

**TOWN OF AMHERST,  
NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Federal  
Awards Information for the Year Ended  
December 31, 2016 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, New York (the "Town"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Town has restated net position of governmental activities and fund balance of the Special Grant Fund as of December 31, 2015. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

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

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

May 8, 2017



**TOWN OF AMHERST, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2016**

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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, 2016. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122,651,802 (*net position*). This consists of \$191,389,665 net investment in capital assets, \$10,165,558 restricted for specific purposes, offset by an unrestricted net deficit of \$78,903,421.
- The Town's total net position decreased \$18,506,875 during the year ended December 31, 2016.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$43,162,894, an increase of \$28,914,316 in comparison with the prior year's fund balance of \$14,248,578, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$7,566,852, or 12.0 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 55.7 percent of the General Fund's total fund balance of \$13,578,315 at December 31, 2016.
- The Town's bond anticipation notes outstanding decreased by \$23,549,744 while its total bonded debt increased by \$34,669,574 during the current year as a result of the issuance of serial bonds of \$39,086,410 offset by scheduled principal payments of \$4,506,836. Additionally, the Town advance refunded \$11,720,000 and current refunded \$1,130,000 of previously issued bonds with \$12,940,000 of refunding serial bonds.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-61 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's Schedule of Funding Progress for its other postemployment benefits plan, the Town's net pension liability and the Town's budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note can be found on pages 62-70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 71-77.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the Town's nonmajor funds. The Other Information can be found on pages 78-83 of this report.

The Federal Awards Information can be found on pages 84-94 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$122,651,802 at the close of the most recent year, as compared to \$141,158,677, as restated, at the close of the fiscal year ended December 31, 2015.

Table 1, as presented below, shows the net position as of December 31, 2016 and December 31, 2015.

**Table 1 – Condensed Statement of Net Position—Primary Government**

	<u>Governmental Activities</u>	
	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u> <u>(as restated)</u>
Current assets	\$ 87,113,159	\$ 85,939,885
Capital assets	<u>266,028,404</u>	<u>265,514,102</u>
Total assets	<u>353,141,563</u>	<u>351,453,987</u>
Deferred outflows	<u>39,293,331</u>	<u>9,461,725</u>
Current liabilities	46,156,733	72,791,652
Long-term liabilities	<u>212,352,660</u>	<u>139,154,916</u>
Total liabilities	<u>258,509,393</u>	<u>211,946,568</u>
Deferred inflows	<u>11,273,699</u>	<u>7,810,467</u>
Net position:		
Net investment in capital assets	191,389,665	195,628,474
Restricted	10,165,558	11,998,152
Unrestricted	<u>(78,903,421)</u>	<u>(66,467,949)</u>
Total net position	<u>\$ 122,651,802</u>	<u>\$ 141,158,677</u>

The largest portion of the Town's net position, \$191,389,665, 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, \$10,165,558, represents resources that are subject to external restrictions on how they may be used. While the last portion of net position is considered to be an unrestricted net position of \$(78,903,421).

Table 2, presented on the following page, shows the changes in net position for the years ended December 31, 2016 and December 31, 2015.



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

	Governmental Activities	
	Year Ended December 31,	
	2016	2015 (as restated)
Program revenues:		
Charges for services	\$ 13,174,913	\$ 13,239,825
Operating grants and contributions	31,506,924	30,342,379
Capital grants and contributions	465,909	75,044
General revenues	<u>102,172,243</u>	<u>103,428,267</u>
Total revenues	<u>147,319,989</u>	<u>147,085,515</u>
Total expenses	<u>165,826,864</u>	<u>159,560,277</u>
Change in net position	(18,506,875)	(12,474,762)
Net position—beginning	141,158,677	146,332,700
Restatement	<u>-</u>	<u>7,300,739</u>
Net position—ending	<u>\$ 122,651,802</u>	<u>\$ 141,158,677</u>

A summary of sources of revenues of the primary government for the years ended December 31, 2016 and December 31, 2015 is presented below in Table 3.

**Table 3 – Summary of Sources of Revenues—Primary Government**

	Year Ended December 31,		Increase/(decrease)	
	2016	2015	Dollars	Percent (%)
Charges for services	\$ 13,174,913	\$ 13,260,825	\$ (85,912)	(0.6)
Operating grants and contributions	31,506,924	30,342,379	1,164,545	3.8
Capital grants and contributions	465,909	75,044	390,865	520.8
Property and other taxes	92,254,864	92,416,409	(161,545)	(0.2)
Use of money and property	239,269	252,217	(12,948)	(5.1)
Sale of property and compensation for loss	288,772	449,103	(160,331)	(35.7)
Miscellaneous	5,474,773	6,333,202	(858,429)	(13.6)
State sources—unrestricted	<u>3,914,565</u>	<u>3,956,336</u>	<u>(41,771)</u>	<u>(1.1)</u>
Total revenues, net	<u>\$ 147,319,989</u>	<u>\$ 147,085,515</u>	<u>\$ 234,474</u>	<u>0.2</u>

Overall revenues of the primary government increased 0.2 percent from the prior year. This is due primarily to \$1,164,545 increases in operating grants and contribution revenues partially offset by a decrease in miscellaneous revenues in the amount of \$858,429. Operating grants and contributions increased due to the amount of federal revenue received from the Department of Housing and Urban Development for the reimbursement of increased expenditures for the Section 8 Housing Choice Vouchers program. Miscellaneous revenue decreased due to the refund of prior year expenses related to the settlement of certain contracts during 2015.

