

**TOWN OF AMHERST,  
NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information, Supplemental Information and Federal  
Financial Assistance Schedules for the Year Ended  
December 31, 2013 and Independent Auditors' Reports*



**TOWN OF AMHERST, NEW YORK**

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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable Town Board  
Town of Amherst, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Amherst, New York (the "Town"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the foregoing 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 Supplemental Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information 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 Supplemental 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.



April 23, 2014

**TOWN OF AMHERST, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2013**

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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, 2013. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

- ◆ The Town's governmental activities net position increased \$3,534,784 while its business-type activities net position increased \$605,651 as a result of this year's activity.
- ◆ The assets and deferred outflows of resources of the primary government of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$164,266,624. Of this amount, \$43,694,394 is considered to be an unrestricted net deficit.
- ◆ At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,090,181, a reduction of \$7,445,197 in comparison with the prior year. Contributing to the reduction was a significant decrease in the Capital Projects Fund from ongoing projects financed by bond anticipation notes.
- ◆ The General Fund reported a net increase in fund balance this year of \$3,119,044. At December 31, 2013, unassigned fund balance for the General Fund was \$6,353,702, or 10.6 percent of 2014 budgeted General Fund appropriations.
- ◆ The Town's governmental activities made \$3,965,000 of principal payments of its previously outstanding bonded indebtedness during the current year. The business-type activities paid \$880,000 of its bonded indebtedness during the current year.

**Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 12-13 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 statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 14-17 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail. The proprietary fund financial statements provide separate information for the Amherst Ice Facility and for the insurance program.

The proprietary fund financial statements can be found on pages 18-21.

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

The Town maintains one type of fiduciary fund. The Agency Fund reports resources held by the Town in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statement can be found on page 22 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 23-56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's budgetary comparison schedules for each major fund with a legally adopted budget and the Town's Schedule of Funding Progress for its other postemployment benefits plan. Required supplementary information can be found on pages 57-60 of this report.

The combining statements and other supplemental information are presented following the required supplementary information on pages 61-73. The Federal Awards information can be found at pages 74-86 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as useful indicator of a government's financial position. In the case of the Town's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$164,266,624 at the close of the 2013 fiscal year, as compared to \$160,126,189 at the close of the 2012 fiscal year.

**Table 1 – Condensed Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>December 31,</u>		<u>December 31,</u>		<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 85,427,866	\$ 60,214,381	\$ 222,531	\$ 227,673	\$ 85,650,397	\$ 60,442,054
Capital assets	253,858,731	249,669,571	13,328,947	13,278,790	267,187,678	262,948,361
Total assets	<u>339,286,597</u>	<u>309,883,952</u>	<u>13,551,478</u>	<u>13,506,463</u>	<u>352,838,075</u>	<u>323,390,415</u>
Deferred outflows	-	-	118,828	132,031.00	118,828	132,031.00
Current liabilities	64,627,539	46,570,649	506,226	209,408	65,133,765	46,780,057
Long-term liabilities	101,576,053	94,693,912	9,769,639	10,640,296	111,345,692	105,334,208
Total liabilities	<u>166,203,592</u>	<u>141,264,561</u>	<u>10,275,865</u>	<u>10,849,704</u>	<u>176,479,457</u>	<u>152,114,265</u>
Deferred inflows	<u>12,210,822</u>	<u>11,281,992</u>	-	-	<u>12,210,822</u>	<u>11,281,992</u>
Net investment in capital assets	199,751,443	207,747,499	3,394,441	2,788,790	203,145,884	210,536,289
Restricted	4,815,134	2,364,648	-	-	4,815,134	2,364,648
Unrestricted	<u>(43,694,394)</u>	<u>(52,774,748)</u>	-	-	<u>(43,694,394)</u>	<u>(52,774,748)</u>
Total net position	<u>\$ 160,872,183</u>	<u>\$ 157,337,399</u>	<u>\$ 3,394,441</u>	<u>\$ 2,788,790</u>	<u>\$ 164,266,624</u>	<u>\$ 160,126,189</u>

By far the largest portion of the Town’s net position, \$203,145,884, 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, \$4,815,134, 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 \$43,694,394.

Total net position increased \$4,140,435 over the prior year. The increase in net position can be largely attributed to the addition of \$17,794,781 for reimbursement of insurance claims and interest offset by \$11,834,896 of other postemployment liabilities.

Table 2, presented on the following page, shows the changes in net assets for the years ended December 31, 2013 and December 31, 2012.

**Table 2 – Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Charges for services	\$ 10,532,859	\$ 10,336,660	\$ 2,688,438	\$ 2,741,473	\$ 13,221,297	\$ 13,078,133
Operating grants and contributions	27,313,721	29,262,323	-	-	27,313,721	29,262,323
Capital grants and contributions	200,000	557,145	-	-	200,000	557,145
General revenues	<u>116,156,338</u>	<u>99,351,753</u>	<u>28,783</u>	<u>35,480</u>	<u>116,185,121</u>	<u>99,387,233</u>
Total revenues	<u>154,202,918</u>	<u>139,507,881</u>	<u>2,717,221</u>	<u>2,776,953</u>	<u>156,920,139</u>	<u>142,284,834</u>
Program expenses	<u>149,942,531</u>	<u>153,450,563</u>	<u>2,837,173</u>	<u>2,725,731</u>	<u>152,779,704</u>	<u>156,176,294</u>
Transfers (out) in	<u>(725,603)</u>	<u>(447,649)</u>	<u>725,603</u>	<u>447,649</u>	<u>-</u>	<u>-</u>
Change in net assets	3,534,784	(14,390,331)	605,651	498,871	4,140,435	(13,891,460)
Net position—beginning	<u>157,337,399</u>	<u>171,727,730</u>	<u>2,788,790</u>	<u>2,289,919</u>	<u>160,126,189</u>	<u>174,017,649</u>
Net position—ending	<u>\$ 160,872,183</u>	<u>\$ 157,337,399</u>	<u>\$ 3,394,441</u>	<u>\$ 2,788,790</u>	<u>\$ 164,266,624</u>	<u>\$ 160,126,189</u>

Overall revenues in the year ended December 31, 2013 increased by 10.3 percent as compared to the year ended December 31, 2012 due primarily to a \$4,285,193 and \$10,630,667 increase in use of money and property and miscellaneous revenue, respectively, as the Town received \$17,794,781 for reimbursement of insurance claims during the year ended December 31, 2013.

Total primary government expenses for the year ended December 31, 2013 decreased 2.2 percent from the year ended December 31, 2012 due primarily to a \$4,406,322 and \$2,166,941 decrease in general government support expenses and home and community services, respectively, offset by an increase in culture and recreation expenses.

A summary of sources of revenues of the primary government for the years ended December 31, 2013 and December 31, 2012 is presented below in Table 3:

**Table 3 – Summary of Sources of Revenues**

	<u>Year Ended December 31,</u>		<u>Increase/(decrease)</u>	
	<u>2013</u>	<u>2012</u>	<u>Dollars</u>	<u>Percent</u>
Charges for services	\$ 13,221,297	\$ 13,078,133	\$ 143,164	1.1
Operating grants and contributions	27,313,721	29,262,323	(1,948,602)	(6.7)
Capital grants and contributions	200,000	557,145	(357,145)	(64.1)
Property and other taxes	92,079,233	91,182,684	896,549	1.0
Use of money and property	4,679,238	394,045	4,285,193	1,087.5
Miscellaneous	14,831,056	4,200,389	10,630,667	253.1
Sale of property and compensation for loss	602,575	370,673	231,902	n/a
State aid	<u>3,993,019</u>	<u>3,239,442</u>	<u>753,577</u>	<u>23.3</u>
Total revenues, net	<u>\$ 156,920,139</u>	<u>\$ 142,284,834</u>	<u>\$ 14,635,305</u>	<u>10.3</u>

The most significant source of revenues is property and other taxes, which accounts for \$92,079,233, or 58.7 percent of total revenues, for the year ended December 31, 2013, and \$91,182,684, or 64.1 percent of total revenues, for the year ended December 31, 2012. The next largest source of revenue is operating grants and contributions, which comprises \$27,313,721, or 17.4 percent of total revenues and \$29,262,323, or 20.6 percent of total revenues for the years ended December 31, 2013 and 2012, respectively. Another significant source of revenue for the Town is charges for services, which provided \$13,221,297, or 8.4 percent of total revenues, and \$13,078,133, or 9.2 percent of total revenues, for the years ended December 31, 2013 and 2012, respectively. Lastly, due to reimbursement of insurance claims received in the current year miscellaneous revenue amounted to \$14,831,056, or 9.5 percent of total revenues for the year ended December 31, 2013, as compared to \$4,200,389, or 3.0 percent of revenues for the year ended December 31, 2012.

The Town's significant expense items for the year ended December 31, 2013 were home and community services of \$61,052,219 (primarily sewer, water, and sanitation services), public safety of \$46,087,664 (primarily police services), transportation of \$18,603,329 (primarily highway and road services) and general government support of \$10,857,019. Similarly, for the year ended December 31, 2012 significant expense items were home and community services of \$63,219,160 (primarily sewer, water, and sanitation services), public safety of \$45,173,014 (primarily police services), transportation of \$17,648,033 (primarily highway and road services) and general government support of \$15,263,341.

A summary of program expenses for the years ended December 31, 2013 and December 31, 2012 is presented below in Table 4:

**Table 4 – Summary of Program Expenses**

	<b>Year Ended December 31,</b>		<b>Increase/(decrease)</b>	
	<b>2013</b>	<b>2012</b>	<b>Dollars</b>	<b>Percent</b>
General government support	\$ 10,857,019	\$ 15,263,341	\$ (4,406,322)	(28.9)
Public safety	46,087,664	45,173,014	914,650	2.0
Transportation	18,603,329	17,648,033	955,296	5.4
Economic assistance and opportunity	3,310,597	3,149,029	161,568	5.1
Culture and recreation	8,678,231	7,178,152	1,500,079	20.9
Home and community services	61,052,219	63,219,160	(2,166,941)	(3.4)
Interest and other fiscal charges	1,353,472	1,819,834	(466,362)	(25.6)
Amherst Ice Facility expenses	2,837,173	2,725,731	111,442	4.1
	<u>\$ 152,779,704</u>	<u>\$ 156,176,294</u>	<u>\$ (3,396,590)</u>	<u>(2.2)</u>

### **Financial Analysis of the Town's Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,090,181, a decrease of \$7,445,197 in comparison with the prior year. The decrease is primarily due to the timing of capital projects financing offset by mostly favorable results in the Town's major operating funds.

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

The Town's General Fund had an ending fund balance of \$14,792,900, an increase of \$3,119,044 in comparison with the prior year. Approximately 43.0 percent of this amount, \$6,353,702 constitutes unassigned fund balance.

During the year ended December 31, 2013, the Town's Highway Fund fund balance increased by \$1,295,387 from the prior year, resulting in an ending fund balance of \$3,714,642. Approximately 55.2 percent of this amount, \$2,051,713 is reported as fund balance assigned for specific use.

At December 31, 2013, the Town's Sewer Fund reported fund balance of \$8,447,263 a decrease of \$578,693 in comparison with the prior year. Approximately 49.4 percent of this amount, \$4,171,106 is fund balance assigned for specific use.

### General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2013 is presented in Table 5 below:

**Table 5 – Summary of General Fund Results of Operations**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Difference</u>		<u>Final Budget</u>
Revenues and other financing sources	\$ 57,569,706	\$ 58,378,797	\$ 809,091	\$ 60,127,016	\$ 1,748,219
Expenditures and other financing uses	<u>59,038,103</u>	<u>59,845,156</u>	<u>807,053</u>	<u>57,007,972</u>	<u>2,837,184</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,468,397)</u>	<u>\$ (1,466,359)</u>	<u>\$ 2,038</u>	<u>\$ 3,119,044</u>	<u>\$ 4,585,403</u>

**Original budget compared to final budget.** At the close of the fiscal year, the overall budgeted appropriations increased by \$807,053. Significant transfers and amendments to the budget included \$239,719 of supplemental appropriations for economic assistance and opportunity expenditures, \$235,240 additional appropriations for public safety costs, and \$224,101 supplemental appropriations for general government support. These budgetary increases were supported by unanticipated revenues.

**Final budget compared to actual results.** Total revenues and other financing sources exceeded the final budget by \$1,748,219. The major contributors to this positive revenue variance were State aid from the receipt of mortgage tax in excess of expectations and unforeseen transfers in. Total expenditures and other financing uses were less than the final budget by \$2,837,184. The most significant contributors were transfers out, general government support and culture and recreation, which had budgetary savings of \$1,290,758, \$1,032,776, and \$277,377, respectively.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2013, amounted to \$253,858,731 and \$13,328,947, respectively. This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles and equipment.

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

Capital assets net of depreciation for the governmental and business-type activities at the years ended December 31, 2013 and 2012 are presented below:

**Table 5 – Summary of Capital Assets (Net of Depreciation)**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Governmental activities:		
Land	\$ 10,593,287	\$ 10,566,985
Construction in progress	26,752,258	15,664,194
Infrastructure	96,013,831	97,835,794
Land improvements	7,809,060	7,472,035
Buildings	81,127,850	85,130,079
Building improvements	4,344,030	4,040,282
Machinery and equipment	<u>27,218,415</u>	<u>28,960,202</u>
Total governmental activities	<u>\$ 253,858,731</u>	<u>\$ 249,669,571</u>
Business-type activities:		
Construction in progress	\$ 164,506	\$ -
Buildings, machinery and equipment	<u>13,164,441</u>	<u>13,278,789</u>
Total business-type activities	<u>\$ 13,328,947</u>	<u>\$ 13,278,789</u>

Additional information on the Town's capital assets can be found in Note 4 of this report.

**Debt.** At December 31, 2013, the Town's governmental activities had bonded debt outstanding of \$22,885,000, as compared to \$26,850,000 in the prior year, and its business-type activities had bonded debt outstanding of \$9,610,000, as compared to \$10,490,000, in the prior year. Additionally, the Town's governmental activities had bond anticipation notes ("BAN's") outstanding of \$51,421,196, as compared to \$32,987,970 in the prior year, and its business-type activities had BAN's outstanding of \$324,506, as compared to none in the prior year.

