	-	3,335	27,495
Amherst Park Master Plan	2011/2022	2.500-5.000%	90,117	-	9,747	80,370
Local Waterfront Rev Plan	2011/2022	2.500-5.000%	29,249	-	13,164	16,085
Veterans Canal Park Improvements	2014/2039	2.000-5.000%	48,747	-	4,747	44,000
Dellwood Park Improvements	2014/2039	2.000-5.000%	50,644	-	4,644	46,000
Golf Course Improvements	2014/2039	2.000-5.000%	656,508	-	52,508	604,000
Senior Center	2014/2020	2.000-5.000%	3,155,000	-	460,000	2,695,000
2014 Refunding Lehigh Valley Trailway	2014/2020	2.000-5.000%	25,000	-	5,000	20,000
2014 Refunding Lehigh Valley Trailway Const. Specs.	2014/2020	2.000-5.000%	50,000	-	10,000	40,000
Youth and Community Center Improvements	2015/2030	2.000-3.000%	-	177,500	-	177,500
Traffic Signals	2015/2030	2.000-3.000%	-	45,000	-	45,000
Parking Lot Improvement at the Clearfield Library	2015/2030	2.000-3.000%	-	170,000	-	170,000
Replacement of Traffic Signal Equipment	2015/2030	2.000-3.000%	-	51,554	-	51,554
Various Improvements to Fetto Park	2015/2030	2.000-3.000%	-	58,820	-	58,820
Installation and Improv. to the Town's WAN	2015/2030	2.000-3.000%	-	440,556	-	440,556
Improvements of Parking Lots	2015/2030	2.000-3.000%	-	141,951	-	141,951
Harlem Rd. Community Center Sprinkler System	2015/2030	2.000-3.000%	-	34,112	-	34,112
Clearfield Recreation Center Roof Replacement	2015/2030	2.000-3.000%	-	226,112	-	226,112
2007 Series A Ice Rink Acquisition	2007/2022	4.000-5.000%	8,035,000	-	880,000	7,155,000
2007 Series B Ice Rink Acquisition	2007/2022	5.630%	665,000	-	70,000	595,000
Total General Fund			14,348,379	1,345,605	1,762,873	13,931,111
Town Outside Village Fund						
Highway Equipment - Town Outside Village	2011/2022	2.000-5.000%	6,061	-	656	5,405
Total Town Outside Village Fund			6,061	-	656	5,405
Highway Fund:						
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	280,000	-	280,000	-
Highway Equipment - Highway	2011/2022	2.000-5.000%	94,860	-	10,260	84,600
2014 Refunding Various Snow Plowing Equipment	2014/2020	2.000-5.000%	365,000	-	65,000	300,000
Total Highway Fund			739,860	-	355,260	384,600
Water District Fund:						
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	170,000	-	25,000	145,000
Willowridge Road	2007/2022	3.800-4.000%	357,258	-	38,630	318,628
Haussauer Road	2007/2022	3.800-4.000%	317,491	-	34,330	283,161
Greengage Circle Phase II	2007/2022	3.800-4.000%	90,712	-	9,808	80,904
Waterline Country Pkwy	2011/2022	2.000-5.000%	243,474	-	26,334	217,140
Water District 15 Improvements	2014/2039	2.000-5.000%	1,371,972	-	46,972	1,325,000
2014 Refunding Hopkins Road Water System Improve	2014/2020	2.000-5.000%	360,000	-	65,000	295,000
Improvement of Facilities of Water District No. 15	2015/2030	2.000-3.000%	-	939,948	-	939,948
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	-	647,212	-	647,212
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	-	316,580	-	316,580
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	-	59,000	-	59,000
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	-	664,264	-	664,264
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	-	257,368	-	257,368
Total Water District Fund			2,910,907	2,884,372	246,074	5,549,205

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2015	Issues	Redemptions	Principal Outstanding 12/31/2015
Sewer District Fund:						
Roof System Replacements	2005/2020	3.625-3.750%	367,000	-	55,000	312,000
Lift Station Equipment Replacement	2005/2020	3.625-3.750%	66,000	-	10,000	56,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	55,000	-	5,000	50,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	15,000	-	15,000	-
Sewer District #1 Harlem and Kensington	2007/2022	3.800-4.000%	151,185	-	16,347	134,838
Sand Filtration System Plant 16	2007/2022	3.800-4.000%	2,902,769	-	313,870	2,588,899
Various Improvements	2007/2022	3.800-4.000%	999,338	-	108,056	891,282
LeBrun Storm Sewer SS#1	2007/2022	3.800-4.000%	136,068	-	14,713	121,355
SSD#1 & SSD#16	2009/2018	2.500-5.000%	200,000	-	50,000	150,000
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	1,040,000	-	135,000	905,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	435,000	-	55,000	380,000
WWTP Improvements	2009/2017	2.500-5.000%	75,000	-	25,000	50,000
Series 2011A (Refunded 2000A)	2011/2019	0.870-3.591%	275,000	-	50,000	225,000
SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.500-5.000%	177,599	-	19,209	158,390
SSD #1 Lafayette Blvd.	2011/2022	2.500-5.000%	59,288	-	6,413	52,876
SSD #1 16 N. French	2011/2022	2.500-5.000%	402,628	-	43,548	359,080
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.500-5.000%	47,430	-	5,130	42,300
SSD #1 & 16 Pelletiz Bagging Facility	2011/2022	2.500-5.000%	123,055	-	13,310	109,746
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.500-5.000%	118,312	-	12,797	105,516
SSD #1 & 16 Scum System Replacement	2011/2022	2.500-5.000%	75,887	-	8,208	67,679
SSD #1 & 16 Elect System Load Curtail	2011/2022	2.500-5.000%	123,054	-	13,310	109,745
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.500-5.000%	281,945	-	30,495	251,450
Grit Collector/Plant 16 Equipment	2014/2039	2.000-5.000%	134,412	-	4,412	130,000
Sewage Pump Motor Replacement	2014/2039	2.000-5.000%	379,736	-	12,736	367,000
Oxygen Deck Stage II Repairs	2014/2039	2.000-5.000%	186,125	-	7,125	179,000
Lift Station Control Panel	2014/2039	2.000-5.000%	74,948	-	2,948	72,000
Pump House Recovery	2014/2039	2.000-5.000%	107,370	-	5,370	102,000
Sanitary Sewers 16 Generators	2014/2039	2.000-5.000%	172,628	-	5,628	167,000
New Motor Control Center	2014/2039	2.000-5.000%	137,325	-	5,325	132,000
2014 Refunding Sewer Upgrades	2014/2020	2.000-5.000%	305,000	-	60,000	245,000
2014 Refunding WWTP Main Transformer	2014/2020	2.000-5.000%	180,000	-	30,000	150,000
2014 Refunding Incr. & Improv. SSD # 1, 16	2014/2020	2.000-5.000%	245,000	-	45,000	200,000
2014 Refunding Incr. & Improv. SSD # 16	2014/2020	2.000-5.000%	50,000	-	10,000	40,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	-	394,736	-	394,736
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	-	40,000	-	40,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	-	330,000	-	330,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	-	182,452	-	182,452
SS Dist. No. 1 & 16 WPCF Digester Rehab	2015/2030	2.000-3.000%	-	156,400	-	156,400
Incr. and Impr. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	-	272,605	-	272,605
Incr. and Impr. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	-	121,156	-	121,156
Incr. and Impr. of Sanitary Sewer District 16	2015/2030	2.000-3.000%	-	294,948	-	294,948
Total Sewer District Fund			10,099,102	1,792,297	1,193,948	10,697,451