The most significant source of revenues is property and other taxes, which accounts for \$92,254,864, or 62.6 percent of total revenues, for the year ended December 31, 2016, and \$92,416,409, or 62.8 percent of total revenues, for the year ended December 31, 2015. The next largest source of revenue is operating grants and contributions, which comprises \$31,506,924, or 21.4 percent of total revenues and \$30,342,379, or 20.6 percent of total revenues for the years ended December 31, 2016 and 2015, respectively. Another significant source of revenue for the Town is charges for services, which provided \$13,174,913, or 8.9 percent of total revenues, and \$13,239,825, or 9.0 percent of total revenues, for the years ended December 31, 2016 and 2015, respectively.

A summary of program expenses for the years ended December 31, 2016 and December 31, 2015 is presented below in Table 4.

**Table 4 – Summary of Program Expenses—Primary Government**

	Year Ended December 31,		Increase/(decrease)	
	2016	2015	Dollars	Percent (%)
General government support	\$ 14,968,039	\$ 15,209,655	\$ (241,616)	(1.6)
Public safety	48,815,633	46,234,393	2,581,240	5.6
Transportation	22,118,793	18,339,771	3,779,022	20.6
Economic assistance and opportunity	3,413,092	3,322,751	90,341	2.7
Culture and recreation	11,709,741	10,701,506	1,008,235	9.4
Home and community services	62,370,410	63,880,953	(1,510,543)	(2.4)
Interest and other fiscal charges	2,431,156	1,871,248	559,908	29.9
	<u>\$ 165,826,864</u>	<u>\$ 159,560,277</u>	<u>\$ 6,266,587</u>	3.9

Total expenses increased 3.9 percent from the year ended December 31, 2015, primarily due to \$3,779,022 and \$2,581,240 increases in transportation and public safety expenditures, respectively. These increases have been caused by rate increases related to settlement of labor contracts. These increases were partially offset by a decrease of \$1,510,543 in home and community services.

The Town’s significant expense items for the year ended December 31, 2016 were home and community services of \$62,370,410 (primarily sewer, water, and sanitation services), public safety of \$48,815,633 (primarily police services), transportation of \$22,118,793 (primarily highway and road services) and general government support of \$14,968,039. Similarly, for the year ended December 31, 2015 significant expense items were home and community services of \$63,880,953 (primarily sewer, water, and sanitation services), public safety of \$46,234,393 (primarily police services), transportation of \$18,339,771 (primarily highway and road services) and general government support of \$15,209,655.

### Financial Analysis Governmental Funds

**Governmental funds**—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular use by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board. At December 31, 2016, the Town’s governmental funds reported a combined ending fund balance of \$43,162,894, an increase of \$28,914,316 from the prior year. Total unassigned fund balance at December 31, 2016 was \$514,627. The Capital Projects Fund unassigned deficit of \$7,044,349 which is due to the Town issuing bond anticipation notes (“BANs”) and do not qualify for treatment as a long-term liability,

and the Special Grant fund unassigned deficit of \$7,876 are offset by the General Fund unassigned fund balance of \$7,566,852. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that has already been committed for 1) prepaid items, 2) long-term receivables, 3) loans receivable, 4) equipment and capital improvements, 5) special purposes, 6) payment of debt, 7) next year's budget, or 8) encumbrances.

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

The Town's General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,566,852. The total fund balance decreased to \$13,578,315. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 12.0 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 21.6 percent of that same amount.

During the year ended December 31, 2016, the Town's Highway Fund fund balance decreased by \$391,865 from the prior year, resulting in an ending fund balance of \$4,031,647. Approximately 46.5 percent of this amount, \$1,874,204 is reported as fund balance assigned for specific highway use.

At December 31, 2016, the Town's Sewer Fund reported fund balance of \$11,498,092 an increase of \$730,033 in comparison with the prior year. Approximately 35.5 percent of this amount, \$4,085,502 is fund balance assigned for specific sewer use.

### **General Fund Budgetary Highlights**

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

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

A summary of the General Fund results of operations for the year ended December 31, 2016 is presented on the following page in Table 5.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 60,100,276	\$ 61,284,606	\$ 61,167,948	\$ (116,658)
Expenditures and other financing uses	<u>63,228,560</u>	<u>63,868,928</u>	<u>62,847,722</u>	<u>1,021,206</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (3,128,284)</u>	<u>\$ (2,584,322)</u>	<u>\$ (1,679,774)</u>	<u>\$ 904,548</u>

**Original budget compared to final budget**—At the close of the fiscal year, the overall budgeted appropriations increased by \$640,368. Significant amendments to the budget included \$131,393 of supplemental appropriations for interest on bond anticipation notes and \$358,924 of supplemental appropriations for economic assistance and opportunity expenditures offset by amendments to State aid.

**Final budget compared to actual results**—Total revenues and other financing sources were less than the final budget by \$116,658. Total expenditures and other financing uses were under the final budget by \$1,021,206. The most significant contributors were economic assistance and opportunity and culture and recreation, which had budgetary savings of \$567,602 and \$502,286, respectively.