The Town has a bond rating from Moody's Investor Service of Aa2. Additional information on the Town's long-term debt can be found in Note 11 of this report.

## Economic Factors and Next Year's Budgets and Rates

The Town's comprehensive plan highlights that the Town is renowned for an exceptional quality of life that is based on three fundamental attributes: livability, community character and a shared direction with the Buffalo-Niagara region. While, key initiatives of the Town include: to become a renowned area for beauty, character and environmental quality; capitalize on the presence of institutions of higher education and outstanding public school districts; to become a model for effective reinvestment and revitalization of

older neighborhoods; and to exercise leadership by providing excellent services and facilities, ensuring fiscal balance, and managing development to promote predictability, fairness and quality.

The comprehensive plan focuses on the follow elements:

- ◆ **Land use and development**—the Town strives to promote compact, pedestrian-friendly development that emphasizes community appearance and sense of place. It hopes to spur reinvestment and redevelopment in its older neighborhoods and its commercial corridors. A town-wide open space system linked by trails, greenways, steam corridors, and bicycle/pedestrian facilities is a part of its comprehensive plan.
- ◆ **Natural and cultural resources**—the Town is focused on the preserving and enhancing its rich natural and cultural resources for the future. The open space policy identified in land use and development is a key to this objective, as well as the new initiative of a community-wide “Greening Amherst” program of tree planting and re-vegetation.
- ◆ **Economic development**—the Town anticipates the promotion of a healthy tax and employment base, the increasing of economic development partnerships governmental agencies and private businesses and institutions, preventing adverse commercial development that would negatively affect community character and quality of life, and working to promote regional economic development.
- ◆ **Transportation**—the Town intends to encourage a more balanced, multi-modal transportation system that emphasizes alternative means of travel, to include walking, biking, and public transportation. To achieve these goals there are targeted capital and operational improvements to the road network, investments in the creating a bicycle/pedestrian network, and improved transit services.
- ◆ **Infrastructure**—the Town will work to ensure that its residents are provided with well-maintained and cost-effective public water, sewer, stormwater, and other utility infrastructure systems. The key issues are related stormwater management and sanitary sewer improvements.
- ◆ **Housing and neighborhoods**—the Town is determined to maintain quality affordable housing and healthy and diverse neighborhoods are available to all residents. Affordable housing policies focus on continuing existing housing programs that promote home ownership and affordability, while policies for housing diversity are designed to encourage a variety of housing types. Finally, neighborhood conservation policies propose initiation of a program to promote revitalization of older neighborhoods through measures such as code enforcement, capital improvements and design standards.
- ◆ **Community facilities**—the Town anticipates the establishment of an on-going system to objectively identify community facility and service needs for use in planning and programming. Such a system will aid to identify opportunities for community facilities and ensure cost effective strategies.

**Economic Factors**—The unemployment rate for the Town at December 2013 was 4.7 percent, which compares favorably to 6.5 percent at December 2012. The current rate also compares favorably to New York State’s average unemployment rate of 7.7 percent.

The Town’s 2014 budget includes an appropriation of fund balance of \$1,337,428 in the General Fund. The General Fund tax rate decreased 0.3% from 2013.

### **Contacting the Town’s Finance Department**

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

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# BASIC FINANCIAL STATEMENTS



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**TOWN OF AMHERST, NEW YORK**  
**Statement of Net Position**  
**December 31, 2013**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,279,405	\$ 304,064	\$ 30,583,469
Restricted cash and cash equivalents	25,835,310	-	25,835,310
Accounts receivable	3,856,030	177,054	4,033,084
Prepays	5,655,277	72,966	5,728,243
Loans receivable	7,073,144	-	7,073,144
Internal balances	331,553	(331,553)	-
Due from Agency Fund	300,000	-	300,000
Intergovernmental receivables	12,097,147	-	12,097,147
Capital assets not being depreciated	37,345,545	164,506	37,510,051
Capital assets, net of accumulated depreciation	<u>216,513,186</u>	<u>13,164,441</u>	<u>229,677,627</u>
Total assets	<u>339,286,597</u>	<u>13,551,478</u>	<u>352,838,075</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	-	118,828	118,828
Total deferred inflows of resources	<u>-</u>	<u>118,828</u>	<u>118,828</u>
<b>LIABILITIES</b>			
Accounts payable	6,045,406	130,261	6,175,667
Retainages payable	311,510	-	311,510
Bond anticipation notes payable	51,421,196	324,506	51,745,702
Accrued liabilities	6,283,482	47,049	6,330,531
Due to other governments	57,635	-	57,635
Unearned revenue	508,310	4,410	512,720
Noncurrent liabilities:			
Due within one year	5,334,150	919,913	6,254,063
Due in more than one year	<u>96,241,903</u>	<u>8,849,726</u>	<u>105,091,629</u>
Total liabilities	<u>166,203,592</u>	<u>10,275,865</u>	<u>176,479,457</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grant and loans receivable	10,909,731	-	10,909,731
Mortgage and lease receivable	<u>1,301,091</u>	<u>-</u>	<u>1,301,091</u>
Total deferred inflows of resources	<u>12,210,822</u>	<u>-</u>	<u>12,210,822</u>
<b>NET POSITION</b>			
Net investment in capital assets	199,751,443	3,394,441	203,145,884
Restricted:			
Tax stabilization	1,000,000	-	1,000,000
Retirement contributions	1,200,000	-	1,200,000
Capital projects	545,413	-	545,413
Special purpose	2,069,721	-	2,069,721
Unrestricted	<u>(43,694,394)</u>	<u>-</u>	<u>(43,694,394)</u>
Total net position	<u>\$ 160,872,183</u>	<u>\$ 3,394,441</u>	<u>\$ 164,266,624</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2013**

<u>Functions/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b>Primary government:</b>							
Governmental activities:							
General government support	\$ 10,857,019	\$ 2,208,510	54,465	\$ -	\$ (8,594,044)	\$ -	\$ (8,594,044)
Public safety	46,087,664	2,895,769	46,665	-	(43,145,230)	-	(43,145,230)
Transportation	18,603,329	370,641	586,591	-	(17,646,097)	-	(17,646,097)
Economic assistance and opportunity	3,310,597	447,007	178,522	-	(2,685,068)	-	(2,685,068)
Culture and recreation	8,678,231	1,951,210	33,553	-	(6,693,468)	-	(6,693,468)
Home and community services	61,052,219	2,659,722	26,413,925	200,000	(31,778,572)	-	(31,778,572)
Interest and other fiscal charges	<u>1,353,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,353,472)</u>	<u>-</u>	<u>(1,353,472)</u>
Total government governmental activities	<u>149,942,531</u>	<u>10,532,859</u>	<u>27,313,721</u>	<u>200,000</u>	<u>(111,895,951)</u>	<u>-</u>	<u>(111,895,951)</u>
Business-type activities:							
Amherst Ice Facility	<u>2,837,173</u>	<u>2,688,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148,735)</u>	<u>(148,735)</u>
Total primary government	<u>\$ 152,779,704</u>	<u>\$ 13,221,297</u>	<u>\$ 27,313,721</u>	<u>\$ 200,000</u>	<u>(111,895,951)</u>	<u>(148,735)</u>	<u>(112,044,686)</u>
General revenues:							
					73,715,342	-	73,715,342
					18,363,891	-	18,363,891
					4,678,905	333	4,679,238
					14,802,606	28,450	14,831,056
					602,575	-	602,575
					<u>3,993,019</u>	<u>-</u>	<u>3,993,019</u>
Total general revenues					<u>116,156,338</u>	<u>28,783</u>	<u>116,185,121</u>
					<u>(725,603)</u>	<u>725,603</u>	<u>-</u>
					3,534,784	605,651	4,140,435
					<u>157,337,399</u>	<u>2,788,790</u>	<u>160,126,189</u>
					<u>\$ 160,872,183</u>	<u>\$ 3,394,441</u>	<u>\$ 164,266,624</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, 2013**

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,306,841	\$ 2,013,948	\$ 5,075,721	\$ 1,637,636	\$ 2,324,033	\$ 11,275,891	\$ 27,634,070
Restricted cash and cash equivalents	2,000,000	-	150,000	-	14,331,844	5,753,466	22,235,310
Accounts receivable	2,119,247	185,403	18,588	-	-	1,529,221	3,852,459
Prepaid items	3,776,293	500,775	663,586	11,127	-	703,496	5,655,277
Loans receivable	-	-	-	7,073,144	-	-	7,073,144
Due from other funds	753,853	1,575,920	2,582,594	971	2,179,765	126,143	7,219,246
Intergovernmental receivables	6,118,997	192,646	1,514,779	2,722,099	781,665	745,206	12,075,392
Total assets	<u>\$ 20,075,231</u>	<u>\$ 4,468,692</u>	<u>\$ 10,005,268</u>	<u>\$ 11,444,977</u>	<u>\$ 19,617,307</u>	<u>\$ 20,133,423</u>	<u>\$ 85,744,898</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 777,679	\$ 582,849	\$ 597,743	\$ 786,025	\$ 1,944,439	\$ 1,193,617	\$ 5,882,352
Retainages payable	-	-	-	-	311,510	-	311,510
Bond anticipation notes payable	-	-	-	-	47,821,196	-	47,821,196
Accrued liabilities	3,253,035	141,747	175,490	6,651	-	198,971	3,775,894
Due to other funds	1,128,937	29,454	784,772	-	2,811,065	1,833,465	6,587,693
Due to other governments	57,479	-	-	156	-	-	57,635
Unearned revenue	7,615	-	-	-	-	-	7,615
Total liabilities	<u>5,224,745</u>	<u>754,050</u>	<u>1,558,005</u>	<u>792,832</u>	<u>52,888,210</u>	<u>3,226,053</u>	<u>64,443,895</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Grant funding and loans receivable	57,586	-	-	10,652,145	200,000	-	10,909,731
Mortgage and lease receivable	-	-	-	-	-	1,301,091	1,301,091
Total deferred inflows of resources	<u>57,586</u>	<u>-</u>	<u>-</u>	<u>10,652,145</u>	<u>200,000</u>	<u>1,301,091</u>	<u>12,210,822</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	3,776,293	500,775	663,586	11,127	-	703,496	5,655,277
Restricted	2,000,000	-	150,000	-	545,413	5,757,297	8,452,710
Assigned	2,662,905	3,213,867	7,633,677	-	-	9,145,486	22,655,935
Unassigned	6,353,702	-	-	(11,127)	(34,016,316)	-	(27,673,741)
Total fund balances (deficits)	<u>14,792,900</u>	<u>3,714,642</u>	<u>8,447,263</u>	<u>-</u>	<u>(33,470,903)</u>	<u>15,606,279</u>	<u>9,090,181</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 20,075,231</u>	<u>\$ 4,468,692</u>	<u>\$ 10,005,268</u>	<u>\$ 11,444,977</u>	<u>\$ 19,617,307</u>	<u>\$ 20,133,423</u>	<u>\$ 85,744,898</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**December 31, 2013**

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Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances—governmental funds (page 14)	9,090,181
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$479,069,949 and the accumulated depreciation is \$225,211,218.	253,858,731
To recognize interest accrual on long term debt.	(276,926)
Long-term liabilities, including serial bonds payable, installment purchase debt, NYS retirement liability, compensated absences, other post employment benefits obligation and amounts due to museum are not due and payable in the current period and therefore are not reported in the funds.	(101,576,053)
Bond issue premiums are reported as revenues in the governmental funds. The revenue is \$709,452 and accumulated amortization is \$208,757.	(500,695)
Internal service fund net position which is due to governmental activities and related charges for services provided.	<u>276,945</u>
Net position of governmental activities	<u>\$ 160,872,183</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)—Governmental Funds**  
**Year Ended December 31, 2013**

REVENUES	Special Revenue				Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Highway	Sewer	Special Grant			
Real property taxes	\$ 24,842,190	\$ 9,170,899	\$ 15,546,200	\$ -	\$ -	\$ 22,326,866	\$ 71,886,155
Real property tax items	1,829,187	-	-	-	-	-	1,829,187
Non-property tax items	18,363,891	-	-	-	-	-	18,363,891
Departmental income	3,038,065	369,191	281,006	-	-	475,013	4,163,275
Intergovernmental charges	-	-	2,072,148	-	-	-	2,072,148
Use of money and property	191,537	9,147	20,417	-	7,913	102,707	331,721
Licenses and permits	1,253	-	-	-	-	2,507,817	2,509,070
Fines and forfeitures	1,788,366	-	-	-	-	-	1,788,366
Miscellaneous	862,465	1,036,142	282,731	-	337,989	637,650	3,156,977
Sale of property and compensation for loss	160,266	211,647	94,593	-	-	136,069	602,575
State aid	4,209,382	586,591	-	-	200,000	19,123	5,015,096
Federal aid	96,842	-	-	26,394,802	-	-	26,491,644
Total revenues	<u>55,383,444</u>	<u>11,383,617</u>	<u>18,297,095</u>	<u>26,394,802</u>	<u>545,902</u>	<u>26,205,245</u>	<u>138,210,105</u>
<b>EXPENDITURES</b>							
Current:							
General government support	9,154,722	4,612	-	-	-	-	9,159,334
Public safety	32,485,004	-	-	-	-	8,543,160	41,028,164
Transportation	2,085,264	8,955,593	-	-	-	3,435,598	14,476,455
Economic assistance and opportunity	2,722,632	-	-	-	-	-	2,722,632
Culture and recreation	7,376,845	-	-	-	-	26,958	7,403,803
Home and community services	-	-	13,291,378	26,394,802	-	11,256,539	50,942,719
Debt service:							
Principal	-	193,645	-	-	-	4,034,859	4,228,504
Interest	83,217	37,396	128,846	-	-	1,133,696	1,383,155
Capital outlay	-	-	-	-	15,085,426	-	15,085,426
Total expenditures	<u>53,907,684</u>	<u>9,191,246</u>	<u>13,420,224</u>	<u>26,394,802</u>	<u>15,085,426</u>	<u>28,430,810</u>	<u>146,430,192</u>
Excess (deficiency) of revenues over expenditures	<u>1,475,760</u>	<u>2,192,371</u>	<u>4,876,871</u>	<u>-</u>	<u>(14,539,524)</u>	<u>(2,225,565)</u>	<u>(8,220,087)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	4,743,572	-	62,177	-	1,990,505	8,627,653	15,423,907
Transfers out	(3,100,288)	(896,984)	(5,517,741)	-	(95,566)	(5,038,438)	(14,649,017)
Total other financing sources (uses)	<u>1,643,284</u>	<u>(896,984)</u>	<u>(5,455,564)</u>	<u>-</u>	<u>1,894,939</u>	<u>3,589,215</u>	<u>774,890</u>
Net change in fund balances	3,119,044	1,295,387	(578,693)	-	(12,644,585)	1,363,650	(7,445,197)
Fund balances (deficits)—beginning	11,673,856	2,419,255	9,025,956	-	(20,826,318)	14,242,629	16,535,378
Fund balances (deficits)—ending	<u>\$ 14,792,900</u>	<u>\$ 3,714,642</u>	<u>\$ 8,447,263</u>	<u>\$ -</u>	<u>\$ (33,470,903)</u>	<u>\$ 15,606,279</u>	<u>\$ 9,090,181</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit) of Governmental Funds to the Statement of Activities**  
**December 31, 2013**