(continued)

(concluded)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2015	Issues	Redemptions	Principal Outstanding 12/31/2015
Drainage Fund:						
Storm Water Drainage Delta Rd.	2005/2020	3.625-3.750%	210,000	-	30,000	180,000
Improvement of Storm Water Drainage	2005/2020	3.625-3.750%	320,000	-	50,000	270,000
Various Drainage Improvements	2007/2022	3.800-4.000%	302,372	-	32,695	269,677
Lakewood / Smallwood #4	2009/2015	2.500-5.000%	60,000	-	60,000	-
Allenhurst Road Storm Sewers	2009/2016	2.500-5.000%	50,000	-	25,000	25,000
Highway Equipment - Drainage	2011/2022	2.500-5.000%	165,742	-	17,927	147,816
Storm Drain #16 McKinley/Harding	2011/2022	2.500-5.000%	219,759	-	23,769	195,990
Storm Drain #16 Eggerts/Bailey	2011/2022	2.500-5.000%	118,311	-	12,797	105,515
Drainage 16 Harding/McKinley	2014/2039	2.000-5.000%	440,496	-	15,496	425,000
Drainage 26 Rambling Culvert	2014/2039	2.000-5.000%	137,466	-	5,466	132,000
Drainage 16 Bassett Park	2014/2039	2.000-5.000%	420,884	-	13,884	407,000
26 Chapel Wood Culvert	2014/2039	2.000-5.000%	256,764	-	8,764	248,000
2014 Refunding Inc. & Imp. SWD	2014/2020	2.000-5.000%	25,000	-	5,000	20,000
2014 Refunding Storm Water Imp. Carmen Rd.	2014/2020	2.000-5.000%	85,000	-	15,000	70,000
2014 Refunding Inc. & Imp. SWD #4, 16,26	2014/2020	2.000-5.000%	50,000	-	10,000	40,000
Improv. of SWD District 4, 16 & 26	2015/2030	2.000-3.000%	-	214,565	-	214,565
Total Drainage Fund			<u>2,861,794</u>	<u>214,565</u>	<u>325,797</u>	<u>2,750,562</u>
Community Environment Fund:						
Various District Improvements	2005/2020	3.625-3.750%	137,000	-	20,000	117,000
Residential Refuse Containers	2007/2022	3.800-4.000%	1,028,064	-	111,162	916,902
Highway Equipment - Comm.Environment	2011/2022	2.000-5.000%	94,860	-	10,260	84,600
Total Community Environment Fund			<u>1,529,572</u>	<u>-</u>	<u>141,422</u>	<u>1,118,502</u>
Total governmental activities			<u>\$ 32,226,026</u>	<u>\$ 6,236,839</u>	<u>\$ 4,016,029</u>	<u>\$ 34,446,836</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.

Premium on Serial Bonds	Balance			12/31/2015
	1/1/2015	Additions	Reductions	
	<u>\$ 1,205,354</u>	<u>\$ 69,053</u>	<u>\$ 166,537</u>	<u>\$ 1,107,870</u>

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, 2015 was \$33,698. 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, 2015 for these leases was \$1,122,093. 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, 2015, the Town no longer has an outstanding liability.

Compensated Absences—As explained in Note 1, the Town records the value of governmental fund type compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2015, for governmental activities is \$16,458,753. Management estimates that \$706,911 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated OPEB liability is estimated to be \$81,207,697 at December 31, 2015.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employee's Retirement System. The net pension liability is estimated to be \$4,811,667 in the governmental activities. Refer to Note 7 additional information related to the Town's net pension liability.

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

	Serial Bonds	Premium on Serial Bonds	Capital Leases	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2016	\$ 4,286,839	\$ 170,374	\$ 275,236	\$ 706,911	\$ -	\$ -	\$ 5,439,360
2017	4,465,000	170,374	225,651	-	-	-	4,861,025
2018	4,585,000	170,374	210,205	-	-	-	4,965,579
2019	4,725,000	170,374	213,639	-	-	-	5,109,013
2020	4,235,000	146,591	197,362	-	-	-	4,578,953
2021-2025	8,165,000	135,267	-	-	-	-	8,300,267
2026-2030	2,500,000	66,440	-	-	-	-	2,566,440
2031-2035	830,000	44,194	-	-	-	-	874,194
2036-2039	654,997	33,882	-	-	-	-	688,879
Various	-	-	-	15,751,842	81,207,697	4,811,667	101,771,206
	<u>\$ 34,446,836</u>	<u>\$ 1,107,870</u>	<u>\$ 1,122,093</u>	<u>\$ 16,458,753</u>	<u>\$ 81,207,697</u>	<u>\$ 4,811,667</u>	<u>\$ 139,154,916</u>

Interest requirements on serial bonds are as follows:

Year ending <u>December 31,</u>	<u>Interest</u>
2016	\$ 1,276,324
2017	1,106,420
2018	923,703
2019	731,677
2020	543,889
2021-2025	1,101,446
2026-2030	451,319
2031-2035	191,744
2036-2039	55,150
	<u>\$ 6,381,672</u>

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency

The Agency's mortgage with First Niagara Bank amounted to \$518,466 and \$560,661 at December 31, 2015 and 2014, respectively. The mortgage bears interest at 6% per year and is payable in 60 monthly installments of \$6,225 comprising of principal and interest through December 31, 2014. At January 1, 2015, the interest rate adjusted daily to 2% above the Regular Fixed Advanced Rate offered by the Federal Home Loan Bank of New York for instruments having a term of five years. However, in no event will the rate fall below 6%. Payments will be made in 60 monthly installments based on a 10-year amortization of the outstanding balance at January 1, 2015. Amounts borrowed bear interest at 6% at December 31, 2015 and 2014. A balloon payment for the remaining balance is due in January 2020. The terms of the mortgage require the Agency to maintain a restricted deposit with the bank which amounted to \$64,936 and \$64,935 at December 31, 2015 and 2014.

The mortgage requires the Agency to maintain at minimum debt coverage ratio of 1.2 to 1.0. The Agency met the minimum debt coverage covenant as of December 31, 2015 and obtained a waiver related to the minimum coverage covenant as of December 31, 2014.

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	\$ 265,514,102
Related debt:	
Serial bonds issued	(34,446,836)
Unamortized bond issue premium	(1,107,870)
Bond anticipation notes issued for capital assets	(56,426,006)
Unspent proceeds from debt	20,390,883
Amounts for restricted debt	<u>2,826,294</u>
Debt issued and used for capital assets	(68,763,535)
Capital lease	<u>(1,122,093)</u>
Net investment in capital assets	<u>\$ 195,628,474</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, 2015 includes:

	General Fund	Highway Fund	Sewer Fund	Grant Fund	Nonmajor Funds	Total
Prepaid items	\$ 3,446,267	\$ 401,858	\$ 530,897	\$ 9,692	\$ 579,706	\$ 4,968,420

- ***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, 2015 the amounts shown on the following page.

	General Fund	Projects Fund	Nonmajor Funds	Total
Tax stabilization	\$ 368,503	\$ -	\$ -	\$ 368,503
Retirement contributions	1,000,000	-	-	1,000,000
Capital projects	-	841,783	-	841,783
Special purpose	-	-	2,487,127	2,487,127
Debt	-	-	2,826,294	2,826,294
Total restricted fund balance	<u>\$ 1,368,503</u>	<u>\$ 841,783</u>	<u>\$ 5,313,421</u>	<u>\$ 7,523,707</u>

- **Restricted for tax stabilization**—Represents funds accumulated and utilized to minimize future tax increases in the General Fund. The Town has appropriated the amounts restricted for tax stabilization in its 2016 adopted budget.
- **Restricted for retirement contributions**—Represents funds for to be used for the payment of retirement contributions. The Town has appropriated the amounts restricted for the payment of retirement contributions in its 2016 adopted budget.
- **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, 2015, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's expenditures	\$ 1,617,444	\$ 220,208	\$ 1,071,786	\$ 2,161,313	\$ 5,070,751
Encumbrances	142,337	25,390	306,230	69,092	543,049
Capital improvements	1,000,000	1,000,000	2,000,000	-	4,000,000
Claims	100,000	750,000	500,000	375,000	1,725,000
Specific use:					
Highway expenditures	-	2,026,056	-	-	2,026,056
Sewer expenditures	-	-	6,359,146	-	6,359,146
Town outside village expenditures	-	-	-	1,511,133	1,511,133
Lighting expenditures	-	-	-	1,264,685	1,264,685
Community environment expenditures	-	-	-	890,786	890,786
Fire protection expenditures	-	-	-	115,339	115,339
Water district expenditures	-	-	-	1,173,568	1,173,568
Drainage district expenditures	-	-	-	1,245,758	1,245,758
Total assigned fund balance	<u>\$ 2,859,781</u>	<u>\$ 4,021,654</u>	<u>\$ 10,237,162</u>	<u>\$ 8,806,674</u>	<u>\$ 25,925,271</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 claims***—Represents funds assigned for anticipated future liabilities and claims.
- ***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, 2015 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental:		
General Fund	\$ 5,066,177	\$ 3,955,237
Highway Fund	1,400,511	81,547
Sewer Fund	3,624,446	175,445
Capital Projects Fund	418,714	2,174,769
Nonmajor funds	<u>1,405,045</u>	<u>1,235,694</u>
Subtotal governmental	<u>11,914,893</u>	<u>7,622,692</u>
Proprietary funds	-	4,000,000
Fiduciary fund	-	292,201
Total	\$ 11,914,893	\$ 11,914,893

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

The Town made the following transfers during the year ended December 31, 2015:

Fund	Transfers In	Transfers Out
Governmental:		
General Fund	\$ 2,894,209	\$ 2,981,253
Highway Fund	-	756,876
Sewer Fund	955	3,939,907
Capital Projects Fund	9,120,719	1,337,925
Nonmajor funds	<u>4,967,959</u>	<u>7,967,881</u>
Subtotal govermental	<u>16,983,842</u>	<u>16,983,842</u>
Proprietary funds	<u>725,974</u>	<u>725,974</u>
Total	<u>\$ 17,709,816</u>	<u>\$ 17,709,816</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, 2015 is follows:

	BAN Payments	Debt Service			Capital and Other		Total
		Reserve	Principal	Interest			
Governmental funds:							
General Fund	\$ 566,605	\$ 21,787	\$ 1,752,871	\$ 635,980	\$ 4,010	\$ 2,981,253	
Highway Fund	147,000	-	355,260	32,622	221,994	756,876	
Sewer Fund	955,598	-	1,193,949	380,888	1,409,472	3,939,907	
Capital Projects Fund	-	704,809	-	-	633,116	1,337,925	
Nonmajor funds	552,616	-	713,949	262,638	6,438,678	7,967,881	
Proprietary funds:							
Internal service funds	-	-	-	-	725,974	725,974	
Total	<u>\$ 2,221,819</u>	<u>\$ 726,596</u>	<u>\$ 4,016,029</u>	<u>\$ 1,312,128</u>	<u>\$ 9,433,244</u>	<u>\$ 17,709,816</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, 2015:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
ASSETS				
Cash	\$ 1,854,480	\$ 10,291,571	\$ 10,191,027	\$ 1,955,024
LOSAP assets	<u>8,577,371</u>	<u>778,316</u>	<u>1,306,972</u>	<u>8,048,715</u>
Total assets	<u><u>\$ 10,431,851</u></u>	<u><u>\$ 11,069,887</u></u>	<u><u>\$ 11,497,999</u></u>	<u><u>\$ 10,003,739</u></u>
LIABILITIES				
Due to other funds	\$ 300,000	\$ 6,709,347	\$ 6,717,146	\$ 292,201
Amounts due to other parties	1,554,480	3,582,224	3,473,881	1,662,823
Amounts held for LOSAP	<u>8,577,371</u>	<u>778,316</u>	<u>1,306,972</u>	<u>8,048,715</u>
Total liabilities	<u><u>\$ 10,431,851</u></u>	<u><u>\$ 11,069,887</u></u>	<u><u>\$ 11,497,999</u></u>	<u><u>\$ 10,003,739</u></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, 2013 and 2014, respectively, and are currently under negotiations. Other bargaining units have contracts settled through December 31, 2016 and December 31, 2017, 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, 2015, are as listed below:

Fund	Purpose	Amount Encumbered
General Fund	Safe routes to schools	\$ 62,276
General Fund	Central alarm software	66,491
Sewer Fund	Disposal plant building equipment	71,500
Sewer Fund	Plant service agreement	55,284

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. The Town is continuing to perform work on its Sanitary Sewer Overflow Abatement projects as required by the New York State Department of Environmental Conservation.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 2, 2016, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Funding Progress—Other Postemployment Benefits Plan
Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial		Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
	Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)				
December 31, 2015	\$ -	\$ 176,281,612	\$ 176,281,612	0.0%	n/a	n/a	n/a
December 31, 2013	-	198,879,911	198,879,911	0.0%	n/a	n/a	n/a
December 31, 2011	-	145,068,638	145,068,638	0.0%	n/a	n/a	n/a

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

	Year Ended December 31,	
	2015	2014
Measurement date	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.5128572%	0.5128572%
Town's proportionate share of the net pension liability	<u>\$ 1,411,688</u>	<u>\$ 2,135,073</u>
Town's covered-employee payroll	\$ 16,342,612	\$ 14,344,572
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.6%	14.9%
Plan fiduciary net position as a percentage of the total pension liability	99.0%	98.5%

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

	Year Ended December 31,	
	2015	2014
Contractually required contribution	\$ 5,090,970	\$ 4,776,310
Contributions in relation to the contractually required contribution	<u>(5,090,970)</u>	<u>(4,776,310)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 16,342,612	\$ 14,344,572
Contributions as a percentage of covered-employee payroll	31.2%	33.3%

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

	Year Ended December 31,	
	2015	2014
Measurement date	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.1006434%	0.1006434%
Town's proportionate share of the net pension liability	<u>\$ 3,399,979</u>	<u>\$ 4,547,932</u>
Town's covered-employee payroll	\$ 27,210,703	\$ 27,768,404
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.5%	16.4%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	97.2%

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

	Year Ended December 31,	
	2015	2014
Contractually required contributions	\$ 4,947,837	\$ 6,019,128
Contributions in relation to the contractually required contribution	<u>(4,947,837)</u>	<u>(6,019,128)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 27,210,703	\$ 27,768,404
Contributions as a percentage of covered-employee payroll	18.2%	21.7%