#### Capital Asset and Debt Administration

**Capital Assets**—The Town’s investment in capital assets for its governmental activities as of December 31, 2016, amounted to \$266,028,404 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings, building improvements, machinery and equipment and ice rink facility.

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

Capital assets net of depreciation for the governmental activities for the years ended December 31, 2016 and 2015 are presented below.

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

	December 31,	
	2016	2015
Land	\$ 10,593,287	\$ 10,593,287
Construction in progress	27,264,857	21,873,247
Infrastructure	102,561,854	101,712,415
Land improvements	8,963,639	8,659,066
Buildings	69,230,021	73,188,686
Building improvements	6,114,041	4,687,526
Machinery and equipment	29,249,994	32,321,697
Ice rink facility	<u>12,050,711</u>	<u>12,478,178</u>
Total	<u>\$ 266,028,404</u>	<u>\$ 265,514,102</u>

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

**Long-term liabilities**—At December 31, 2016, the Town had bonded debt outstanding of \$69,116,410 as compared to \$34,446,836 at December 31, 2015. The Town issued of serial bonds of \$39,086,410 and made scheduled principal payments of \$4,506,836. Additionally, the Town advance refunded \$11,720,000 and current refunded \$1,130,000 of previously issued bonds with \$12,940,000 of refunding serial bonds.

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

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

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

The comprehensive plan focuses on the follow elements:

- **Land use and development**—the Town strives to promote compact, pedestrian-friendly development that emphasizes community appearance and sense of place. It hopes to spur reinvestment and redevelopment in its older neighborhoods and its commercial corridors. A town-wide open space system linked by trails, greenways, stream corridors, and bicycle/pedestrian facilities is a part of its comprehensive plan.
- **Natural and cultural resources**—the Town is focused on the preserving and enhancing its rich natural and cultural resources for the future. The open space policy identified in land use and development is a key to this objective, as well as the new initiative of a community-wide "Greening Amherst" program of tree planting and re-vegetation.
- **Economic development**—the Town anticipates the promotion of a healthy tax and employment base, the increasing of economic development partnerships governmental agencies and private businesses and institutions, preventing adverse commercial development that would negatively affect community character and quality of life, and working to promote regional economic development.
- **Transportation**—the Town intends to encourage a more balanced, multi-modal transportation system that emphasizes alternative means of travel, to include walking, biking, and public transportation. To achieve these goals there are targeted capital and operational improvements to the road network, investments in the creating a bicycle/pedestrian network, and improved transit services.
- **Infrastructure**—the Town will work to ensure that its residents are provided with well-maintained and cost-effective public water, sewer, stormwater, and other utility infrastructure systems. The key issues are related stormwater management and sanitary sewer improvements.

- **Housing and neighborhoods**—the Town is determined to maintain quality affordable housing and healthy and diverse neighborhoods are available to all residents. Affordable housing policies focus on continuing existing housing programs that promote home ownership and affordability, while policies for housing diversity are designed to encourage a variety of housing types. Finally, neighborhood conservation policies propose initiation of a program to promote revitalization of older neighborhoods through measures such as code enforcement, capital improvements and design standards.
- **Community facilities**—the Town anticipates the establishment of an on-going system to objectively identify community facility and service needs for use in planning and programming. Such a system will aid to identify opportunities for community facilities and ensure cost effective strategies.

The unemployment rate, not seasonally adjusted, for the Town during December 2016 was 3.5 percent. This is favorable to New York State's unemployment rate of 4.5 and favorable to the national unemployment rate of 4.7 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2017 budget. The Town's 2017 budget includes an appropriation of fund balance of \$6,588,519. The 2017 General Fund tax rate decreased 1.72% from 2016.

### **Requests for Information**

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

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**TOWN OF AMHERST, NEW YORK**  
**Statement of Net Position**  
**December 31, 2016**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Industrial Development Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,441,153	\$ 1,565,845
Restricted cash and cash equivalents	37,594,360	64,937
Receivables	3,220,441	-
Due from Agency Fund	372,478	-
Intergovernmental receivables	10,039,277	-
Loans receivable	7,127,509	-
Notes receivable, related party	-	50,000
Prepaid items	4,317,941	5,027
Capital assets not being depreciated	37,858,144	-
Capital assets, net of accumulated depreciation	228,170,260	631,395
Total assets	353,141,563	2,317,204
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows—relating to pensions	38,531,733	-
Deferred outflows—refunding bonds	761,598	-
Total deferred inflows of resources	39,293,331	-
<b>LIABILITIES</b>		
Accounts payable	7,577,691	60,061
Accrued liabilities	5,482,073	-
Retainages payable	193,371	-
Intergovernmental payables	4,137	-
Bond anticipation notes payable	32,876,262	-
Unearned revenue	23,199	-
Noncurrent liabilities:		
Due within one year	7,904,224	47,309
Due in more than one year	204,448,436	426,393
Total liabilities	258,509,393	533,763
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows—relating to pensions	4,587,447	-
Settlement recovery	3,133,621	-
Payment in lieu of taxes	34,756	-
Grant funding	3,517,875	-
Total deferred inflows of resources	11,273,699	-
<b>NET POSITION</b>		
Net investment in capital assets	191,389,665	157,693
Restricted for:		
Loans receivable	7,127,509	-
Capital projects	473,665	-
Special purpose	2,564,384	-
Industrial development loans and mortgage escrow	-	64,937
Unrestricted	(78,903,421)	1,560,811
Total net position	\$ 122,651,802	\$ 1,783,441