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Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16) (7,445,197)

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions, \$17,403,666, exceeded depreciation, \$13,015,121, and losses on capital asset disposals, \$199,385, in the current period. 4,189,160

The governmental funds report the repayment of bond principal and installment purchase debt as an expenditure and the issuance of bonds and installment purchase debt as a revenue. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows: the payment of serial bonds and installment purchase debt amounted to \$3,965,000 and \$263,504, respectively; and, the net change in accrued interest expense was \$29,683. 4,258,187

In the statement of activities, certain operating expenses—other post employment benefits, compensated absences (vacation & sick leave), NYS retirement liability and amounts due to museum—are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences is as follows: the increase in other post employment benefits and compensated absences amounted to \$11,834,896 and \$222,748, respectively; and decreases in the NYS retirement liability and amounts due to museum amounted to \$471,999 and \$475,000, respectively. (11,110,645)

Premiums that are recorded on the statement for government funds but not in the statement of activities. 61,804

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. 13,581,475

Change in net position of governmental activities \$ 3,534,784

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, 2013**

	<b>Business-type Activity</b>	<b>Governmental Activities</b>
	<b>Amherst Ice Facility</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 304,064	\$ 2,645,335
Restricted cash	-	3,600,000
Accounts receivable	177,054	3,571
Due from other funds	1,553	84,973
Due from other governments	-	21,755
Prepaid items	72,966	-
Total current assets	555,637	6,355,634
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	13,328,947	-
Total noncurrent assets	13,328,947	-
Total assets	13,884,584	6,355,634
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	118,828	-
Total deferred outflows of resources	118,828	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	130,261	163,054
Accrued liabilities	47,049	2,230,662
Due to other funds	333,106	84,973
Unearned revenue	4,410	-
Bond anticipation notes payable	324,506	3,600,000
Bonds payable	910,000	-
Compensated absences	9,913	-
Total current liabilities	1,759,245	6,078,689
Noncurrent liabilities:		
Bonds payable	8,700,000	-
Compensated absences	149,726	-
Total noncurrent liabilities	8,849,726	-
Total liabilities	10,608,971	6,078,689
<b>NET POSITION</b>		
Net investment in capital assets	3,394,441	-
Unrestricted	-	276,945
Total net position	\$ 3,394,441	\$ 276,945

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Position (Deficit)—Proprietary Funds**  
**Year Ended December 31, 2013**

	<b>Business-type Activity</b>	<b>Governmental Activities</b>
	<b>Amherst Ice Facility</b>	<b>Internal Service Funds</b>
Operating revenues:		
Departmental income	\$ 2,688,438	\$ -
Miscellaneous	<u>28,450</u>	<u>13,590,787</u>
Total operating revenues	<u>2,716,888</u>	<u>13,590,787</u>
 Operating expenses:		
Culture and recreation	1,697,386	-
Administrative expenses	-	561,723
Judgments and claim expenses	-	2,294,280
Depreciation	425,209	-
Employee benefits	<u>215,761</u>	<u>-</u>
Total operating expenses	<u>2,338,356</u>	<u>2,856,003</u>
 Operating income	<u>378,532</u>	<u>10,734,784</u>
 Nonoperating revenues (expenses):		
Miscellaneous	-	17,892
Interest expense	(498,817)	(70,250)
Interest income	<u>333</u>	<u>4,399,542</u>
Total nonoperating revenues (expenses)	<u>(498,484)</u>	<u>4,347,184</u>
 Gain (loss) before transfers	<u>(119,952)</u>	<u>15,081,968</u>
 Transfers in	752,236	499,507
Transfers (out)	<u>(26,633)</u>	<u>(2,000,000)</u>
Total transfers in (out)	<u>725,603</u>	<u>(1,500,493)</u>
 Change in net position	605,651	13,581,475
 Total net position (deficit)—beginning	<u>2,788,790</u>	<u>(13,304,530)</u>
Total net position—ending	<u>\$ 3,394,441</u>	<u>\$ 276,945</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, 2013**

	<b>Business-type Activity</b>	<b>Governmental Activities</b>
	<b>Amherst Ice Facility</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from participating funds and settlements	\$ -	\$ 13,569,600
Receipts from operations	2,896,540	-
Payments to employees and suppliers	(1,971,520)	-
Payments for administrative and judgments and claims	-	(3,393,451)
Net cash provided by operating activities	925,020	10,176,149
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to other funds	(14,279)	(6,393,000)
Transfers in	752,236	499,507
Transfers out	(26,633)	(2,000,000)
Net cash provided by (used for) noncapital financing activities	711,324	(7,893,493)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Interest paid on long-term debt	(498,817)	-
Principal redeemed on long-term debt	(880,000)	-
Purchases of capital assets	(475,366)	-
Issuance (payment) of bond anticipation notes	324,506	(3,425,000)
Interest on bond anticipation notes	-	(70,250)
Premium on bond anticipation notes	-	17,892
Deferred bond issuance costs	13,203	-
Net cash (used for) capital financing activities	(1,516,474)	(3,477,358)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	333	4,399,542
Net cash provided by investing activities	333	4,399,542
Net increase in cash and cash equivalents	120,203	3,204,840
Cash and cash equivalents—beginning	183,861	3,040,495
Cash and cash equivalents—ending	\$ 304,064	\$ 6,245,335

(continued)

(concluded)

**Reconciliation of operating income to net cash  
provided in operating activities:**

Operating income	\$ 378,532	\$ 10,734,784
Adjustments to reconcile operating income to net cash used in operations:		
Depreciation	425,209	-
Decrease in accounts receivable	179,265	568
Increase in due from other governments	-	(21,755)
Increase in prepaid expenses	(39,641)	-
Decrease in accounts payable	(10,557)	(67,364)
Decrease in accrued liabilities	(17,518)	(470,084)
Increase in unearned revenue	387	-
Increase in compensated absences	<u>9,343</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 925,020</u>	<u>\$ 10,176,149</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Fiduciary Net Position—Agency Fund**  
**December 31, 2013**

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**ASSETS**

Cash	\$ 1,703,337
LOSAP assets	<u>8,611,456</u>
Total assets	<u>\$ 10,314,793</u>

**LIABILITIES**

Due to other funds	\$ 300,000
Amounts due to other parties	1,403,337
Amounts held for LOSAP	<u>8,611,456</u>
Total liabilities	<u>\$ 10,314,793</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2013**

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**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.

- a. 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The Town reports no component units.
  
- b. Reporting Entity**—The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and various local laws. The five-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town include:

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

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

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

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

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

The Amherst Museum (the "Museum") is an educational institution, chartered by the State of New York, whose purpose is to instill, educate and cultivate in a public audience an informed appreciation of the American past and its impact on current lifestyles, culture and historical development of the Town of Amherst. The chartered organization is legally responsible for the collections and is the fund-raising arm of the Museum. The artifacts and historical collections are property of the New York State Department of Education and are not included within the Town's financial statements. In 2010, the Town granted a revocable license to the Museum to use the Town property at 3755 Tonawanda Creek Road beginning January 1, 2011 until December 31, 2035. Additionally, the Town has agreed to pay to the Museum an annual subsidy of \$475,000 for each of the calendar years 2011, 2012, 2013 and 2014. The Museum financial statements can be obtained from the Museum's Executive Director at Amherst Museum, 3755 Tonawanda Creek Road, Amherst, New York 14228-1599.

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

The Village and Town share equally in all expenses of development and maintenance of Glen Park. Such contribution is determined on an annual basis. The joint venture has not accumulated significant surpluses or deficits. The Treasurer of the Village of Williamsville has custody of all monies appropriated by the Town as its share of park maintenance on or about the 1<sup>st</sup> 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.

- c. **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, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

- d. **Basis of Presentation—Fund Financial Statements**—The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental 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 considers the following governmental funds as major funds:

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

The Town reports the following major enterprise fund:

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

Additionally, the government reports the following fund types:

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

During the course of operations the Town 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 the preparation of the government-wide financial statements. Balances between the funds included in the 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 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.

- e. **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 service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue 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.

f. **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 Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. Significant encumbrances as of December 31, 2013, are as listed below:

<u>Fund</u>	<u>Purpose</u>	<u>Amount Encumbered</u>
General	Computer equipment	\$ 66,491
Sewer	Building improvements and equipment	71,900
Water district	Infrastructure and engineering services	59,629

***Excess of Expenditures over Appropriations***—The Town’s appropriations for the year ended December 31, 2013 exceeded the adjusted budget as follows:

- General Fund transportation exceeded the adjusted budget primarily due to unanticipated payroll and utility costs not accounted for in the budget.
- Fire Protection Fund public safety expenditures exceeded the adjusted budget due to increased pension costs and contractual payments.
- Highway Fund, Town Outside Village Fund, Lighting District Fund, Fire Protection Fund and Drainage District Fund transfers out exceeded the adjusted budget due to transferring unspent bond proceeds to the Debt Service Fund and cost allocations that were not foreseen with the budget.

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

***Cash, Cash Equivalents and Investments***—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days of the Town’s original purchase. The Town had no investments at December 31, 2013. However, when the Town does have investments it is Town policy to record them at fair value based on quoted market value.

**Restricted Cash and Cash Equivalents**—Restricted cash and cash equivalents represents fund balance restrictions and unspent debt proceeds.

**Prepaid Items**—Certain payments reflect costs applicable to future periods and are recorded as prepaid items.

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

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

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

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

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

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

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

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Board has authorized the Comptroller 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.

#### **h. Revenues and Expenditures/Expenses**

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

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

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

The tax roll is returned to the Erie County Commissioner of Finance after May 1 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's labor agreements and Town Board rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Estimated sick leave and compensatory time accumulated by governmental fund type employees has been recorded. Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payments become due.

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

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

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

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

**i. 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, 2013, the Town implemented GASB Statements No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, and No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. GASB Statement No. 61 clarifies the manner in determining whether or not an organization should be included as a component unit, and GASB Statement No. 66 improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statements No. 61 and 66 did not have a material impact on the Town’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Town has not completed the process of evaluating the impact that will result from adopting No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; No. 69, *Government Combinations and Disposals of Government Operations*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* effective for the year ending December 31, 2014; and 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—and amendment of GASB Statement No. 68* effective for the year ended December 31, 2015. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 67, 68, 69, 70 and 71 will have on its financial position and results of operations when such statements are implemented.

**j. Stewardship, Compliance and Accountability**

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

- Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.

- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20th.
- Formal annual budgetary accounts are employed as a management control device for the General and all Special Revenue Funds, except the Special Grants Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- Annual budgets for governmental funds, except the Special Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1<sup>st</sup>, 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, 2013. This deficit will be remedied by future tax revenues, anticipated grants and proceeds from future bond issuances.

Additionally, the Town’s Workers Compensation Fund, had a net deficit at December 31, 2013. The Town anticipates this deficit to be remedied through future charges to other funds.

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

Cash at year-end consisted of:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	\$ 4,600	\$ 21,331	\$ -	\$ 25,931
Deposits	<u>56,110,115</u>	<u>282,733</u>	<u>1,703,337</u>	<u>58,096,185</u>
Total	<u>\$ 56,114,715</u>	<u>\$ 304,064</u>	<u>\$ 1,703,337</u>	<u>\$ 58,122,116</u>

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

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 1,250,000	\$ 1,250,000
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>58,302,302</u>	<u>56,846,185</u>
Total	<u>\$ 59,552,302</u>	<u>\$ 58,096,185</u>

***Custodial Credit Risk***—In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. For investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2013, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

At December 31, 2013, the Town had no investments.

***Restricted Cash and Cash Equivalents***—The Town reports amounts to support restricted fund balances and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2013, the Town reported \$25,835,310 of restricted cash and cash equivalents within its governmental activities.

### 3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2013:

*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, 2013 are:

<b>General Fund:</b>		
Franchise fees	\$ 1,231,823	
Town Clerk/Tax Receiver	221,085	
Town Justice	239,200	
Insurance reimbursement	120,046	
Meals on Wheels	53,133	
Judgments	11,344	
Senior Center	47,108	
Museum	31,196	
Auctions	13,318	
Other	150,994	\$ 2,119,247
<b>Highway Fund:</b>		
Miscellaneous		\$ 185,403
<b>Sewer Fund:</b>		
Miscellaneous		\$ 18,588
<b>Other Nonmajor Funds:</b>		
Mortgage and note receivable	\$ 1,301,091	
Town Clerk	200,670	
Recycling/waste management	27,460	\$ 1,529,221
<b>Proprietary Funds:</b>		
Amherst Ice Facility		\$ 177,054
Workers Compensation		\$ 3,571

*Mortgage and Note Receivable*—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling of \$717,967 and \$583,124, 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, 2013, the Town received \$174,900 of mortgage payments, consisting of \$105,071 and \$69,829 of principal and interest, respectively. Payments on the note receivable begin March 1, 2013. These receivables are offset by deferred inflows since the revenue recognition criteria has not been met.