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUE				
Real property taxes	\$ 25,204,163	\$ 25,204,163	\$ 25,233,895	\$ 29,732
Other property tax items	1,596,551	1,596,551	1,549,869	(46,682)
Non property tax items	19,623,000	19,623,000	19,071,326	(551,674)
Departmental income	5,573,082	5,573,082	4,723,776	(849,306)
Use of money and property	167,575	167,575	191,428	23,853
Licenses and permits	1,100	1,100	55,708	54,608
Fines and forfeitures	1,915,000	1,915,000	1,898,206	(16,794)
Sale of property and compensation for loss	4,000	52,219	73,990	21,771
Miscellaneous	487,246	612,203	1,884,573	1,272,370
State aid	3,716,526	3,909,182	4,100,003	190,821
Federal aid	124,696	124,696	269,979	145,283
Total revenues	<u>58,412,939</u>	<u>58,778,771</u>	<u>59,052,753</u>	<u>273,982</u>
EXPENDITURES				
Current:				
General government support	10,633,966	10,544,143	10,200,917	343,226
Public safety	33,144,162	34,147,957	33,717,557	430,400
Transportation	2,077,429	2,115,617	1,962,121	153,496
Economic assistance and opportunity	2,757,527	3,056,407	2,895,964	160,443
Culture and recreation	9,760,137	9,678,044	8,699,441	978,603
Debt service:				
Interest	-	53,941	53,941	-
Total expenditures	<u>58,373,221</u>	<u>59,596,109</u>	<u>57,529,941</u>	<u>2,066,168</u>
Excess (deficiency) of revenues over expenditures	<u>39,718</u>	<u>(817,338)</u>	<u>1,522,812</u>	<u>2,340,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,411,497	3,411,497	2,894,209	(517,288)
Transfers out	(4,296,611)	(3,288,443)	(2,981,253)	307,190
Total other financing sources (uses)	<u>(885,114)</u>	<u>123,054</u>	<u>(87,044)</u>	<u>(210,098)</u>
Net change in fund balances*	(845,396)	(694,284)	1,435,768	2,130,052
Fund balances—beginning	<u>13,822,321</u>	<u>13,822,321</u>	<u>13,822,321</u>	<u>-</u>
Fund balances—ending	<u>\$ 12,976,925</u>	<u>\$ 13,128,037</u>	<u>\$ 15,258,089</u>	<u>\$ 2,130,052</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUE				
Real property taxes	\$ 8,986,114	\$ 8,986,114	\$ 8,986,114	\$ -
Departmental income	366,000	366,000	370,815	4,815
Use of money and property	9,000	9,000	2,615	(6,385)
Sale of property and compensation for loss	80,000	196,981	182,381	(14,600)
Miscellaneous	878,070	878,070	701,602	(176,468)
State aid	646,591	646,591	696,404	49,813
Federal aid	-	-	79,390	79,390
Total revenues	<u>10,965,775</u>	<u>11,082,756</u>	<u>11,019,321</u>	<u>(63,435)</u>
EXPENDITURES				
Current:				
General government support	4,975	4,975	6,525	(1,550)
Transportation	11,186,268	11,141,682	10,436,399	705,283
Debt service:				
Principal	211,564	211,564	211,564	-
Interest	-	38,736	38,736	-
Total expenditures	<u>11,402,807</u>	<u>11,396,957</u>	<u>10,693,224</u>	<u>703,733</u>
Excess (deficiency) of revenues over expenditures	<u>(437,032)</u>	<u>(314,201)</u>	<u>326,097</u>	<u>640,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(651,643)</u>	<u>(774,474)</u>	<u>(756,876)</u>	<u>17,598</u>
Total other financing sources (uses)	<u>(651,643)</u>	<u>(774,474)</u>	<u>(756,876)</u>	<u>17,598</u>
Net change in fund balances*	<u>(1,088,675)</u>	<u>(1,088,675)</u>	<u>(430,779)</u>	<u>657,896</u>
Fund balances—beginning	<u>4,854,291</u>	<u>4,854,291</u>	<u>4,854,291</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,765,616</u>	<u>\$ 3,765,616</u>	<u>\$ 4,423,512</u>	<u>\$ 657,896</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUE				
Real property taxes	\$ 16,162,065	\$ 16,162,065	\$ 16,162,065	\$ -
Departmental income	278,194	278,194	264,822	(13,372)
Intergovernmental revenues	2,175,000	2,175,000	2,662,631	487,631
Use of money and property	20,000	20,000	6,368	(13,632)
Sale of property and compensation for loss	12,500	12,500	43,348	30,848
Miscellaneous	141,603	141,933	396,852	254,919
Total revenues	<u>18,789,362</u>	<u>18,789,692</u>	<u>19,536,086</u>	<u>746,394</u>
EXPENDITURES				
Current:				
Home and community services	14,303,865	14,263,216	13,027,982	1,235,234
Debt service:				
Interest	-	223,186	223,186	-
Total expenditures	<u>14,303,865</u>	<u>14,486,402</u>	<u>13,251,168</u>	<u>1,235,234</u>
Excess of revenues over expenditures	<u>4,485,497</u>	<u>4,303,290</u>	<u>6,284,918</u>	<u>1,981,628</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	955	955
Transfers out	(5,780,428)	(5,562,024)	(3,939,907)	1,622,117
Total other financing sources (uses)	<u>(5,780,428)</u>	<u>(5,562,024)</u>	<u>(3,938,952)</u>	<u>1,623,072</u>
Net change in fund balance*	(1,294,931)	(1,258,734)	2,345,966	3,604,700
Fund balances—beginning	<u>8,422,093</u>	<u>8,422,093</u>	<u>8,422,093</u>	<u>-</u>
Fund balances—ending	<u>\$ 7,127,162</u>	<u>\$ 7,163,359</u>	<u>\$ 10,768,059</u>	<u>\$ 3,604,700</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, 2015

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.

The Highway Fund's general government support expenditures for the year ended December 31, 2015 exceeded the adjusted budget. This is because bank fees exceeded expectations in the current year.

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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, 2015

	Special Revenue				Total Nonmajor Funds
	Special Purpose Fund	Town Outside Village Fund	Nonmajor Special Districts	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,131,383	\$ 8,827,458	\$ -	\$ 10,958,841
Restricted cash and cash equivalents	2,397,126	-	-	2,052,432	4,449,558
Receivables	29,085	277,217	1,102,727	-	1,409,029
Due from other funds	101,474	100,000	429,709	773,862	1,405,045
Intergovernmental receivables	20,833	-	38,451	-	59,284
Prepaid items	-	299,513	280,193	-	579,706
Total assets	<u>\$ 2,548,518</u>	<u>\$ 2,808,113</u>	<u>\$ 10,678,538</u>	<u>\$ 2,826,294</u>	<u>\$ 18,861,463</u>
LIABILITIES					
Accounts payable	\$ 36,409	\$ 126,937	\$ 1,192,925	\$ -	\$ 1,356,271
Accrued liabilities	866	193,828	306,475	-	501,169
Due to other funds	24,116	237,184	974,394	-	1,235,694
Total liabilities	<u>61,391</u>	<u>557,949</u>	<u>2,473,794</u>	<u>-</u>	<u>3,093,134</u>
DEFERRED INFLOWS OF RESOURCES					
Mortgage and lease receivable	-	-	1,068,528	-	1,068,528
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,068,528</u>	<u>-</u>	<u>1,068,528</u>
FUND BALANCES					
Nonspendable	-	299,513	280,193	-	579,706
Restricted	2,487,127	-	-	2,826,294	5,313,421
Assigned	-	1,950,651	6,856,023	-	8,806,674
Total fund balances	<u>2,487,127</u>	<u>2,250,164</u>	<u>7,136,216</u>	<u>2,826,294</u>	<u>14,699,801</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,548,518</u>	<u>\$ 2,808,113</u>	<u>\$ 10,678,538</u>	<u>\$ 2,826,294</u>	<u>\$ 18,861,463</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2015