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, 2016**

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Industrial Development Agency
<b>Primary government:</b>						
Governmental activities:						
General government support	\$ 14,968,039	\$ 2,780,685	\$ 1,846	\$ -	\$ (12,185,508)	\$ -
Public safety	48,815,633	2,718,545	77,033	-	(46,020,055)	-
Transportation	22,118,793	389,577	697,834	406,861	(20,624,521)	-
Economic assistance and opportunity	3,413,092	262,602	347,689	-	(2,802,801)	-
Culture and recreation	11,709,741	3,640,071	52,250	-	(8,017,420)	-
Home and community services	62,370,410	3,383,433	30,330,272	59,048	(28,597,657)	-
Interest and other fiscal charges	2,431,156	-	-	-	(2,431,156)	-
Total primary government	<u>\$ 165,826,864</u>	<u>\$ 13,174,913</u>	<u>\$ 31,506,924</u>	<u>\$ 465,909</u>	<u>(120,679,118)</u>	<u>-</u>
<b>Component unit:</b>						
Industrial Development Agency	<u>\$ 927,650</u>	<u>\$ 400,991</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(526,659)</u>
General revenues:						
					73,119,186	-
					19,135,678	-
					239,269	1,078
					288,772	-
					5,474,773	2,400
					3,914,565	-
					<u>102,172,243</u>	<u>3,478</u>
					(18,506,875)	(523,181)
					141,158,677	2,306,622
					<u>\$ 122,651,802</u>	<u>\$ 1,783,441</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, 2016**

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>	<u>Capital Projects</u>		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,257,886	\$ 3,313,390	\$ 3,629,679	\$ 3,958,084	\$ 3,023,633	\$ 7,258,481	\$ 24,441,153
Restricted cash and cash equivalents	57,955	-	-	-	23,187,880	5,597,086	28,842,921
Receivables	1,879,383	114,125	5,922	-	-	1,210,248	3,209,678
Due from other funds	2,425,270	103,803	7,718,152	-	2,087,299	2,281,556	14,616,080
Intergovernmental receivables	6,474,416	872,594	1,864,391	302,148	406,860	118,868	10,039,277
Prepaid items	3,016,582	348,352	451,107	7,876	-	494,024	4,317,941
Loans receivable	-	-	-	7,127,509	-	-	7,127,509
Total assets	<u>\$ 17,111,492</u>	<u>\$ 4,752,264</u>	<u>\$ 13,669,251</u>	<u>\$ 11,395,617</u>	<u>\$ 28,705,672</u>	<u>\$ 16,960,263</u>	<u>\$ 92,594,559</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,120,219	\$ 239,854	\$ 663,333	\$ 732,577	\$ 3,115,235	\$ 1,609,494	\$ 7,480,712
Accrued liabilities	1,667,429	220,043	242,121	17,623	-	280,741	2,427,957
Due to other funds	683,470	260,720	1,265,705	-	3,384,330	628,381	6,222,606
Intergovernmental payables	4,104	-	-	33	-	-	4,137
Bond anticipation notes payable	-	-	-	-	28,776,791	-	28,776,791
Unearned revenue	23,199	-	-	-	-	-	23,199
Total liabilities	<u>3,498,421</u>	<u>720,617</u>	<u>2,171,159</u>	<u>750,233</u>	<u>35,276,356</u>	<u>2,518,616</u>	<u>44,935,402</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Payment in lieu of taxes	34,756	-	-	-	-	-	34,756
Grant funding	-	-	-	3,517,875	-	-	3,517,875
Mortgage and lease receivable	-	-	-	-	-	943,632	943,632
Total deferred inflows of resources	<u>34,756</u>	<u>-</u>	<u>-</u>	<u>3,517,875</u>	<u>-</u>	<u>943,632</u>	<u>4,496,263</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	3,016,582	348,352	3,451,107	7,135,385	-	494,024	14,445,450
Restricted	-	-	-	-	473,665	7,065,734	7,539,399
Assigned	2,994,881	3,683,295	8,046,985	-	-	5,938,257	20,663,418
Unassigned	7,566,852	-	-	(7,876)	(7,044,349)	-	514,627
Total fund balances (deficits)	<u>13,578,315</u>	<u>4,031,647</u>	<u>11,498,092</u>	<u>7,127,509</u>	<u>(6,570,684)</u>	<u>13,498,015</u>	<u>43,162,894</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,111,492</u>	<u>\$ 4,752,264</u>	<u>\$ 13,669,251</u>	<u>\$ 11,395,617</u>	<u>\$ 28,705,672</u>	<u>\$ 16,960,263</u>	<u>\$ 92,594,559</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**December 31, 2016**