**Intergovernmental Receivables**—represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2013 are:

<b>General Fund:</b>		
Erie County - sales tax	\$ 6,019,216	
Federal Government	42,529	
New York State	50,545	
Erie County	<u>6,707</u>	<u>\$ 6,118,997</u>
<b>Highway Fund:</b>		
Fuel reimbursement	\$ 37,996	
Erie County	<u>154,650</u>	<u>\$ 192,646</u>
<b>Sewer Fund:</b>		
Sewer fees		<u>\$ 1,514,779</u>
<b>Special Grant Fund:</b>		
Community Development Block Grant		<u>\$ 2,722,099</u>
<b>Capital Projects Fund:</b>		
Grants		<u>\$ 781,665</u>
<b>Other Nonmajor Funds:</b>		
New York State	\$ 724,373	
Federal Government	<u>20,833</u>	<u>\$ 745,206</u>
<b>Proprietary Funds:</b>		
Workers compensation		<u>\$ 21,755</u>

**Loans Receivable**—Loans receivable within the Community Development Fund consist of loans which were made by the Community Development Office of the Town through implementation of the Community Development Block Grant program. The funds received from repayments of such loans will be used towards future Community Development Block Grant expenditures and the related programs implemented through such grant. Under GASB, these receivables are offset by deferred inflows since the revenue recognition criteria has not been met. The balance at December 31, 2013 was \$7,073,144.

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning 1/1/2013	Additions	Deletions	Ending 12/31/2013
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,566,985	\$ 26,302	\$ -	\$ 10,593,287
Construction in progress	15,664,194	15,085,426	(3,997,362)	26,752,258
Total capital assets, not being depreciated	<u>26,231,179</u>	<u>15,111,728</u>	<u>(3,997,362)</u>	<u>37,345,545</u>
<i>Capital assets, being depreciated:</i>				
Infrastructure	171,359,054	2,845,413	-	174,204,467
Land improvements	10,211,793	860,281	-	11,072,074
Buildings	203,535,717	-	-	203,535,717
Building improvements	8,830,287	617,230	-	9,447,517
Machinery and equipment	42,697,541	1,966,376	(1,199,288)	43,464,629
Total capital assets, being depreciated	<u>436,634,392</u>	<u>6,289,300</u>	<u>(1,199,288)</u>	<u>441,724,404</u>
Less accumulated depreciation for:				
Infrastructure	(73,523,260)	(4,667,376)	-	(78,190,636)
Land improvements	(2,739,758)	(523,256)	-	(3,263,014)
Buildings	(118,405,638)	(4,002,229)	-	(122,407,867)
Building improvements	(4,790,005)	(313,482)	-	(5,103,487)
Machinery and equipment	(13,737,339)	(3,508,778)	999,903	(16,246,214)
Total accumulated depreciation	<u>(213,196,000)</u>	<u>(13,015,121)</u>	<u>999,903</u>	<u>(225,211,218)</u>
Total capital assets, being depreciated, net	<u>223,438,392</u>	<u>(6,725,821)</u>	<u>(199,385)</u>	<u>216,513,186</u>
Governmental activities capital assets, net	<u>\$ 249,669,571</u>	<u>\$ 8,385,907</u>	<u>\$ (4,196,747)</u>	<u>\$ 253,858,731</u>
<b>Business Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ -	\$ 164,506	\$ -	\$ 164,506
Total capital assets, not being depreciated	<u>26,231,179</u>	<u>164,506</u>	<u>-</u>	<u>164,506</u>
<i>Capital assets, being depreciated:</i>				
Buildings, machinery and equipment	19,146,304	310,860	-	19,457,164
Total capital assets, being depreciated	<u>19,146,304</u>	<u>310,860</u>	<u>-</u>	<u>19,457,164</u>
Less accumulated depreciation for:				
Buildings, machinery and equipment	(5,867,514)	(425,209)	-	(6,292,723)
Total accumulated depreciation	<u>(5,867,514)</u>	<u>(425,209)</u>	<u>-</u>	<u>(6,292,723)</u>
Business activities capital assets, net	<u>\$ 13,278,790</u>	<u>\$ 50,157</u>	<u>\$ -</u>	<u>\$ 13,328,947</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2013 as follows:

General government support	\$ 327,817
Public safety	364,057
Transportation	3,241,065
Economic assistance and opportunity	173,334
Culture and recreation	725,561
Home and community services	<u>8,183,287</u>
	<u>\$ 13,015,121</u>

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at Town as of December 31, 2013, were as follows:

	General Fund	Highway Fund	Sewer Fund	Special Grant Fund	Other Governmental Funds	Total Governmental Funds
Salary and						
other related liabilities	<u>\$ 3,253,035</u>	<u>\$ 141,747</u>	<u>\$ 175,490</u>	<u>\$ 6,651</u>	<u>\$ 198,971</u>	<u>\$ 3,775,894</u>
Total accrued liabilities	<u>\$ 3,253,035</u>	<u>\$ 141,747</u>	<u>\$ 175,490</u>	<u>\$ 6,651</u>	<u>\$ 198,971</u>	<u>\$ 3,775,894</u>

## 6. PENSION PLANS

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

**Funding Policy**—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary 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 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute 3.5% of their annual salary until March 31, 2013, after which the contribution percentage will be based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 6,005,744	\$ 5,121,740
2012	5,150,100	4,823,903
2011	4,525,154	3,954,152

## 7. LENGTH OF SERVICE AWARDS PROGRAM

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, 2013.

**Program Financial Condition**

***Assets and Liabilities***

Actuarial present value of benefits at January 1, 2013		\$ 9,746,283
Less: Assets available for benefits		
<i>Cash and short-term investments:</i>	<u>% of total</u>	
Cash and cash equivalents	2.1%	\$ 180,867
<i>Investments at fair value:</i>		
International equities	4.9%	415,734
Fixed income	64.3%	5,470,295
Mixed income	28.3%	2,411,047
<i>Other assets:</i>		
Benefits payable & interest receivable	0.4%	<u>36,357</u>
Total net assets available for benefits		<u>8,514,300</u>
Total unfunded benefits		<u>\$ 1,231,983</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, 2012		\$7,621,253
Changes during the year:		
Add: Plan contributions		\$ 494,500
Net investment income		905,126
Less: Plan benefit withdrawals		(508,717)
Changes in benefits payable		4,972
Administrative fees		<u>(2,834)</u>
Net change		<u>893,047</u>
Plan net assets, December 31, 2012		<u>\$ 8,514,300</u>

***Contributions and Administrative Fees***

The Town contributed \$493,324 during the year ended December 31, 2013.

## **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, 2013 is \$8,611,456.

## **8. OTHER POST EMPLOYMENT BENEFITS**

***Plan Description***—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town provides two experience rated PPO plans and one experience rates traditional indemnity plan for its retirees and their dependents. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents. There were 363 retirees receiving health care benefits at December 31, 2013.

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

The Town's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The table on the following page shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation.

	2013	2012
Annual required contribution	\$ 17,947,223	\$ 12,569,128
Interest on net OPEB obligation	1,944,105	1,646,552
Adjustment to annual required contribution	<u>(3,065,089)</u>	<u>(2,068,223)</u>
Annual OPEB costs (expense)	16,826,239	12,147,457
Contributions made	<u>(4,991,343)</u>	<u>(4,708,632)</u>
Increase in net OPEB obligation	11,834,896	7,438,825
Net OPEB obligation - beginning of year	<u>48,602,631</u>	<u>41,163,806</u>
Net OPEB obligation - end of year	<u>\$ 60,437,527</u>	<u>\$ 48,602,631</u>

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

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

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

Year Ended December 31,	Annual Required Contribution	Annual OPEB Cost	Contributions Made	Percentage Contributed
2013	\$ 17,947,223	\$ 16,826,239	\$ 4,991,343	29.7%
2012	12,569,128	12,147,457	4,708,632	38.8%
2011	12,569,128	11,890,683	4,378,368	36.8%

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

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

In the January 1, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2013. The discount rate used is 4%. The RP-2000 Mortality Table, with generational mortality using scale AA, for males and females is used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant report entitled “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.” Upon retirement it is assumed that 100% of eligible employees and their spouses will elect for post-employment health

care benefits, while it is assumed that 70% of retirees will be married at the time of their retirement. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar closed basis, therefore the remaining amortization period at December 31, 2013 was twenty-four years.

**9. RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of damage to, and destruction of assets; injuries to employees; and natural disasters. The Town purchases insurance for: property (fire, flood, earthquake and boiler); computer equipment; and, employee fidelity. The Town purchases excess coverage for workers’ compensation for claims in excess of \$400,000. Workers’ compensation insurance coverage is limited to \$2 million per accident. The Town also purchases excess liability coverage for claims in excess of \$2 million limited to \$20 million per occurrence or wrongful act or employee benefit wrongful act. There is an aggregate \$20 million limit for products–completed operations hazards, errors and omissions liability and employee benefit liability aggregate.

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

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

At December 31, 2013, the judgments and claims liability and the workers’ compensation liability are recorded within the Town’s Internal Service Fund. This liability is the Town’s best estimate based on available information. Changes in the reported liabilities since January 1, 2012 resulted from the following:

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

  

	Liability, 1/1/2012	Claims	Payments	Liability, 12/31/2012
Judgments & claims	\$ 180,000	\$ 1,032,906	\$ 356,906	\$ 856,000
Workers' compensation	914,431	1,770,288	839,973	1,844,746

The Town has claims in the range of \$38,000 to \$48,000 which are probable of a future loss. There are claims in the range of \$255,000 to \$7,252,235 which are classified as reasonably possible.

## 10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BAN's”) are accounted for in the capital projects funds. Principal payments on BAN’s must be made annually. State law requires that BAN’s issued for capital purposes be converted to long-term obligations within five to seven years after the original issue date. However, BAN’s issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of changes in the Town’s short-term debt for the year ended December 31, 2013:

	Issued	Maturity	Interest Rate	Balance 1/1/2013	Additions	Payments	Balance 12/31/2013
Bond anticipation notes:							
Payment of judgement	7/18/12	7/18/13	1.00%	\$ 7,025,000	\$ -	\$ 7,025,000	\$ -
Payment of judgement	7/17/13	7/17/14	1.00%	-	3,600,000	-	3,600,000
Various capital projects	11/14/12	11/14/13	1.25%	25,262,970	-	25,262,970	-
Various capital projects	11/13/13	11/13/14	1.00%	-	48,145,702	-	48,145,702
				<u>\$ 32,287,970</u>	<u>\$ 51,745,702</u>	<u>\$ 32,287,970</u>	<u>\$ 51,745,702</u>

## 11. LONG-TERM DEBT

**Summary of Changes in Long-Term Debt**—The following is a summary of changes in long-term debt for the year ended December 31, 2013:

	Balance 1/1/2013	Additions	Payments	Balance 12/31/2013
Governmental activities:				
Serial bonds	\$ 26,850,000	\$ -	\$ 3,965,000	\$ 22,885,000
Installment purchase debt	1,088,603	-	263,504	825,099
NYS retirement liability	1,176,858	-	471,999	704,859
Compensated absences	16,025,820	423,431	200,683	16,248,568
OPEB liability	48,602,631	16,826,239	4,991,343	60,437,527
Amounts due to Museum	950,000	-	475,000	475,000
Total	<u>94,693,912</u>	<u>17,249,670</u>	<u>10,367,529</u>	<u>101,576,053</u>
Business-type activities:				
Serial bonds	10,490,000	-	880,000	9,610,000
Compensated absences	150,296	9,343	-	159,639
Total government-wide	<u>\$ 105,334,208</u>	<u>\$ 17,259,013</u>	<u>\$ 11,247,529</u>	<u>\$ 111,345,692</u>

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

the liability of those bonds, now \$150,000 and \$3,100,000, 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, \$9,820,000, 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, \$4,240,000, 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, 2011 financial statements do not reflect the obligation, now equal to \$9,685,000.

Also during prior years, the Town issued \$3,430,000 in 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 \$3,045,000, has been removed from the financial statements.

**EFC Refinancing**—On November 30, 2005, the New York State Environmental Facilities (EFC) announced a refinancing of \$57.9 million in previous State Revolving Fund loans. The refinancing will provide a present value savings of approximately \$1.9 million on debt service. The Town’s 1994-BEFC outstanding debt is affected by the refinancing. The Town currently reports \$495,000 outstanding on its 1994-BEFC issue.