	Special Revenue				Total Nonmajor Funds
	Special Purpose Fund	Town Outside Village Fund	Nonmajor Special Districts	Debt Service Fund	
REVENUES					
Real property taxes	\$ 34,874	\$ 2,513,392	\$ 18,864,874	\$ -	\$ 21,413,140
Departmental income	17,673	143,447	303,777	-	464,897
Use of money and property	870	1,182	41,563	-	43,615
Licenses and permits	21,000	2,798,970	-	-	2,819,970
Sale of property and compensation for loss	-	730	148,654	-	149,384
Miscellaneous	475,680	73,151	148,096	-	696,927
State aid	-	-	701	-	701
Total revenues	550,097	5,530,872	19,507,665	-	25,588,634
EXPENDITURES					
Current:					
General government support	-	-	884	-	884
Public safety	-	3,287,019	5,729,230	-	9,016,249
Transportation	-	-	3,064,388	-	3,064,388
Culture and recreation	33,968	-	-	-	33,968
Home and community services	168,568	2,068,722	9,396,988	-	11,634,278
Debt service:					
Principal	32,298	17,728	-	4,016,029	4,066,055
Interest	2,860	1,672	100,915	1,312,128	1,417,575
Total expenditures	237,694	5,375,141	18,292,405	5,328,157	29,233,397
Excess (deficiency) of revenues over expenditures	312,403	155,731	1,215,260	(5,328,157)	(3,644,763)
OTHER FINANCING SOURCES (USES)					
Transfers in	105,757	-	-	4,862,202	4,967,959
Transfers out	(11,000)	(30,018)	(1,690,024)	(6,236,839)	(7,967,881)
Proceeds of serial bonds	-	-	-	6,236,839	6,236,839
Premium on obligations	-	-	-	69,053	69,053
Total other financing sources (uses)	94,757	(30,018)	(1,690,024)	4,931,255	3,305,970
Net change in fund balances	407,160	125,713	(474,764)	(396,902)	(338,793)
Fund balances—beginning	2,079,967	2,124,451	7,610,980	3,223,196	15,038,594
Fund balances—ending	\$ 2,487,127	\$ 2,250,164	\$ 7,136,216	\$ 2,826,294	\$ 14,699,801

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Special District Funds
December 31, 2015

	Lighting District	Community Environment	Fire Protection	Water District	Drainage District	Total Nonmajor Special Districts
ASSETS						
Cash and cash equivalents	\$ 1,965,634	\$ 1,893,871	\$ 126,958	\$ 1,652,981	\$ 3,188,014	\$ 8,827,458
Receivables	-	1,098,182	-	-	4,545	1,102,727
Due from other funds	201,518	168,593	1,178	-	58,420	429,709
Intergovernmental receivables	-	38,451	-	-	-	38,451
Prepaid items	10,172	62,909	-	-	207,112	280,193
Total assets	<u>\$ 2,177,324</u>	<u>\$ 3,262,006</u>	<u>\$ 128,136</u>	<u>\$ 1,652,981</u>	<u>\$ 3,458,091</u>	<u>\$ 10,678,538</u>
LIABILITIES						
Accounts payable	\$ 263,530	\$ 789,041	\$ 871	\$ 43,618	\$ 95,865	\$ 1,192,925
Accrued liabilities	9,553	48,534	-	2,070	246,318	306,475
Due to other funds	680	143,216	-	3,180	827,318	974,394
Total liabilities	<u>273,763</u>	<u>980,791</u>	<u>871</u>	<u>48,868</u>	<u>1,169,501</u>	<u>2,473,794</u>
DEFERRED INFLOWS OF RESOURCES						
Mortgage and lease receivable	-	1,068,528	-	-	-	1,068,528
Total deferred inflows of resources	<u>-</u>	<u>1,068,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068,528</u>
FUND BALANCES						
Nonspendable	10,172	62,909	-	-	207,112	280,193
Assigned	1,893,389	1,149,778	127,265	1,604,113	2,081,478	6,856,023
Total fund balances	<u>1,903,561</u>	<u>1,212,687</u>	<u>127,265</u>	<u>1,604,113</u>	<u>2,288,590</u>	<u>7,136,216</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,177,324</u>	<u>\$ 3,262,006</u>	<u>\$ 128,136</u>	<u>\$ 1,652,981</u>	<u>\$ 3,458,091</u>	<u>\$ 10,678,538</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Special District Funds
Year Ended December 31, 2015

	Lighting District	Community Environment	Fire Protection	Water District	Drainage District	Total Nonmajor Special Districts
REVENUES						
Real property taxes	\$ 2,623,337	\$ 5,081,100	\$ 5,424,102	\$ 1,205,510	\$ 4,530,825	\$ 18,864,874
Departmental income	-	303,777	-	-	-	303,777
Use of money and property	1,412	36,399	139	962	2,651	41,563
Sale of property and compensation for loss	-	148,654	-	-	-	148,654
Miscellaneous	1,566	15,557	7,283	-	123,690	148,096
State aid	-	-	-	-	701	701
Total revenues	<u>2,626,315</u>	<u>5,585,487</u>	<u>5,431,524</u>	<u>1,206,472</u>	<u>4,657,867</u>	<u>19,507,665</u>
EXPENDITURES						
Current:						
General government support	-	884	-	-	-	884
Public safety	-	270,190	5,459,040	-	-	5,729,230
Transportation	3,064,388	-	-	-	-	3,064,388
Home and community services	-	5,284,980	-	123,165	3,988,843	9,396,988
Debt service:						
Interest	-	-	-	82,971	17,944	100,915
Total expenditures	<u>3,064,388</u>	<u>5,556,054</u>	<u>5,459,040</u>	<u>206,136</u>	<u>4,006,787</u>	<u>18,292,405</u>
Excess (deficiency) of revenues over expenditures	<u>(438,073)</u>	<u>29,433</u>	<u>(27,516)</u>	<u>1,000,336</u>	<u>651,080</u>	<u>1,215,260</u>
OTHER FINANCING USES						
Transfers out	(7,136)	(239,429)	-	(796,064)	(647,395)	(1,690,024)
Total other financing uses	<u>(7,136)</u>	<u>(239,429)</u>	<u>-</u>	<u>(796,064)</u>	<u>(647,395)</u>	<u>(1,690,024)</u>
Net change in fund balances	(445,209)	(209,996)	(27,516)	204,272	3,685	(474,764)
Fund balances—beginning	2,348,770	1,422,683	154,781	1,399,841	2,284,905	7,610,980
Fund balances—ending	<u>\$ 1,903,561</u>	<u>\$ 1,212,687</u>	<u>\$ 127,265</u>	<u>\$ 1,604,113</u>	<u>\$ 2,288,590</u>	<u>\$ 7,136,216</u>