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

Total fund balances (deficit)—governmental funds (page 16)		\$ 43,162,894
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$540,010,392 and the accumulated depreciation is \$273,981,988.		266,028,404
Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows of resources in the funds but are considered government-wide revenues:		
Deferred inflows of resources - mortgage and lease receivable		943,632
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(193,371)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 8,141,531	
Deferred outflows related to experience and investment earnings one time	30,390,202	
Deferred inflows of resources related to pensions	<u>(4,587,447)</u>	33,944,286
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		761,598
Net accrued interest expense for bond anticipation notes and serial bonds is not reported in the funds.		(509,490)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (69,116,410)	
Premium on serial bonds	(3,094,476)	
Capital leases	(866,627)	
Compensated absences	(17,110,266)	
OPEB obligation	(89,693,711)	
Net pension liability	<u>(32,471,170)</u>	(212,352,660)
Internal service funds' net position which is due to governmental activities and related charges for services provided.		<u>(9,133,491)</u>
Net position of governmental activities		<u>\$ 122,651,802</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances (Deficit)—Governmental Funds**  
**Year Ended December 31, 2016**

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
<b>REVENUES</b>							
Real property taxes	\$ 24,848,646	\$ 8,705,865	\$ 16,425,601	\$ -	\$ -	\$ 21,762,012	\$ 71,742,124
Other property tax items	1,377,062	-	-	-	-	-	1,377,062
Non property tax items	19,135,678	-	-	-	-	-	19,135,678
Departmental income	4,694,045	387,877	263,685	-	-	502,269	5,847,876
Intergovernmental charges	-	-	2,775,107	-	-	-	2,775,107
Use of money and property	173,431	3,954	8,636	-	9,313	42,764	238,098
Licenses and permits	135,386	-	-	-	-	2,339,915	2,475,301
Fines and forfeitures	2,076,629	-	-	-	-	-	2,076,629
Sale of property and compensation for loss	83,624	39,303	16,139	-	-	149,706	288,772
Miscellaneous	1,011,358	566,095	139,087	-	103,493	592,384	2,412,417
State aid	4,179,566	697,834	-	71,295	59,048	77,442	5,085,185
Federal aid	136,784	-	-	30,258,568	406,861	-	30,802,213
Total revenues	<u>57,852,209</u>	<u>10,400,928</u>	<u>19,628,255</u>	<u>30,329,863</u>	<u>578,715</u>	<u>25,466,492</u>	<u>144,256,462</u>
<b>EXPENDITURES</b>							
Current:							
General government support	10,989,834	4,236	-	-	-	-	10,994,070
Public safety	34,497,823	-	-	-	-	9,351,706	43,849,529
Transportation	1,968,700	9,015,195	-	-	-	3,095,101	14,078,996
Economic assistance and opportunity	2,818,824	-	-	-	-	-	2,818,824
Culture and recreation	8,360,155	-	-	-	-	102,205	8,462,360
Home and community services	-	-	13,201,797	30,503,093	-	12,270,795	55,975,685
Debt service:							
Principal	-	203,500	-	-	-	5,688,802	5,892,302
Interest	147,473	118,043	661,955	-	-	1,232,890	2,160,361
Capital outlay	-	-	-	-	13,324,228	-	13,324,228
Total expenditures	<u>58,782,809</u>	<u>9,340,974</u>	<u>13,863,752</u>	<u>30,503,093</u>	<u>13,324,228</u>	<u>31,741,499</u>	<u>157,556,355</u>
Excess (deficiency) of revenues over expenditures	<u>(930,600)</u>	<u>1,059,954</u>	<u>5,764,503</u>	<u>(173,230)</u>	<u>(12,745,513)</u>	<u>(6,275,007)</u>	<u>(13,299,893)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	3,315,739	110,299	920,059	-	50,007,785	7,546,079	61,899,961
Transfers out	(4,064,913)	(1,562,118)	(5,954,529)	-	(6,104,999)	(44,213,402)	(61,899,961)
Proceeds of serial bonds	-	-	-	-	-	39,086,410	39,086,410
Proceeds of refunding bonds	-	-	-	-	-	12,940,000	12,940,000
Premium on obligations	-	-	-	-	473,665	1,524,134	1,997,799
Premium on refunding bonds	-	-	-	-	-	727,616	727,616
Payment to refunding bond escrow agent	-	-	-	-	-	(12,537,616)	(12,537,616)
Total other financing sources (uses)	<u>(749,174)</u>	<u>(1,451,819)</u>	<u>(5,034,470)</u>	<u>-</u>	<u>44,376,451</u>	<u>5,073,221</u>	<u>42,214,209</u>
Net change in fund balances	<u>(1,679,774)</u>	<u>(391,865)</u>	<u>730,033</u>	<u>(173,230)</u>	<u>31,630,938</u>	<u>(1,201,786)</u>	<u>28,914,316</u>
Fund balances (deficit)—beginning, as restated	<u>15,258,089</u>	<u>4,423,512</u>	<u>10,768,059</u>	<u>7,300,739</u>	<u>(38,201,622)</u>	<u>14,699,801</u>	<u>14,248,578</u>
Fund balances (deficit)—ending	<u>\$ 13,578,315</u>	<u>\$ 4,031,647</u>	<u>\$ 11,498,092</u>	<u>\$ 7,127,509</u>	<u>\$ (6,570,684)</u>	<u>\$ 13,498,015</u>	<u>\$ 43,162,894</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit)—Governmental Funds to the Statement of Activities**  
**December 31, 2016**

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

Net change in fund balances (deficit)—total governmental funds (page 18) \$ 28,914,316

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

Capital asset additions	\$ 16,062,805	
Loss on disposition of capital assets	(325,470)	
Depreciation expense	<u>(15,223,033)</u>	514,302