A summary of bonded indebtedness transactions for the year ended December 31, 2013 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2013	Issued	Redeemed	Principal Outstanding 12/31/2013
<b>General Fund:</b>						
2004 Series A - Senior Center	2004/2020	3.250-4.000%	\$ 4,365,000	\$ -	\$ 475,000	\$ 3,890,000
Lehigh Valley Trailway Plans & Specs.	2004/2019	3.125-4.000%	41,000	-	5,000	36,000
Lehigh Valley Trailway Const. Specs.	2004/2019	3.125-4.000%	72,000	-	9,000	63,000
Court Parking Lot Improvements	2005/2015	3.625-3.750%	65,000	-	20,000	45,000
Radio Repeater	2005/2015	3.625-3.750%	45,000	-	15,000	30,000
Acquisition - Eggertsville Community Center	2007/2022	3.800-4.000%	364,250	-	30,281	333,969
Eggertsville Community Center	2007/2022	3.800-4.000%	364,250	-	30,281	333,969
Ellicott Creek Trailway	2009/2013	2.500%	70,000	-	70,000	-
Clearfield Rec Center	2009/2013	2.500%	45,000	-	45,000	-
Museum Storage Collection Facility	2009/2013	2.500%	25,000	-	25,000	-
Mill Street Land & Building	2009/2019	2.500-5.000%	1,005,000	-	135,000	870,000
Central Alarm Voice Recording Equipment	2011/2022	2.500-5.000%	159,451	-	13,330	146,121
Traffic Signals	2011/2022	2.500-5.000%	37,089	-	3,101	33,988
Amherst Park Master Plan	2011/2022	2.500-5.000%	108,414	-	9,063	99,351
Local Waterfront Rev Plan	2011/2022	2.500-5.000%	35,187	-	2,941	32,246
<b>Total General Fund</b>			<u>6,801,641</u>	<u>-</u>	<u>887,997</u>	<u>5,913,644</u>
<b>Town Outside Village Fund</b>						
Highway Equipment - Town Outside Village	2011-2022	2.000-5.000%	7,291	-	609	6,682
<b>Total Town Outside Village Fund</b>			<u>7,291</u>	<u>-</u>	<u>609</u>	<u>6,682</u>
<b>Highway Fund:</b>						
Various Snow Plowing Equipment	2004/2019	3.125-4.000%	533,000	-	68,000	465,000
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	810,000	-	260,000	550,000
Highway Equipment - Highway	2011/2022	2.000-5.000%	114,120	-	9,540	104,580
<b>Total Highway Fund</b>			<u>1,457,120</u>	<u>-</u>	<u>337,540</u>	<u>1,119,580</u>
<b>Water District Fund:</b>						
Hopkins Rd water system improve	2004/2019	3.125-4.000%	533,000	-	68,000	465,000
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	210,000	-	15,000	195,000
Willowridge Road	2007/2022	3.800-4.000%	430,369	-	35,778	394,591
Haussauer Road	2007/2022	3.800-4.000%	382,462	-	31,795	350,667
Greengage Circle Phase II	2007/2022	3.800-4.000%	109,275	-	9,084	100,191
Waterline Country Pkwy	2011/2022	2.000-5.000%	292,908	-	24,486	268,422
<b>Total Water District Fund</b>			<u>1,958,014</u>	<u>-</u>	<u>184,143</u>	<u>1,773,871</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2013	Issued	Redeemed	Principal Outstanding 12/31/2013
<b>Sewer District Fund:</b>						
1993-BEFC	1993/2013	2.650-5.200%	200,000	-	200,000	-
2000 A	2000/2019	3.800-5.960%	375,000	-	50,000	325,000
Maple Rd, Hopkins, N. French Upgrades	2004/2019	3.250-4.000%	450,000	-	60,000	390,000
WWTP Main Transformer Replacement	2004/2019	3.125-4.000%	266,000	-	34,000	232,000
Increase and Improvement - SSD#1, 16	2004/2019	3.125-4.000%	361,000	-	46,000	315,000
Increase and Improvement - SSD# 16	2004/2019	3.125-4.000%	64,000	-	8,000	56,000
Roof System Replacements	2005/2020	3.625-3.750%	472,000	-	50,000	422,000
Lift Station Equipment Replacement	2005/2020	3.625-3.750%	86,000	-	10,000	76,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	65,000	-	5,000	60,000
Various Sanitary Sewer	2005/2020	3.625-3.750%	45,000	-	15,000	30,000
NYS EFC Series 2005D	2005/2014	3.6859%	990,000	-	495,000	495,000
Sewer District #1 Harlem and Kensington	2007/2022	3.800-4.000%	182,125	-	15,141	166,984
Sand Filtration System Plant 16	2007/2022	3.800-4.000%	3,496,804	-	290,698	3,206,106
Various Impr	2007/2022	3.800-4.000%	1,203,847	-	100,079	1,103,768
LeBrun Storm Sewer SS#1	2007/2022	3.800-4.000%	163,915	-	13,626	150,289
Sanitary #16 Rensch Road	2009/2013	2.500%	30,000	-	30,000	-
Sanitary #1 Niagara Falls Blvd	2009/2013	2.500%	50,000	-	50,000	-
Sanitary #1 & #16 Declorination Impr	2009/2013	2.500%	25,000	-	25,000	-
SSD#1 & SSD#16	2009/2018	2.500-5.000%	300,000	-	50,000	250,000
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	1,315,000	-	140,000	1,175,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	545,000	-	55,000	490,000
WWTP Improvements	2009/2017	2.500-5.000%	125,000	-	25,000	100,000
SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.500-5.000%	213,658	-	17,861	195,797
SSD #1 Lafayette Blvd.	2011/2022	2.500-5.000%	71,325	-	5,963	65,363
SSD #1 16 N. French	2011/2022	2.500-5.000%	484,376	-	40,492	443,884
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.500-5.000%	57,060	-	4,770	52,290
SSD #1 & 16 Pelletiz Bagging Facility	2011/2022	2.500-5.000%	148,039	-	12,376	135,664
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.500-5.000%	142,333	-	11,899	130,435
SSD #1 & 16 Scum System Replacement	2011/2022	2.500-5.000%	91,296	-	7,632	83,664
SSD #1 & 16 Elect System Load Curtail	2011/2022	2.500-5.000%	148,039	-	12,376	135,664
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.500-5.000%	339,190	-	28,355	310,835
<b>Total Sewer District Fund</b>			<u>12,506,007</u>	<u>-</u>	<u>1,909,266</u>	<u>10,596,741</u>

(continued)

(concluded)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2013	Issued	Redeemed	Principal Outstanding 12/31/2013
<b>Drainage Fund:</b>						
Young's Rd. Storm Drainage	2004/2014	3.250-3.750%	90,000	-	45,000	45,000
Improvement Storm Water Drainage	2004/2019	3.125-4.000%	45,000	-	6,000	39,000
Storm Water Improv.- SWD #4 Carmen Rd	2004/2019	3.125-4.000%	126,000	-	16,000	110,000
Increase & Improvement SWD#4, 16, 26	2004/2019	3.125-4.000%	79,000	-	10,000	69,000
Storm Water Drainage Delta Rd.	2005/2020	3.625-3.750%	275,000	-	35,000	240,000
Improvement of Storm Water Drainage	2005/2020	3.625-3.750%	410,000	-	45,000	365,000
Various Drainage Improvements	2007/2022	3.800-4.000%	364,251	-	30,281	333,970
Storm Water #4 Sheridan Drive	2009/2014	2.500-5.000%	205,000	-	145,000	60,000
Storm Water#16 Transit Valley / Hunt Club	2009/2014	2.500-5.000%	110,000	-	45,000	65,000
Lakewood / Smallwood #4	2009/2015	2.500-5.000%	180,000	-	60,000	120,000
Allenhurst Road Storm Sewers	2009/2016	2.500-5.000%	100,000	-	25,000	75,000
Highway Equipment - Drainage	2011/2022	2.500-5.000%	199,393	-	16,669	182,725
Storm Drain #16 McKinley/Harding	2011/2022	2.500-5.000%	264,378	-	22,101	242,277
Storm Drain #16 Eggerts/Bailey	2011/2022	2.500-5.000%	142,333	-	11,899	130,435
<b>Total Drainage Fund</b>			<u>2,590,355</u>	<u>-</u>	<u>512,949</u>	<u>2,077,406</u>
<b>Community Environment Fund:</b>						
Various District Improvements	2005/2020	3.625-3.750%	177,000	-	20,000	157,000
Residential Refuse Containers	2007/2022	3.800-4.000%	1,238,452	-	102,956	1,135,496
Highway Equipment - Comm.Environment	2011/2022	2.000-5.000%	114,120	-	9,540	104,580
<b>Total Community Environment Fund</b>			<u>1,529,572</u>	<u>-</u>	<u>132,496</u>	<u>1,397,076</u>
<b>Total governmental activities</b>			<u>26,850,000</u>	<u>-</u>	<u>3,965,000</u>	<u>26,850,000</u>
<b>Business-type activities:</b>						
Ice Rink Acquisition, G.O. Series A	2007/2022	4.00-5.00%	9,695,000	-	815,000	8,880,000
Ice Rink Acquisition, G.O. Series B (taxable)	2007/2022	5.630%	795,000	-	65,000	730,000
<b>Total business-type activities</b>			<u>10,490,000</u>	<u>-</u>	<u>880,000</u>	<u>9,610,000</u>
<b>Total primary government</b>			<u>\$ 37,340,000</u>	<u>\$ -</u>	<u>\$ 4,845,000</u>	<u>\$ 36,460,000</u>

**Installment Purchase Contract**—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 and 2009, as lessee, for financing the acquisition of certain highway equipment also qualified as capital leases/installment purchase contracts. The assets acquired through the installment purchase contracts are as follows:

	<u>Governmental Activities</u>
Assets:	
Highway equipment	\$ 1,632,685
Special purpose equipment	161,781
Less: Accumulated depreciation	<u>(551,202)</u>
Total	<u>\$ 1,243,264</u>

The following summarizes the requirements of the Town’s installment purchase contract:

<u>Year ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Golf Equipment</u>	<u>Highway Equipment</u>	<u>Total</u>
2014	\$ 35,158	\$ 273,629	\$ 308,787
2015	35,158	248,028	283,186
2016	35,158	248,028	283,186
2017	<u>-</u>	<u>19,400</u>	<u>19,400</u>
Total minimum lease payments	105,474	789,085	894,559
Less: Amount representing imputed interest costs	<u>(8,523)</u>	<u>(60,937)</u>	<u>(69,460)</u>
Present value of minimum lease payment	<u>\$ 96,951</u>	<u>\$ 728,148</u>	<u>\$ 825,099</u>

**NYS Retirement Liability**—As explained in Note 6, 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, 2013, the Town has recorded a liability in amount of \$704,859, with a current portion of \$479,022.

**Compensated Absences**—As explained in Note 1, the Town records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2013, for governmental activities is \$16,248,568. Management estimates that \$575,590 is due within one year. A non-current liability totaling \$15,672,978 has also been recorded. Additionally, the Town records compensated absences in its business-type activity. The value recorded in the government-wide financial statements at December 31, 2013, for business-type activities is \$159,639. Management estimates that \$9,913 is due within one year. A non-current liability totaling \$149,726 has also been recorded. 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 8, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The estimated OPEB liability is estimated to be \$60,437,527 at December 31, 2013.

**Amounts Due to Museum**—On December 6, 2010, the Town entered into a license agreement (the “Agreement”) with the Amherst Museum (the “Museum”). The Agreement granted to the Museum, and the Museum accepted from the Town, a revocable license to use the Town property at 3755 Tonawanda Creek Road, Amherst, New York for the period commencing on January 1, 2011 and ending on December 31, 2035. The Museum is responsible for maintaining public liability and property damage insurance to protect the Town from claims for damages. The Museum is also required to take good care of the licensed property and at its sole cost and expense make all repairs. As part of the Agreement the Town agrees to pay the Museum an annual subsidy of \$475,000 for each of the calendar years of 2011, 2012, 2013 and 2014. Accordingly, at December 31, 2013, the Town has recorded a liability in amount of \$475,000.

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

	Serial Bonds	Capital Lease Payable	NYS Retirement Liability	Compensated Absences	OPEB Obligation	Amounts Due to Museum	Total
2014	\$ 3,529,999	\$ 274,539	\$ 479,022	\$ 575,590	\$ -	\$ 475,000	\$ 5,334,150
2015	2,955,001	260,437	225,837	-	-	-	3,441,275
2016	2,685,000	271,297	-	-	-	-	2,956,297
2017	2,770,000	18,826	-	-	-	-	2,788,826
2018	2,830,000	-	-	-	-	-	2,830,000
2019-2022	8,115,000	-	-	-	-	-	8,115,000
Various	-	-	-	15,672,978	60,437,527	-	76,110,505
	<u>\$ 22,885,000</u>	<u>\$ 825,099</u>	<u>\$ 704,859</u>	<u>\$ 16,248,568</u>	<u>\$ 60,437,527</u>	<u>\$ 475,000</u>	<u>\$ 101,576,053</u>

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

	<u>Serial Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
2014	\$ 910,000	\$ 9,913	\$ 919,913
2015	950,000	-	950,000
2016	990,000	-	990,000
2017	1,030,000	-	1,030,000
2018	1,070,000	-	1,070,000
2019-2022	4,660,000	-	4,660,000
Various	-	149,726	149,726
	<u>\$ 9,610,000</u>	<u>\$ 159,639</u>	<u>\$ 9,769,639</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2014	\$ 877,752	\$ 444,905	\$ 1,322,657
2015	743,790	398,996	1,142,786
2016	625,259	351,055	976,314
2017	524,669	301,082	825,751
2018	418,675	249,110	667,785
2019-2022	631,927	497,428	1,129,355
	<u>\$ 3,822,072</u>	<u>\$ 2,242,576</u>	<u>\$ 6,064,648</u>

## 12. NET POSITION AND FUND BALANCE

The government wide financial statements utilize a net assets 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.