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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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 2,513,392	\$ 2,513,392	\$ 2,513,392	\$ -
Departmental income	172,000	172,000	143,447	(28,553)
Use of money and property	5,000	5,000	1,182	(3,818)
Licenses and permits	2,280,000	2,372,850	2,798,970	426,120
Sale of property and compensation for loss	-	-	730	730
Miscellaneous	76,770	136,680	73,151	(63,529)
State aid	-	161,250	-	(161,250)
Total revenues	<u>5,047,162</u>	<u>5,361,172</u>	<u>5,530,872</u>	<u>169,700</u>
EXPENDITURES				
Current:				
Public safety	3,169,423	3,489,729	3,287,019	202,710
Home and community services	2,147,359	2,151,961	2,068,722	83,239
Debt service:				
Principal	17,728	17,728	17,728	-
Interest	1,672	1,672	1,672	-
Total expenditures	<u>5,336,182</u>	<u>5,661,090</u>	<u>5,375,141</u>	<u>285,949</u>
Excess (deficiency) of revenues over expenditures	<u>(289,020)</u>	<u>(299,918)</u>	<u>155,731</u>	<u>455,649</u>
OTHER FINANCING USES				
Transfers out	<u>(49,103)</u>	<u>(49,103)</u>	<u>(30,018)</u>	<u>19,085</u>
Total other financing uses	<u>(49,103)</u>	<u>(49,103)</u>	<u>(30,018)</u>	<u>19,085</u>
Net change in fund balances*	<u>(338,123)</u>	<u>(349,021)</u>	<u>125,713</u>	<u>474,734</u>
Fund balances—beginning	<u>2,124,451</u>	<u>2,124,451</u>	<u>2,124,451</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,786,328</u>	<u>\$ 1,775,430</u>	<u>\$ 2,250,164</u>	<u>\$ 474,734</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 2,623,337	\$ 2,623,337	\$ 2,623,337	\$ -
Use of money and property	6,000	6,000	1,412	(4,588)
Miscellaneous	1,566	1,566	1,566	-
Total revenues	<u>2,630,903</u>	<u>2,630,903</u>	<u>2,626,315</u>	<u>(4,588)</u>
EXPENDITURES				
Current:				
Transportation	<u>3,239,903</u>	<u>3,239,903</u>	<u>3,064,388</u>	<u>175,515</u>
Total expenditures	<u>3,239,903</u>	<u>3,239,903</u>	<u>3,064,388</u>	<u>175,515</u>
(Deficiency) revenues over expenditures	<u>(609,000)</u>	<u>(609,000)</u>	<u>(438,073)</u>	<u>170,927</u>
OTHER FINANCING USES				
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,136)</u>	<u>(136)</u>
Total other financing uses	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,136)</u>	<u>(136)</u>
Net change in fund balances*	<u>(616,000)</u>	<u>(616,000)</u>	<u>(445,209)</u>	<u>170,791</u>
Fund balances—beginning	<u>2,348,770</u>	<u>2,348,770</u>	<u>2,348,770</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,732,770</u>	<u>\$ 1,732,770</u>	<u>\$ 1,903,561</u>	<u>\$ 170,791</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 5,081,101	\$ 5,081,101	\$ 5,081,100	\$ (1)
Departmental income	277,400	277,400	303,777	26,377
Use of money and property	40,778	40,778	36,399	(4,379)
Sale of property and compensation for loss	147,211	147,211	148,654	1,443
Miscellaneous	13,281	13,281	15,557	2,276
State aid	-	-	-	-
Total revenues	<u>5,559,771</u>	<u>5,559,771</u>	<u>5,585,487</u>	<u>25,716</u>
EXPENDITURES				
Current:				
General government support	-	-	884	(884)
Public safety	304,992	270,598	270,190	408
Home and community services	<u>5,259,707</u>	<u>5,294,056</u>	<u>5,284,980</u>	<u>9,076</u>
Total expenditures	<u>5,564,699</u>	<u>5,564,654</u>	<u>5,556,054</u>	<u>8,600</u>
Excess (deficiency) of revenues over expenditures	<u>(4,928)</u>	<u>(4,883)</u>	<u>29,433</u>	<u>34,316</u>
OTHER FINANCING USES				
Transfers out	(231,117)	(231,117)	(239,429)	(8,312)
Total other financing uses	<u>(231,117)</u>	<u>(231,117)</u>	<u>(239,429)</u>	<u>(8,312)</u>
Net change in fund balances*	(236,045)	(236,000)	(209,996)	26,004
Fund balances—beginning	<u>1,422,683</u>	<u>1,422,683</u>	<u>1,422,683</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,186,638</u>	<u>\$ 1,186,683</u>	<u>\$ 1,212,687</u>	<u>\$ 26,004</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 5,424,102	\$ 5,424,102	\$ 5,424,102	\$ -
Use of money and property	900	900	139	(761)
Miscellaneous	<u>7,332</u>	<u>7,331</u>	<u>7,283</u>	<u>(48)</u>
Total revenues	<u>5,432,334</u>	<u>5,432,333</u>	<u>5,431,524</u>	<u>(809)</u>
EXPENDITURES				
Current:				
Public safety	<u>5,468,822</u>	<u>5,468,822</u>	<u>5,459,040</u>	<u>9,782</u>
Total expenditures	<u>5,468,822</u>	<u>5,468,822</u>	<u>5,459,040</u>	<u>9,782</u>
Net change in fund balances*	(36,488)	(36,489)	(27,516)	8,973
Fund balances—beginning	<u>154,781</u>	<u>154,781</u>	<u>154,781</u>	<u>-</u>
Fund balances—ending	<u>\$ 118,293</u>	<u>\$ 118,292</u>	<u>\$ 127,265</u>	<u>\$ 8,973</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 1,205,510	\$ 1,205,510	\$ 1,205,510	\$ -
Use of money and property	4,000	4,000	962	(3,038)
Total revenues	<u>1,209,510</u>	<u>1,209,510</u>	<u>1,206,472</u>	<u>(3,038)</u>
EXPENDITURES				
Current:				
Home and community services	318,235	196,943	123,165	73,778
Debt service:				
Interest	-	82,971	82,971	-
Total expenditures	<u>318,235</u>	<u>279,914</u>	<u>206,136</u>	<u>73,778</u>
Excess of revenues over expenditures	<u>891,275</u>	<u>929,596</u>	<u>1,000,336</u>	<u>70,740</u>
OTHER FINANCING USES				
Transfers out	(1,308,471)	(1,317,211)	(796,064)	521,147
Total other financing uses	<u>(1,308,471)</u>	<u>(1,317,211)</u>	<u>(796,064)</u>	<u>521,147</u>
Net change in fund balances*	(417,196)	(387,615)	204,272	591,887
Fund balances—beginning	<u>1,399,841</u>	<u>1,399,841</u>	<u>1,399,841</u>	<u>-</u>
Fund balances—ending	<u>\$ 982,645</u>	<u>\$ 1,012,226</u>	<u>\$ 1,604,113</u>	<u>\$ 591,887</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUE				
Real property taxes	\$ 4,530,825	\$ 4,530,825	\$ 4,530,825	\$ -
Use of money and property	11,000	11,000	2,651	(8,349)
Sale of property and compensation for loss	-	-	-	-
Miscellaneous	659,945	659,945	123,690	(536,255)
State aid	-	701	701	-
Total revenues	<u>5,201,770</u>	<u>5,202,471</u>	<u>4,657,867</u>	<u>(544,604)</u>
EXPENDITURES				
Current:				
Home and community services	4,009,716	4,010,421	3,988,843	21,578
Debt service:				
Interest	-	17,944	17,944	-
Total expenditures	<u>4,009,716</u>	<u>4,028,365</u>	<u>4,006,787</u>	<u>21,578</u>
Excess of revenues over expenditures	<u>1,192,054</u>	<u>1,174,106</u>	<u>651,080</u>	<u>(523,026)</u>
OTHER FINANCING USES				
Transfers out	(1,468,996)	(1,468,996)	(647,395)	821,601
Total other financing uses	<u>(1,468,996)</u>	<u>(1,468,996)</u>	<u>(647,395)</u>	<u>821,601</u>
Net change in fund balances*	(276,942)	(294,890)	3,685	298,575
Fund balances—beginning	2,284,905	2,284,905	2,284,905	-
Fund balances—ending	<u>\$ 2,007,963</u>	<u>\$ 1,990,015</u>	<u>\$ 2,288,590</u>	<u>\$ 298,575</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, 2015