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (124,896)

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. 120,546

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

Town pension contributions	\$ 8,141,531	
Cost of benefits earned net of employee contributions	<u>(11,023,991)</u>	(2,882,460)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (35,870)

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

Proceeds from serial bonds and refunding bonds	\$ (52,026,410)	
Refunded bonds - advance refunding	11,720,000	
Principal payments on current refunding	1,130,000	
Principal payments on serial bonds	4,506,836	
Premiums on serial bonds and refunding bonds	(2,251,750)	
Amortization of bond premiums	265,144	
Change in deferred loss on refunding	582,691	
Payment of capital lease	255,466	
Change in compensated absences	(651,513)	
Change in OPEB obligation	<u>(8,486,014)</u>	(44,955,550)

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. (57,263)

Change in net position of governmental activities \$ (18,506,875)

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, 2016**

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	<u><b>Governmental Activities</b></u>
	<u><b>Internal Service Funds</b></u>
<b>ASSETS</b>	
Current assets:	
Restricted cash and cash equivalents	\$ 8,751,439
Receivables	10,763
Due from other funds	<u>89,004</u>
Total current assets	<u>8,851,206</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	96,979
Accrued liabilities	2,544,626
Due to other funds	8,110,000
Bond anticipation notes payable	<u>4,099,471</u>
Total current liabilities	<u>14,851,076</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Settlement recovery	<u>3,133,621</u>
Total deferred inflows of resources	<u>3,133,621</u>
<b>NET POSITION</b>	
Unrestricted	<u>(9,133,491)</u>
Total net position	<u>\$ (9,133,491)</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds**  
**Year Ended December 31, 2016**

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	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating revenues:	
Contributions	\$ 1,886,000
Miscellaneous	<u>352,966</u>
Total operating revenues	<u>2,238,966</u>
Operating expenses:	
Administrative expenses	434,231
Judgments and claim expenses	<u>1,930,646</u>
Total operating expenses	<u>2,364,877</u>
Operating loss	<u>(125,911)</u>
Nonoperating revenues (expenses):	
Premium on obligations	67,477
Interest income	<u>1,171</u>
Total nonoperating revenues (expenses)	<u>68,648</u>
Change in net position	(57,263)
Total net position—beginning	<u>(9,076,228)</u>
Total net position—ending	<u>\$ (9,133,491)</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, 2016**

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	<u><b>Governmental Activities</b></u>
	<u><b>Internal Service Funds</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from participating funds	\$ 1,821,530
Receipts from reimbursements and settlement recoveries	354,065
Payments for administrative and judgments and claims	<u>(6,739,166)</u>
Net cash used for operating activities	<u>(4,563,571)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Loans from other funds	4,100,000
Bond anticipation notes	4,099,471
Premium on bond anticipation notes	<u>67,477</u>
Net cash provided by noncapital financing activities	<u>8,266,948</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>1,171</u>
Net cash provided by investing activities	<u>1,171</u>
Net increase in cash and cash equivalents	3,704,548
Cash and cash equivalents—beginning	<u>5,046,891</u>
Cash and cash equivalents—ending	<u>\$ 8,751,439</u>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (125,911)
Adjustments to reconcile operating loss to net cash used for operations:	
Increase in receivables	(4,540)
Decrease in intergovernmental receivables	19,074
Increase in due from other funds	(79,004)
Decrease in accounts payable	(21,672)
Decrease in accrued liabilities	(4,352,617)
Increase in deferred inflows of resources	<u>1,099</u>
Net cash used for operating activities	<u>\$ (4,563,571)</u>

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



**TOWN OF AMHERST, NEW YORK**  
**Statement of Net Position—Agency Fund**  
**December 31, 2016**

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**ASSETS**

Cash	\$ 2,082,915
LOSAP assets	<u>8,430,093</u>
Total assets	<u><u>\$ 10,513,008</u></u>

**LIABILITIES**

Due to other funds	\$ 372,478
Amounts due to other parties	1,710,437
Amounts held for LOSAP	<u>8,430,093</u>
Total liabilities	<u><u>\$ 10,513,008</u></u>

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

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**TOWN OF AMHERST, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2016**

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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.

***Description of Government-wide Financial Statements***

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

***Reporting Entity***

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

Independently elected officials of the Town include:

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

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

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

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

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

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

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

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

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

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

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

***Basis of Presentation—Government-wide Financial Statements***

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

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

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

### ***Basis of Presentation—Fund Financial Statements***

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

The Town reports the following major governmental funds:

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

Additionally, the Town reports the following fund types:

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

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

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

### ***Measurement Focus and Basis of Accounting***

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

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

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

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

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

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

***Cash, Cash Equivalents and Investments***—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, and time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2016; however, when the Town does have investments it is the Town’s policy to record them at fair value based on quoted market value.

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

***Unearned Revenue***—Certain revenues have not met the revenue recognition criteria for fund financial purposes. At December 31, 2016, the Town reported unearned revenues in the General Fund in the amount of \$23,199 for cash received in advance for which the Town has not performed the related services.

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

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

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

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

Capital assets of the Town are depreciated using the straight line method over the estimated useful lives presented on the following page.

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

***Discretely Presented Component Unit***

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

***Retainages Payable***—Represents expenses incurred by the Town related to construction contracts but that have not been paid as of December 31, 2016 reported in the government-wide financial statements.