Capital assets, net of accumulated depreciation		\$ 253,858,731
Related debt:		
Serial bonds issued	(22,885,000)	
Bond anticipation notes issued for capital assets	(47,821,196)	
Unspent proceeds from bond anticipation notes	13,786,431	
Amounts restricted for debt	<u>3,637,576</u>	
Debt issued and used for capital assets		(53,282,189)
Installment purchase debt		<u>(825,099)</u>
Net investment in capital assets		<u>\$ 199,751,443</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 balances maintained by Town at December 31, 2013 include:

- **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 have constraints placed on the use of resources and are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restrictions of the Town at December 31, 2013 include:

	General Fund	Sewer Fund	Capital Projects Fund	Other Governmental Funds
Tax stabilization	\$ 1,000,000	\$ -	\$ -	\$ -
Retirement contributions	1,000,000	150,000	-	50,000
Capital projects	-	-	545,413	
Special purpose	-	-	-	2,069,721
Debt	-	-	-	3,637,576
Total restricted fund balance	<u>\$ 2,000,000</u>	<u>\$ 150,000</u>	<u>\$ 545,413</u>	<u>\$ 5,757,297</u>

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

In the fund financial statements, assigned amounts are subject to a purpose constraint that represents an intended use established by the Town Board, or by their designated body or official (the Supervisor). The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2013, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 1,337,428	\$ 80,000	\$ 1,207,624	\$ 1,902,809
Encumbrances	325,477	82,154	254,947	152,091
Capital improvements	1,000,000	1,000,000	2,000,000	-
Specific use:				
Highway expenditures	-	2,051,713	-	-
Sewer expenditures	-	-	4,171,106	-
Town outside village expenditures	-	-	-	1,334,758
Lighting expenditures	-	-	-	1,717,701
Community environment expenditures	-	-	-	1,739,429
Fire protection expenditures	-	-	-	138,190
Water district expenditures	-	-	-	932,632
Drainage district expenditures	-	-	-	1,227,876
Total assigned fund balance	<u>\$ 2,662,905</u>	<u>\$ 3,213,867</u>	<u>\$ 7,633,677</u>	<u>\$ 9,145,486</u>

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

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

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

### 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables of the Town at December 31, 2013 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 753,853	\$ 1,128,937
Highway Fund	1,575,920	29,454
Sewer Fund	2,582,594	784,772
Special Grant Fund	971	-
Capital Projects Fund	2,179,765	2,811,065
Other governmental funds	<u>126,143</u>	<u>1,833,465</u>
Total governmental funds	<u>7,219,246</u>	<u>6,587,693</u>
Fiduciary Fund	-	300,000
Business-type activity	1,553	333,106
Internal service funds	<u>84,973</u>	<u>84,973</u>
Total	<u>\$ 7,305,772</u>	<u>\$ 7,305,772</u>

The decreased balances outstanding between funds are the result the amount of closed capital projects due to various funds, in which the cash was transferred subsequent to year end. Additionally, as of December 31, 2012 the Town's Self Insurance Fund borrowed \$6,393,000 from the General Fund to pay a portion of a bond anticipation note, which the Self Insurance Fund repaid during the year ended December 31, 2013. 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, 2013:

Fund	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 4,743,572	\$ 3,100,288
Highway Fund	-	896,984
Sewer Fund	62,177	5,517,741
Capital Projects Fund	1,990,505	95,566
Other governmental funds	<u>8,627,653</u>	<u>5,038,438</u>
Total governmental funds	<u>15,423,907</u>	<u>14,649,017</u>
Business-type activity	752,236	26,633
Internal service funds	<u>499,507</u>	<u>2,000,000</u>
Total	<u>\$ 16,675,650</u>	<u>\$ 16,675,650</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, 2013 is follows:

	BAN	Debt Service			Capital	Total
	Payments	Reserve	Principal	Interest	and Other	
<b>Governmental funds:</b>						
General Fund	\$ 558,065	\$ 377,188	\$ 887,997	\$ 261,995	\$ 1,015,043	\$ 3,100,288
Highway Fund	20,062	199,148	337,540	55,544	284,690	896,984
Sewer Fund	581,484	725,571	1,909,266	446,000	1,855,420	5,517,741
Capital Projects Fund	-	-	-	-	95,566	95,566
Other governmental funds	656,657	2,335,669	830,197	232,649	983,266	5,038,438
<b>Proprietary funds:</b>						
Business-type activity	-	-	-	-	2,000,000	2,000,000
Internal service funds	-	-	-	-	26,633	26,633
<b>Total</b>	<b>\$ 1,816,268</b>	<b>\$ 3,637,576</b>	<b>\$ 3,965,000</b>	<b>\$ 996,188</b>	<b>\$ 6,260,618</b>	<b>\$ 16,675,650</b>

#### 14. 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, 2013:

<b>ASSETS</b>	Balance	Additions	Deletions	Balance
	1/1/2013			12/31/2013
Cash	\$ 1,172,057	\$ 14,344,684	\$ 13,813,404	\$ 1,703,337
Due from other funds	41,116	160,933	202,049	-
LOSAP assets	8,477,943	958,554	825,041	8,611,456
Total assets	<u>\$ 9,691,116</u>	<u>\$ 15,464,171</u>	<u>\$ 14,840,494</u>	<u>\$ 10,314,793</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 200,000	\$ 100,000	\$ -	\$ 300,000
Amounts due to other parties	1,013,173	14,405,617	14,015,453	1,403,337
Amounts held for LOSAP	8,477,943	958,554	825,041	8,611,456
Total liabilities	<u>\$ 9,691,116</u>	<u>\$ 15,464,171</u>	<u>\$ 14,840,494</u>	<u>\$ 10,314,793</u>

#### 15. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. Two bargaining units had contracts through December 31, 2010. One is currently under negotiations while the other was settled through December 31, 2013 subsequent to year end. Other bargaining units have contracts settled through December 31, 2013, December 31, 2014 and December 31, 2016, respectively.

## 16. 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 is required to submit a plan for the abatement of the overflow of sanitary sewer discharge. As of December 31, 2013 the Town is unable to determine the range or the likelihood of any potential liability as a result of the consent order.

## 17. SUBSEQUENT EVENTS

As of January 1, 2014, the Town Board approved the elimination of the Enterprise Fund for the Ice Facility and directed that all future operations be recorded as a department of Youth and Recreation within the General Fund.

Management has evaluated subsequent events through April 23, 2014, which is the date the financial statements are available for issuance, and have determined, except as disclosed above and within Note 15, there are no subsequent events that require disclosure under generally accepted accounting principles.

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 24,834,659	\$ 24,834,659	\$ 24,842,190	\$ 7,531
Real property tax items	1,750,000	1,750,000	1,829,187	79,187
Non-property tax items	18,240,096	18,240,096	18,363,891	123,795
Departmental income	3,507,010	3,507,010	3,038,065	(468,945)
Use of money and property	200,500	200,500	191,537	(8,963)
Licenses and permits	3,100	3,100	1,253	(1,847)
Fines and forfeitures	2,085,000	2,085,000	1,788,366	(296,634)
Miscellaneous	910,487	1,021,098	862,465	(158,633)
Sale of property and compensation for loss	-	88,929	160,266	71,337
State aid	3,122,862	3,487,719	4,209,382	721,663
Federal aid	90,000	262,409	96,842	(165,567)
Total revenues	<u>54,743,714</u>	<u>55,480,520</u>	<u>55,383,444</u>	<u>(97,076)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	9,963,397	10,187,498	9,154,722	1,032,776
Public safety	32,432,269	32,667,509	32,485,004	182,505
Transportation	2,046,713	2,052,561	2,085,264	(32,703)
Economic assistance and opportunity	2,569,384	2,809,103	2,722,632	86,471
Culture and recreation	7,602,278	7,654,222	7,376,845	277,377
Debt service:				
Interest	1,482,551	83,217	83,217	-
Total expenditures	<u>56,096,592</u>	<u>55,454,110</u>	<u>53,907,684</u>	<u>1,546,426</u>
Excess (deficiency) of revenues over expenditures	<u>(1,352,878)</u>	<u>26,410</u>	<u>1,475,760</u>	<u>1,449,350</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,825,992	2,898,277	4,743,572	1,845,295
Transfers out	<u>(2,941,511)</u>	<u>(4,391,046)</u>	<u>(3,100,288)</u>	<u>1,290,758</u>
Total other financing sources (uses)	<u>(115,519)</u>	<u>(1,492,769)</u>	<u>1,643,284</u>	<u>3,136,053</u>
Net change in fund balances*	(1,468,397)	(1,466,359)	3,119,044	4,585,403
Fund balances—beginning	<u>11,673,856</u>	<u>11,673,856</u>	<u>11,673,856</u>	<u>-</u>
Fund balances—ending	<u>\$ 10,205,459</u>	<u>\$ 10,207,497</u>	<u>\$ 14,792,900</u>	<u>\$ 4,585,403</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Highway Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Real property taxes	\$ 9,170,899	\$ 9,170,899	\$ 9,170,899	\$ -
Departmental income	326,000	326,000	369,191	43,191
Use of money and property	20,000	20,000	9,147	(10,853)
Miscellaneous	869,400	869,440	1,036,142	166,702
Sale of property and compensation for loss	90,000	274,566	211,647	(62,919)
State aid	<u>465,000</u>	<u>465,000</u>	<u>586,591</u>	<u>121,591</u>
Total revenues	<u>10,941,299</u>	<u>11,125,905</u>	<u>11,383,617</u>	<u>257,712</u>
<b>EXPENDITURES</b>				
Current:				
General government support	4,612	4,612	4,612	-
Transportation	9,998,222	10,180,411	8,955,593	1,224,818
Debt service:				
Principal	193,646	193,646	193,645	1
Interest	<u>34,981</u>	<u>37,396</u>	<u>37,396</u>	<u>-</u>
Total expenditures	<u>10,231,461</u>	<u>10,416,065</u>	<u>9,191,246</u>	<u>1,224,819</u>
Excess (deficiency) of revenues over expenditures	<u>709,838</u>	<u>709,840</u>	<u>2,192,371</u>	<u>1,482,531</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(535,292)</u>	<u>(547,791)</u>	<u>(896,984)</u>	<u>(349,193)</u>
Total other financing uses	<u>(535,292)</u>	<u>(547,791)</u>	<u>(896,984)</u>	<u>(349,193)</u>
Net change in fund balances*	174,546	162,049	1,295,387	1,133,338
Fund balances—beginning	<u>2,419,255</u>	<u>2,419,255</u>	<u>2,419,255</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,593,801</u>	<u>\$ 2,581,304</u>	<u>\$ 3,714,642</u>	<u>\$ 1,133,338</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 15,546,200	\$ 15,546,200	\$ 15,546,200	\$ -
Departmental income	284,344	284,344	281,006	(3,338)
Intergovernmental revenues	2,169,000	2,169,000	2,072,148	(96,852)
Use of money and property	50,000	50,000	20,417	(29,583)
Miscellaneous	200,069	200,069	282,731	82,662
Sale of property and compensation for loss	<u>12,500</u>	<u>95,782</u>	<u>94,593</u>	<u>(1,189)</u>
Total revenues	<u>18,262,113</u>	<u>18,345,395</u>	<u>18,297,095</u>	<u>(48,300)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	14,440,012	14,522,803	13,291,378	1,231,425
Debt service:				
Interest	<u>-</u>	<u>128,846</u>	<u>128,846</u>	<u>-</u>
Total expenditures	<u>14,440,012</u>	<u>14,651,649</u>	<u>13,420,224</u>	<u>1,231,425</u>
Excess (deficiency) of revenues over expenditures	<u>3,822,101</u>	<u>3,693,746</u>	<u>4,876,871</u>	<u>1,183,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	62,177	62,177
Transfers out	<u>(5,796,473)</u>	<u>(5,667,627)</u>	<u>(5,517,741)</u>	<u>149,886</u>
Total other financing sources (uses)	<u>(5,796,473)</u>	<u>(5,667,627)</u>	<u>(5,455,564)</u>	<u>212,063</u>
Net change in fund balance*	(1,974,372)	(1,973,881)	(578,693)	1,395,188
Fund balances—beginning	<u>9,025,956</u>	<u>9,025,956</u>	<u>9,025,956</u>	<u>-</u>
Fund balances—ending	<u>\$ 7,051,584</u>	<u>\$ 7,052,075</u>	<u>\$ 8,447,263</u>	<u>\$ 1,395,188</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 Funding Progress—Other Postemployment Benefits Plan**  
**Year Ended December 31, 2013**

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
December 31, 2013	\$ -	\$ 198,879,911	\$ 198,879,911	0.0%	n/a	n/a
December 31, 2012	-	145,068,638	145,068,638	0.0%	n/a	n/a
December 31, 2011	-	145,068,638	145,068,638	0.0%	n/a	n/a

## SUPPLEMENTAL INFORMATION



# FINANCIAL 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, 2013**

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
<b>ASSETS</b>					
Cash	\$ -	\$ 1,782,030	\$ 9,493,861	\$ -	\$ 11,275,891
Restricted cash	2,065,890	50,000	-	3,637,576	5,753,466
Accounts receivable	-	197,053	1,332,168	-	1,529,221
Prepaid items	-	364,476	339,020	-	703,496
Due from other funds	-	109,445	16,698	-	126,143
Intergovernmental receivable	<u>20,833</u>	<u>-</u>	<u>724,373</u>	<u>-</u>	<u>745,206</u>
Total assets	<u>\$ 2,086,723</u>	<u>\$ 2,503,004</u>	<u>\$ 11,906,120</u>	<u>\$ 3,637,576</u>	<u>\$ 20,133,423</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,025	\$ 67,529	\$ 1,111,063	\$ -	\$ 1,193,617
Accrued liabilities	560	72,363	126,048	-	198,971
Due to other funds	<u>1,417</u>	<u>218,613</u>	<u>1,613,435</u>	<u>-</u>	<u>1,833,465</u>
Total liabilities	<u>17,002</u>	<u>358,505</u>	<u>2,850,546</u>	<u>-</u>	<u>3,226,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Mortgage and lease receivable	<u>-</u>	<u>-</u>	<u>1,301,091</u>	<u>-</u>	<u>1,301,091</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,301,091</u>	<u>-</u>	<u>1,301,091</u>
<b>FUND BALANCES</b>					
Nonspendable	-	364,476	339,020	-	703,496
Restricted	2,069,721	50,000	-	3,637,576	5,757,297
Assigned	<u>-</u>	<u>1,730,023</u>	<u>7,415,463</u>	<u>-</u>	<u>9,145,486</u>
Total fund balances	<u>2,069,721</u>	<u>2,144,499</u>	<u>7,754,483</u>	<u>3,637,576</u>	<u>15,606,279</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,086,723</u>	<u>\$ 2,503,004</u>	<u>\$ 11,906,120</u>	<u>\$ 3,637,576</u>	<u>\$ 20,133,423</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2013**