Federal Grantor/Pass-Through Grantor Program/Program Title (1)	Federal CFDA Number (2)	Pass-Through Entity Identifying Number	Federal Expenditures (3)
Department of Housing and Urban Development:			
<i>Direct Programs:</i>			
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-36-0010	\$ 66,155
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-36-0010	248,945
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-36-0010	<u>213,065</u>
Total Community Development Block Grants/Entitlement Grants			<u>528,165</u>
Home Investment Partnerships Program	14.239	M12-DC360511	188,421
Home Investment Partnerships Program	14.239	M15-DC360511	<u>30,532</u>
Total Home Investment Partnerships Program			<u>218,953</u>
Supportive Housing for Persons with Disabilities	14.181	N/A	789,192
Lower Income Housing Assistance Program Section 8			
Moderate Rehabilitation	14.856	NY091MR0001	161,831
Lower Income Housing Assistance Program Section 8			
Moderate Rehabilitation	14.856	NY091MR0002	530,618
Lower Income Housing Assistance Program Section 8			
Moderate Rehabilitation	14.856	NY091MR0004	163,691
Lower Income Housing Assistance Program Section 8			
Moderate Rehabilitation	14.856	NY091MR0005	<u>88,097</u>
Total Lower Income Housing Assistance Program Section 8			<u>944,237</u>
Moderate Rehabilitation			
Section 8 Housing Choice Vouchers	14.871	NY091V0	<u>26,560,028</u>
Total U.S. Department of Housing and Urban Development			<u>29,040,575</u>
U.S. Department of Transportation:			
<i>Passed through the NYS Department of Transportation:</i>			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	D034233	146,053
Highway Planning and Construction	20.205	D034802	<u>75,047</u>
Total Highway Planning and Construction Cluster			<u>221,100</u>
Total U.S. Department of Transportation			<u>221,100</u>
U.S. Department of Health and Human Services:			
<i>Passed through the County of Erie, New York:</i>			
Aging Cluster			
Special Programs for the Aging—Title III			
Part C Nutrition Services	93.045	III C-1 2015	42,200
Special Programs for the Aging—Title III			
Part C Nutrition Services	93.045	III C-2 2015	<u>81,723</u>
Total U.S. Department of Health and Human Services			<u>123,923</u>
U.S. Department of Homeland Security:			
<i>Passed through New York State Division of Homeland Security and Emergency Service:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA029-02000-00	<u>79,390</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 29,464,988</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, 2015

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, 2015. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

3. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 2, 2016. Our report includes a reference to other auditors who audited the financial statements of the Town of Amherst Industrial Development Agency, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Drescher & Melchior LLP". The signature is fluid and cursive, with "Drescher &" on the first line and "& Melchior LLP" on the second line.

May 2, 2016

Certified Public Accountants

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

Honorable Town Board
Town of Amherst, New York

Report on Compliance for Each Major Federal Program

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2015. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Drescher & Melilli LLP". The signature is fluid and cursive, with "Drescher & Melilli" on top and "LLP" on the bottom right.

May 2, 2016

TOWN OF AMHERST, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified*

(*which report includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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14.214	Community Development Block Grant
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14.871	Section 8 Housing Choice Vouchers
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Dollar threshold used to distinguish between Type A and Type B programs? \$ 883,950

Auditee qualified as low-risk auditee? Yes No

Section II. FINANCIAL STATEMENT FINDINGS SECTION

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

Finding 2015-001—Hiring, Termination and Transfer Process

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

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

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

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

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

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

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

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

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

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

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

TOWN OF AMHERST, NEW YORK
Summary Schedule of Prior Audit Findings
And Corrective Action Plan
Year Ended December 31, 2015
(Follow-up of December 31, 2014 findings)

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.

View of Responsible Officials and Planned Corrective Actions: During the 2015 year, the Human Resources Department has made an effort to ensure that the Information Technology Department is notified in a timely manner when an employee is hired, terminated or transferred.

Current Status: See Finding 2015-001 within the Schedule of Findings and Questioned Costs for current status.

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.

View of Responsible Officials and Planned Corrective Actions: During 2015, the Justice Department has worked 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.

Current Status: While unexplained differences remain as of December 31, 2015, the Justice Department has made an agreement with the Town that these differences should be transferred or reimbursed by the Town on an annual basis.

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