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2016, the Town has two items that qualify for reporting in this category. The first item is a deferred charge on refunding which the Town reports within the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town’s proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At



December 31, 2016, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements. The second item represents unavailable revenues. The Town reports unavailable revenues from four sources: grants receivable, a mortgage and lease receivable, a payment in lieu of taxes ("PILOT") and settlement recovery funds that are currently being disputed. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

## ***Revenues and Expenditures/Expenses***

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

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

In 2016 payments were due January 1 to February 16 without penalty; February 17 to February 29 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 15 a 6% penalty; April 16 to May 2 a 7.5% penalty; and 1.5% added each month thereafter.

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

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

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

The compensated absences liability for the Town at December 31, 2016 totaled \$17,110,266 and is reported in the government-wide financial statements.

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

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

***Pensions***—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the

fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

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

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

### **Other**

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

**Adoption of New Accounting Pronouncements**—During the year ended December 31, 2016, the Town implemented GASB Statements No. 72, *Fair Value Measurement and Application*, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 77, *Tax Abatement Disclosures*, No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance on applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 establishes a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 77 requires the disclosure of information about the nature and magnitude of tax abatements and will make these transactions more transparent to financial statement users. GASB Statement No. 78 addresses a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB Statements No. 72, 73, 76, 77, 78, and 79 did not have a material impact on the Town's financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; No. 82, *Pension Issues; an Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the fiscal year ending December 31, 2017; No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; No. 85, *Omnibus 2017*, effective for the fiscal year ending December 31, 2018; No. 83, *Certain Asset Retirement Obligations*; and No. 84,

*Fiduciary Activities*, effective for the fiscal year ending December 31, 2019. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 74, 75, 80, 81, 82, 83, 84 and 85 will have on its financial position and results of operations when such statements are adopted.

### ***Stewardship, Compliance and Accountability***

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

- Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20.
- Formal annual budgetary accounts are employed as a management control device for the General and all Special Revenue Funds, except the Special Grants Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- Annual budgets for governmental funds, except the Special Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 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, 2016. This deficit will be remedied by future tax revenues, anticipated grants and proceeds from future bond issuances.

Additionally, the Town's Self Insurance Fund and Workers Compensation Fund had net deficit fund balances at December 31, 2016. The Town anticipates receiving settlement revenues. In the event that settlement revenues do not remedy the deficit, the Town anticipates that transfers from other funds will remedy the deficit.

## 2. RESTATEMENT

During the year ended December 31, 2016, the Town elected to change its method of recording community development loans. At December 31, 2016, these loans are considered a receivable and are considered to be nonspendable fund balance. Previously, these loans were receivable which were offset by a deferred inflow of resources. As a result of implementation, fund balance of the Special Grant Fund and governmental activities net position increased \$7,300,739, and deferred inflows of resources decreased by the same amount.

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents at December 31, 2016 are as follows:

	Governmental Funds	Internal Service Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 25,134	\$ -	\$ -	\$ 25,134
Deposits	<u>53,258,940</u>	<u>8,751,439</u>	<u>2,082,915</u>	<u>64,093,294</u>
Total	<u>\$ 53,284,074</u>	<u>\$ 8,751,439</u>	<u>\$ 2,082,915</u>	<u>\$ 64,118,428</u>

**Deposits**—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2016 as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	63,201,473	62,241,591
Not collateralized <sup>^</sup>	<u>919,691</u>	<u>851,703</u>
Total	<u>\$ 65,121,164</u>	<u>\$ 64,093,294</u>

<sup>^</sup> At December 31, 2016, deposits held by a third-party contractor for the Town's Section 8 Federally funded program were not collateralized.

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

**Investments**—The Town had no investments at December 31, 2016.

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

**Restricted cash and cash equivalents**—The Town reports cash from unearned revenues and deferred inflows of resources received, unspent proceeds of debt and premiums from debt as restricted cash and cash equivalents. At December 31, 2016, the Town reported \$37,594,360 of restricted cash and cash equivalents within its governmental activities.

**Discretely Presented Component Unit**

**Town of Amherst Industrial Development Agency**—The Agency had unrestricted deposits of \$1,565,845 and restricted deposits of \$64,937 which were insured or collateralized by securities held by the pledging financial institution's trust department or agent in the Agency's name.

#### 4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2016:

*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, 2016 are:

<b>General Fund:</b>		
Franchise fees	\$ 1,241,599	
Town Justice	259,223	
Ice facility	149,401	
Property code violations	44,044	
Workers compensation	39,960	
Senior Center	30,212	
Meals on Wheels	47,282	
Town Clerk/Tax Receiver	18,345	
Museum	10,389	
Other	<u>38,928</u>	<u>\$ 1,879,383</u>
<b>Highway Fund:</b>		
Fuel purchases		<u>\$ 114,125</u>
<b>Sewer Fund:</b>		
Miscellaneous		<u>\$ 5,922</u>
<b>Nonmajor Funds:</b>		
Mortgage and note receivable	\$ 943,632	
Town Clerk	173,294	
Recycling/waste management	56,111	
Miscellaneous	<u>37,211</u>	<u>\$ 1,210,248</u>
<b>Proprietary Funds:</b>		
Self insurance		<u>\$ 10,763</u>

*Mortgage and note receivable*—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling of \$594,956 and \$348,676, 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, 2016, the Town received \$179,590 of mortgage payments, consisting of \$124,896 and \$54,694 of principal and interest, respectively. Payments on the note receivable began March 1, 2013. These receivables are offset by deferred inflows in the balance sheet since the revenue recognition criteria has not been met.