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
<b>REVENUES</b>					
Real property taxes	\$ -	\$ 2,599,198	\$ 19,727,668	\$ -	\$ 22,326,866
Departmental income	-	168,445	306,568	-	475,013
Use of money and property	25,993	4,648	72,066	-	102,707
Licenses and permits	-	2,507,817	-	-	2,507,817
Miscellaneous	473,594	46,123	117,933	-	637,650
Sale of property and compensation for loss	-	380	135,689	-	136,069
State aid	-	-	19,123	-	19,123
Total revenues	<u>499,587</u>	<u>5,326,611</u>	<u>20,379,047</u>	<u>-</u>	<u>26,205,245</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	2,910,112	5,633,048	-	8,543,160
Transportation	-	-	3,435,598	-	3,435,598
Culture and recreation	26,958	-	-	-	26,958
Home and community services	252,301	1,962,949	9,041,289	-	11,256,539
Debt service:					
Principal	29,671	40,188	-	3,965,000	4,034,859
Interest	5,488	4,814	127,206	996,188	1,133,696
Total expenditures	<u>314,418</u>	<u>4,918,063</u>	<u>18,237,141</u>	<u>4,961,188</u>	<u>28,430,810</u>
Excess (deficiency) of revenues over expenditures	<u>185,169</u>	<u>408,548</u>	<u>2,141,906</u>	<u>(4,961,188)</u>	<u>(2,225,565)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	25,300	-	3,589	8,598,764	8,627,653
Transfers out	<u>(96,722)</u>	<u>(43,033)</u>	<u>(4,898,683)</u>	<u>-</u>	<u>(5,038,438)</u>
Total other financing sources (uses)	<u>(71,422)</u>	<u>(43,033)</u>	<u>(4,895,094)</u>	<u>8,598,764</u>	<u>3,589,215</u>
Net change in fund balances	113,747	365,515	(2,753,188)	3,637,576	1,363,650
Fund balances—beginning	<u>1,955,974</u>	<u>1,778,984</u>	<u>10,507,671</u>	<u>-</u>	<u>14,242,629</u>
Fund balances—ending	<u>\$ 2,069,721</u>	<u>\$ 2,144,499</u>	<u>\$ 7,754,483</u>	<u>\$ 3,637,576</u>	<u>\$ 15,606,279</u>

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**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 2,599,198	\$ 2,599,198	\$ 2,599,198	\$ -
Departmental income	172,000	172,000	168,445	(3,555)
Use of money and property	15,000	15,000	4,648	(10,352)
Licenses and permits	1,889,000	2,003,300	2,507,817	504,517
Miscellaneous	29,900	62,363	46,123	(16,240)
Sale of property and compensation for loss	-	-	380	380
Total revenues	<u>4,705,098</u>	<u>4,851,861</u>	<u>5,326,611</u>	<u>474,750</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	3,027,301	3,229,462	2,910,112	319,350
Home and community services	2,053,901	2,082,623	1,962,949	119,674
Debt service:				
Principal	40,798	40,188	40,188	-
Interest	5,105	4,814	4,814	-
Total expenditures	<u>5,127,105</u>	<u>5,357,087</u>	<u>4,918,063</u>	<u>439,024</u>
Excess (deficiency) of revenues over expenditures	<u>(422,007)</u>	<u>(505,226)</u>	<u>408,548</u>	<u>913,774</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(47,897)</u>	<u>(28,901)</u>	<u>(43,033)</u>	<u>(14,132)</u>
Total other financing uses	<u>(47,897)</u>	<u>(28,901)</u>	<u>(43,033)</u>	<u>(14,132)</u>
Net change in fund balances*	(469,904)	(534,127)	365,515	899,642
Fund balances—beginning	<u>1,778,984</u>	<u>1,778,984</u>	<u>1,778,984</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,309,080</u>	<u>\$ 1,244,857</u>	<u>\$ 2,144,499</u>	<u>\$ 899,642</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**  
**Combining Balance Sheet—Nonmajor Special District Funds**  
**December 31, 2013**

	<b>Lighting District</b>	<b>Community Environment</b>	<b>Fire Protection</b>	<b>Water District</b>	<b>Drainage District</b>	<b>Total Nonmajor Special Districts</b>
<b>ASSETS</b>						
Cash	\$ 2,597,667	\$ 2,098,790	\$ 229,976	\$ 1,735,339	\$ 2,832,089	\$ 9,493,861
Accounts receivable	-	1,328,606	-	-	3,562	1,332,168
Prepaid items	11,781	76,551	-	-	250,688	339,020
Due from other funds	388	3,130	-	-	13,180	16,698
Intergovernmental receivable	-	724,373	-	-	-	724,373
Total assets	<u>\$ 2,609,836</u>	<u>\$ 4,231,450</u>	<u>\$ 229,976</u>	<u>\$ 1,735,339</u>	<u>\$ 3,099,519</u>	<u>\$ 11,906,120</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 259,961	\$ 754,517	\$ 35,018	\$ 25,994	\$ 35,573	\$ 1,111,063
Accrued liabilities	3,841	3,723	-	1,117	117,367	126,048
Due to other funds	<u>552</u>	<u>157,976</u>	<u>-</u>	<u>388,735</u>	<u>1,066,172</u>	<u>1,613,435</u>
Total liabilities	<u>264,354</u>	<u>916,216</u>	<u>35,018</u>	<u>415,846</u>	<u>1,219,112</u>	<u>2,850,546</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Mortgage and lease receivable	<u>-</u>	<u>1,301,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,301,091</u>
Total deferred inflows of resources	<u>-</u>	<u>1,301,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,301,091</u>
<b>FUND BALANCES</b>						
Nonspendable	11,781	76,551	-	-	250,688	339,020
Assigned	<u>2,333,701</u>	<u>1,937,592</u>	<u>194,958</u>	<u>1,319,493</u>	<u>1,629,719</u>	<u>7,415,463</u>
Total fund balances	<u>2,345,482</u>	<u>2,014,143</u>	<u>194,958</u>	<u>1,319,493</u>	<u>1,880,407</u>	<u>7,754,483</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,609,836</u>	<u>\$ 4,231,450</u>	<u>\$ 229,976</u>	<u>\$ 1,735,339</u>	<u>\$ 3,099,519</u>	<u>\$ 11,906,120</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Nonmajor Special District Funds**  
**Year Ended December 31, 2013**

	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Total Nonmajor Special Districts</u>
<b>REVENUES</b>						
Real property taxes	\$ 3,229,237	\$ 5,428,990	\$ 5,267,949	\$ 1,059,041	\$ 4,742,451	\$ 19,727,668
Departmental income	-	306,568	-	-	-	306,568
Use of money and property	6,089	50,911	1,018	3,077	10,971	72,066
Miscellaneous	1,553	12,507	8,024	-	95,849	117,933
Sale of property and compensation for loss	-	125,707	-	-	9,982	135,689
State aid	-	18,623	-	-	500	19,123
Total revenues	<u>3,236,879</u>	<u>5,943,306</u>	<u>5,276,991</u>	<u>1,062,118</u>	<u>4,859,753</u>	<u>20,379,047</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	202,127	5,430,921	-	-	5,633,048
Transportation	3,435,598	-	-	-	-	3,435,598
Home and community services	-	5,258,027	-	131,309	3,651,953	9,041,289
Debt service:						
Interest	-	-	-	83,275	43,931	127,206
Total expenditures	<u>3,435,598</u>	<u>5,460,154</u>	<u>5,430,921</u>	<u>214,584</u>	<u>3,695,884</u>	<u>18,237,141</u>
Excess (deficiency) of revenues over expenditures	<u>(198,719)</u>	<u>483,152</u>	<u>(153,930)</u>	<u>847,534</u>	<u>1,163,869</u>	<u>2,141,906</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	3,589	3,589
Transfers out	<u>(8,658)</u>	<u>(241,627)</u>	<u>-</u>	<u>(839,641)</u>	<u>(3,808,757)</u>	<u>(4,898,683)</u>
Total other financing sources (uses)	<u>(8,658)</u>	<u>(241,627)</u>	<u>-</u>	<u>(839,641)</u>	<u>(3,805,168)</u>	<u>(4,895,094)</u>
Net change in fund balances	(207,377)	241,525	(153,930)	7,893	(2,641,299)	(2,753,188)
Fund balances—beginning	<u>2,552,859</u>	<u>1,772,618</u>	<u>348,888</u>	<u>1,311,600</u>	<u>4,521,706</u>	<u>10,507,671</u>
Fund balances—ending	<u>\$ 2,345,482</u>	<u>\$ 2,014,143</u>	<u>\$ 194,958</u>	<u>\$ 1,319,493</u>	<u>\$ 1,880,407</u>	<u>\$ 7,754,483</u>

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**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Lighting District Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 3,229,237	\$ 3,229,237	\$ 3,229,237	\$ -
Use of money and property	15,000	15,000	6,089	(8,911)
Miscellaneous	500	500	1,553	1,053
Total revenues	<u>3,244,737</u>	<u>3,244,737</u>	<u>3,236,879</u>	<u>(7,858)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>3,872,949</u>	<u>3,872,826</u>	<u>3,435,598</u>	<u>437,228</u>
Total expenditures	<u>3,872,949</u>	<u>3,872,826</u>	<u>3,435,598</u>	<u>437,228</u>
Excess (deficiency) of revenues over expenditures	<u>(628,212)</u>	<u>(628,089)</u>	<u>(198,719)</u>	<u>429,370</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,658)</u>	<u>(1,658)</u>
Total other financing uses	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,658)</u>	<u>(1,658)</u>
Net change in fund balances*	(635,212)	(635,089)	(207,377)	427,712
Fund balances—beginning	<u>2,552,859</u>	<u>2,552,859</u>	<u>2,552,859</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,917,647</u>	<u>\$ 1,917,770</u>	<u>\$ 2,345,482</u>	<u>\$ 427,712</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—Community Environment Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 5,428,990	\$ 5,428,990	\$ 5,428,990	\$ -
Departmental income	230,000	230,000	306,568	76,568
Use of money and property	113,250	113,250	50,911	(62,339)
Miscellaneous	12,200	12,200	12,507	307
Sale of property and compensation for loss	2,400	2,400	125,707	123,307
State aid	<u>15,000</u>	<u>18,623</u>	<u>18,623</u>	<u>-</u>
Total revenues	<u>5,801,840</u>	<u>5,805,463</u>	<u>5,943,306</u>	<u>137,843</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	302,021	301,619	202,127	99,492
Home and community services	<u>5,369,828</u>	<u>5,373,853</u>	<u>5,258,027</u>	<u>115,826</u>
Total expenditures	<u>5,671,849</u>	<u>5,675,472</u>	<u>5,460,154</u>	<u>215,318</u>
Excess of revenues over expenditures	<u>129,991</u>	<u>129,991</u>	<u>483,152</u>	<u>353,161</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(327,870)</u>	<u>(327,870)</u>	<u>(241,627)</u>	<u>86,243</u>
Total other financing uses	<u>(327,870)</u>	<u>(327,870)</u>	<u>(241,627)</u>	<u>86,243</u>
Net change in fund balances*	(197,879)	(197,879)	241,525	439,404
Fund balances—beginning	<u>1,772,618</u>	<u>1,772,618</u>	<u>1,772,618</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,574,739</u>	<u>\$ 1,574,739</u>	<u>\$ 2,014,143</u>	<u>\$ 439,404</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 5,267,949	\$ 5,267,949	\$ 5,267,949	\$ -
Use of money and property	3,000	3,000	1,018	(1,982)
Miscellaneous	<u>8,156</u>	<u>8,156</u>	<u>8,024</u>	<u>(132)</u>
Total revenues	<u>5,279,105</u>	<u>5,279,105</u>	<u>5,276,991</u>	<u>(2,114)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>5,420,294</u>	<u>5,420,294</u>	<u>5,430,921</u>	<u>(10,627)</u>
Total expenditures	<u>5,420,294</u>	<u>5,420,294</u>	<u>5,430,921</u>	<u>(10,627)</u>
Net change in fund balances*	(141,189)	(141,189)	(153,930)	(12,741)
Fund balances—beginning	<u>348,888</u>	<u>348,888</u>	<u>348,888</u>	<u>-</u>
Fund balances—ending	<u>\$ 207,699</u>	<u>\$ 207,699</u>	<u>\$ 194,958</u>	<u>\$ (12,741)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Real property taxes	\$ 1,059,041	\$ 1,059,041	\$ 1,059,041	\$ -
Use of money and property	4,200	4,200	3,077	(1,123)
Total revenues	<u>1,063,241</u>	<u>1,063,241</u>	<u>1,062,118</u>	<u>(1,123)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	270,207	270,206	131,309	138,897
Debt service:				
Interest	<u>351,635</u>	<u>83,275</u>	<u>83,275</u>	<u>-</u>
Total expenditures	<u>621,842</u>	<u>353,481</u>	<u>214,584</u>	<u>138,897</u>
Excess of revenues over expenditures	<u>441,399</u>	<u>709,760</u>	<u>847,534</u>	<u>137,774</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(704,459)</u>	<u>(972,820)</u>	<u>(839,641)</u>	<u>133,179</u>
Total other financing uses	<u>(704,459)</u>	<u>(972,820)</u>	<u>(839,641)</u>	<u>133,179</u>
Net change in fund balances*	(263,060)	(263,060)	7,893	270,953
Fund balances—beginning	<u>1,311,600</u>	<u>1,311,600</u>	<u>1,311,600</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,048,540</u>	<u>\$ 1,048,540</u>	<u>\$ 1,319,493</u>	<u>\$ 270,953</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 4,742,451	\$ 4,742,451	\$ 4,742,451	\$ -
Use of money and property	25,000	25,000	10,971	(14,029)
Miscellaneous	250,522	251,801	95,849	(155,952)
Sale of property and compensation for loss	-	9,982	9,982	-
State aid	-	-	500	500
Total revenues	<u>5,017,973</u>	<u>5,029,234</u>	<u>4,859,753</u>	<u>(169,481)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	3,762,378	3,773,639	3,651,953	121,686
Debt service:				
Interest	<u>238,831</u>	<u>43,931</u>	<u>43,931</u>	<u>-</u>
Total expenditures	<u>4,001,209</u>	<u>3,817,570</u>	<u>3,695,884</u>	<u>121,686</u>
Excess (deficiency) of revenues over expenditures	<u>1,016,764</u>	<u>1,211,664</u>	<u>1,163,869</u>	<u>(47,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	3,589	3,589
Transfers out	<u>(1,586,129)</u>	<u>(1,781,029)</u>	<u>(3,808,757)</u>	<u>(2,027,728)</u>
Total other financing sources (uses)	<u>(1,586,129)</u>	<u>(1,781,029)</u>	<u>(3,805,168)</u>	<u>(2,024,139)</u>
Net change in fund balances*	(569,365)	(569,365)	(2,641,299)	(2,071,934)
Fund balances—beginning	<u>4,521,706</u>	<u>4,521,706</u>	<u>4,521,706</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,952,341</u>	<u>\$ 3,952,341</u>	<u>\$ 1,880,407</u>	<u>\$ (2,071,934)</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**  
**Combining Statement of Net Position (Deficit)—Internal Service Funds**  
**December 31, 2013**

	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,645,335	\$ -	\$ 2,645,335
Restricted cash	3,600,000	-	3,600,000
Accounts receivable	-	3,571	3,571
Due from other funds	84,973	-	84,973
Intergovernmental receivables	-	21,755	21,755
Total current assets	<u>6,330,308</u>	<u>25,326</u>	<u>6,355,634</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	162,094	960	163,054
Accrued liabilities	38,000	2,192,662	2,230,662
Due to other funds	-	84,973	84,973
Bond anticipation notes payable	3,600,000	-	3,600,000
Total current liabilities	<u>3,800,094</u>	<u>2,278,595</u>	<u>6,078,689</u>
<b>NET POSITION (DEFICIT)</b>			
Unrestricted	<u>2,530,214</u>	<u>(2,253,269)</u>	<u>276,945</u>
Total net position (deficit)	<u>\$ 2,530,214</u>	<u>\$ (2,253,269)</u>	<u>\$ 276,945</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenses and Changes in**  
**Net Position (Deficit)—Internal Service Funds**  
**Year Ended December 31, 2013**

	<b>Self Insurance Fund</b>	<b>Workers Compensation Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:			
Miscellaneous	<u>13,404,313</u>	<u>186,474</u>	<u>13,590,787</u>
Total operating revenues	<u>13,404,313</u>	<u>186,474</u>	<u>13,590,787</u>
Operating expenses:			
Administrative expenses	518,439	43,284	561,723
Judgments and claim expenses	<u>907,438</u>	<u>1,386,842</u>	<u>2,294,280</u>
Total operating expenses	<u>1,425,877</u>	<u>1,430,126</u>	<u>2,856,003</u>
Operating income (loss)	<u>11,978,436</u>	<u>(1,243,652)</u>	<u>10,734,784</u>
Nonoperating revenues (expenses):			
Miscellaneous	17,892	-	17,892
Interest expense	(70,250)	-	(70,250)
Interest income	<u>4,399,198</u>	<u>344</u>	<u>4,399,542</u>
Total nonoperating revenues (expenses)	<u>4,346,840</u>	<u>344</u>	<u>4,347,184</u>
Gain (loss) before transfers	<u>16,325,276</u>	<u>(1,243,308)</u>	<u>15,081,968</u>
Transfers in	-	499,507	499,507
Transfers (out)	<u>(2,000,000)</u>	-	<u>(2,000,000)</u>
Total transfers in (out)	<u>(2,000,000)</u>	<u>499,507</u>	<u>(1,500,493)</u>
Change in net position	14,325,276	(743,801)	13,581,475
Total net position (deficit)—beginning	<u>(11,795,062)</u>	<u>(1,509,468)</u>	<u>(13,304,530)</u>
Total net position (deficit)—ending	<u>\$ 2,530,214</u>	<u>\$ (2,253,269)</u>	<u>\$ 276,945</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Cash Flows—Internal Service Funds**  
**Year Ended December 31, 2013**

	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from participating funds	\$ 13,404,313	\$ 165,287	\$ 13,569,600
Payments for administrative and judgments and claims	<u>(2,133,811)</u>	<u>(1,259,640)</u>	<u>(3,393,451)</u>
Net cash provided by (used for) by operating activities	<u>11,270,502</u>	<u>(1,094,353)</u>	<u>10,176,149</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Payments to other funds	(6,477,973)	84,973	(6,393,000)
Transfers in	-	499,507	499,507
Transfers out	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Net cash provided by (used for) noncapital financing activities	<u>(8,477,973)</u>	<u>584,480</u>	<u>(7,893,493)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Issuance (payment) of bond anticipation notes	(3,425,000)	-	(3,425,000)
Interest on bond anticipation notes	(70,250)	-	(70,250)
Premium on bond anticipation notes	<u>17,892</u>	<u>-</u>	<u>17,892</u>
Net cash (used for) capital financing activities	<u>(3,477,358)</u>	<u>-</u>	<u>(3,477,358)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	<u>4,399,198</u>	<u>344</u>	<u>4,399,542</u>
Net cash provided by investing activities	<u>4,399,198</u>	<u>344</u>	<u>4,399,542</u>
Net increase (decrease) in cash and cash equivalents	3,714,369	(509,529)	3,204,840
Cash and cash equivalents—beginning	<u>2,530,966</u>	<u>509,529</u>	<u>3,040,495</u>
Cash and cash equivalents—ending	<u>\$ 6,245,335</u>	<u>\$ -</u>	<u>\$ 6,245,335</u>
<b>Reconciliation of operating income to net cash provided in operating activities:</b>			
Operating income	\$ 11,978,436	\$ (1,243,652)	\$ 10,734,784
Adjustments to reconcile operating income to net cash used in operations:			
Decrease in accounts receivable	-	568	568
Increase in due from other governments	-	(21,755)	(21,755)
Increase (decrease) in accounts payable	110,066	(177,430)	(67,364)
Increase (decrease) in accrued liabilities	<u>(818,000)</u>	<u>347,916</u>	<u>(470,084)</u>
Net cash provided by (used for) operating activities	<u>\$ 11,270,502</u>	<u>\$ (1,094,353)</u>	<u>\$ 10,176,149</u>

# FEDERAL AWARDS



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2013**

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number (1)</b>	<b>Federal Grantor/ Pass-through Number</b>	<b>Expenditures (2)</b>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Programs:			
Community Development Block Grant (CDBG)	14.218	N/A	\$ 557,477
HOME Investment Partnership Program	14.239	N/A	376,574
Supportive Housing for Persons with Disabilities (3)	14.181	N/A	811,320
Moderate Rehabilitation (3)	14.856	NY091MR0001	128,369
Moderate Rehabilitation (3)	14.856	NY091MR0002	501,464
Moderate Rehabilitation (3)	14.856	NY091MR0004	159,018
Moderate Rehabilitation (3)	14.856	NY091MR0005	83,483
Section 8 Housing Choice Vouchers	14.871	NY091V0	<u>23,777,097</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>26,394,802</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through the NYS Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>13,132</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>13,132</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through the NYS Department of Transportation:			
Safe Routes to Schools	20.205	N/A	4,511
Selective Traffic Enforcement Program	20.600	N/A	<u>7,426</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>11,937</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through the NYS Office of Aging			
Special Programs for the Aging—Title III Part C Nutrition Services	93.045	N/A	<u>71,773</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 26,491,644</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, 2013**

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**1. SOURCE**

Catalog of Federal Domestic Assistance Numbers

**2. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Amherst, New York (the "Town") and has been prepared on the "GAAP" basis of accounting and includes all program revenues and expenditures.

**3. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the Town provided federal awards to a subrecipient, the Belmont Shelter Corporation, as follows:

	<u>CFDA</u>	<u>Expenditures</u>
Supportive Housing for Persons with Disabilities	14.181	\$ 811,320
Moderate Rehabilitation	14.856	872,334
Section 8 Housing Choice Vouchers	14.871	<u>23,777,097</u>
		<u>\$ 25,460,751</u>



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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 business-type activities, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 23, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be significant deficiencies.

## **Compliance and Other Matters**

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

## **The Town's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 23, 2014

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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Honorable Town Board  
Town of Amherst, New York

**Report on Compliance for Each Major Federal Program**

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

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

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

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

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



April 23, 2014

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2013**

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**Part I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- |   |       |     |       |       |               |
|---|-------|-----|-------|-------|---------------|
| 1. Material weakness(es) identified?  | _____ | Yes | _____ | ✓     | None          |
| 2. Significant deficiency(ies) identified not considered to be a material weakness? | _____ | ✓   | Yes   | _____ | None reported |
| 3. Noncompliance material to financial statements noted?                            | _____ | Yes | _____ | ✓     | None          |

**Federal Awards:**

Internal control over major programs:

- |   |       |     |       |   |               |
|---|-------|-----|-------|---|---------------|
| 4. Material weakness(es) identified?  | _____ | Yes | _____ | ✓ | None          |
| 5. Significant deficiency(ies) identified not considered to be a material weakness? | _____ | Yes | _____ | ✓ | None reported |

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

- |   |       |     |       |   |            |
|---|-------|-----|-------|---|------------|
| 6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | _____ | Yes | _____ | ✓ | None noted |
|---|-------|-----|-------|---|------------|

7. The Town's major programs were:

<b>Name of Federal Program</b>	<b>CFDA Number</b>
Supportive Housing for Persons with Disabilities	14.181
Section 8 Housing Choice Vouchers	14.871

8. Dollar threshold used to distinguish between Type A and Type B programs? \$ 794,749

- |   |       |     |       |   |    |
|---|-------|-----|-------|---|----|
| 9. Auditee qualified as low-risk auditee? | _____ | Yes | _____ | ✓ | No |
|---|-------|-----|-------|---|----|

## Part II. FINANCIAL STATEMENT FINDINGS SECTION

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

### Finding 2013-001—Cash

**The following items relating to cash comprise a significant deficiency within the Town:**

#### 1. *Departments*

Criteria—Per New York State law, the Receiver of Taxes and Town Clerk should disburse collections to the Supervisor and New York State by the 15<sup>th</sup> of the month following collection. Bank reconciliations should be prepared on a monthly basis and reviewed by a party independent of the cash functions. Additionally, all receipts should be appropriately accounted for, deposited and disbursed in a timely manner.

Condition and Context—While conducting tests relating to cash within the Town's departments the following issues were noted:

- ◆ Final penalties, fees and interest for Town and County and School taxes were not paid by the Receiver of Taxes to the Supervisor within the timeframe as required by New York State.
- ◆ Town Clerk collections for the month of December were not distributed to the Supervisor and other agencies within the timeframe as required by New York State.
- ◆ Certain deposits within the Town Justice and Tax Receiver departments were not made within the required timeframes of 72 and 24 hours, respectively.
- ◆ There are unexplained variances in cash balances at year end for the Town Justices fine and bail accounts. Discrepancies in the fine and bail accounts were \$1,983 and \$4,645 at year end, respectively.
- ◆ Youth and Recreation Department receipts and disbursements were not recorded in the general ledger on a timely basis.
- ◆ Monthly payroll reconciliations within the Amherst Ice Facility improperly allocated approximately \$10,000 to the Ice Facility that should have been charged to the General Fund recreation department.

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:

- ◆ The departments should make all required disbursements in accordance with New York State law.
- ◆ 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.
- ◆ Cash collections should be deposited in a timely manner in accordance with each of the departments applicable guidelines as determined by the State.
- ◆ Youth and Recreation Department should ensure that receipts and disbursements are recorded in the general ledger on a timely basis.

Managements Corrective Action Plan—During 2014, tax disbursements will be made in a timely manner. Additionally, the Justice Department will work to resolve the cash differences. The Comptroller will set a policy of when activity is due from the Departments in order to allow for timely posting to the general ledger and timely completion of bank reconciliations.

## **2. *Restricted Cash***

Criteria—Generally, reserve funds must be invested under provisions of the General Municipal Law. Interest earned and capital gains realized on investments accrue to, and become part of, each reserve fund. In short, interest and gains on reserve fund balances “follow the principal”. If reserve fund cash is commingled with other moneys for investment purposes, each reserve fund must receive its prorated share of any interest or capital gains earned on the total investment. Reserve fund moneys are not required to be kept in separate bank accounts, but the law generally requires that separate accounting records be kept for each reserve fund.

Condition and Context—At December 31, 2013, the Town has not separately accounted for its cash related to restricted fund balances. Additionally, the Town has not allocated interest earnings to certain restricted balances.

Cause—The Town has not separately accounted for cash associated with its restricted fund balances.

Effect or Potential Effect—Inadequate cash management creates the risk that reserve funds are not being maintained appropriately.

Recommendation—We recommend the Town maintain separate accounting records for each reserve fund, which should include: the date and amount of each sum paid into the fund, interest earned by the fund, capital gains or losses resulting from the sale of investments of the fund, the amount and date of each withdrawal from the fund, and the total assets of the fund, showing cash balance and a schedule of investments. Additionally, a report of the operation and condition of reserve funds should be presented to the Town Board within sixty days after year end.

Management's Corrective Action Plan—The Town will implement this recommendation during 2014.

**Finding 2013-002—Human Resources**

Criteria—The checklists that are currently utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically.

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 26 terminations, resignations, retirements and deaths recorded in the Human Resources Department, only one Change Form for employment was submitted by the Human Resources department. As a result, numerous terminated employees still had active computer user rights.

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

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

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

Managements Corrective Action Plan—Payroll clerks do not have access to create or delete employees. The modification of employee's status is done in the Human Resources office. The Town investigates all W-2's that come back undeliverable. Additionally, the budget is prepared based on actual salaries, in which any variance would be noticeable. The Town also plans to implement a random identity verification procedure in 2014 during which employees in the Comptroller's Office will distribute a sample of paychecks and check photo identification.

**Part III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

No findings noted.

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**TOWN OF AMHERST, NEW YORK**  
**Schedule of Prior Federal Award Audit Findings**  
**Year Ended December 31, 2013**  
**(Follow-up of December 31, 2012 findings)**

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No findings noted.

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