**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.

**Intergovernmental receivables**—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Intergovernmental receivables at December 31, 2016 are:

<b>General Fund:</b>		
Erie County - sales tax	\$ 6,317,810	
Federal government	<u>156,606</u>	<u>\$ 6,474,416</u>
<b>Highway Fund:</b>		
New York State	743,966	
Fuel reimbursement	<u>128,628</u>	<u>\$ 872,594</u>
<b>Sewer Fund:</b>		
Sewer fees		<u>\$ 1,864,391</u>
<b>Special Grant Fund:</b>		
Federal government		<u>\$ 302,148</u>
<b>Capital Projects Fund:</b>		
Grants		<u>\$ 406,860</u>
<b>Nonmajor funds:</b>		
Federal government	\$ 21,833	
New York State	<u>97,035</u>	<u>\$ 118,868</u>

***Discretely Presented Component Unit***

***Town of Amherst Industrial Development Agency***—Significant receivables of the Agency include a notes receivable. At December 31, 2016, the Agency had notes receivable of \$50,000.



## 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,593,287	\$ -	\$ -	\$ 10,593,287
Construction in progress	21,873,247	13,324,228	(7,932,618)	27,264,857
Total capital assets not being depreciated	<u>32,466,534</u>	<u>13,324,228</u>	<u>(7,932,618)</u>	<u>37,858,144</u>
Capital assets, being depreciated:				
Infrastructure	189,395,566	5,905,265	-	195,300,831
Land improvements	13,166,931	1,044,806	-	14,211,737
Buildings	203,535,717	-	-	203,535,717
Building improvements	10,492,412	1,816,340	-	12,308,752
Machinery and equipment	55,961,928	1,904,784	(695,776)	57,170,936
Ice rink facility	19,630,375	-	(6,100)	19,624,275
Total capital assets, being depreciated	<u>492,182,929</u>	<u>10,671,195</u>	<u>(701,876)</u>	<u>502,152,248</u>
Less accumulated depreciation for:				
Infrastructure	(87,683,151)	(5,055,826)	-	(92,738,977)
Land improvements	(4,507,865)	(740,233)	-	(5,248,098)
Buildings	(130,347,031)	(3,958,665)	-	(134,305,696)
Building improvements	(5,804,886)	(389,825)	-	(6,194,711)
Machinery and equipment	(23,640,231)	(4,651,017)	370,306	(27,920,942)
Ice rink facility	(7,152,197)	(427,467)	6,100	(7,573,564)
Total accumulated depreciation	<u>(259,135,361)</u>	<u>(15,223,033)</u>	<u>376,406</u>	<u>(273,981,988)</u>
Total capital assets being depreciated, net	<u>233,047,568</u>	<u>(4,551,838)</u>	<u>(325,470)</u>	<u>228,170,260</u>
Governmental activities capital assets, net	<u>\$ 265,514,102</u>	<u>\$ 8,772,390</u>	<u>\$ (8,258,088)</u>	<u>\$ 266,028,404</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2016 as follows:

General government support	\$ 441,425
Public safety	443,088
Transportation	3,521,428
Economic assistance and opportunity	175,227
Culture and recreation	1,293,761
Home and community services	9,348,104
	<u>\$ 15,223,033</u>

***Discretely Presented Component Units***

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

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets, being depreciated:				
Leasehold improvements	22,710	-	-	22,710
Equipment	177,587	3,015	-	180,602
Buildings	719,835	-	-	719,835
Total capital assets, being depreciated	<u>920,132</u>	<u>3,015</u>	<u>-</u>	<u>923,147</u>
Less accumulated depreciation for:				
Leasehold improvements	(14,661)	(1,736)	-	(16,397)
Equipment	(156,471)	(8,122)	-	(164,593)
Buildings	(192,600)	(18,162)	-	(210,762)
Total accumulated depreciation	<u>(363,732)</u>	<u>(28,020)</u>	<u>-</u>	<u>(391,752)</u>
Total capital assets being depreciated, net	<u>556,400</u>	<u>(25,005)</u>	<u>-</u>	<u>531,395</u>
Capital assets, net	<u>\$ 656,400</u>	<u>\$ (25,005)</u>	<u>\$ -</u>	<u>\$ 631,395</u>

**6. ACCRUED LIABILITIES**

Accrued liabilities include salary and other related liabilities. Accrued liabilities of the Town's governmental funds at December 31, 2016 are:

General Fund	\$ 1,667,429
Highway Fund	220,043
Sewer Fund	242,121
Special Grant Fund	17,623
Nonmajor funds	<u>280,741</u>
Total accrued liabilities	<u>\$ 2,427,957</u>

## 7. PENSION PLANS

### *Plan Descriptions and Benefits Provided*

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions**—At December 31, 2016, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2015, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2016	March 31, 2016
Net pension liability	\$ 16,998,055	\$ 15,473,115
Town's portion of the Plan's total net pension liability	0.5741059%	0.0964040%

For the year ended December 31, 2016, the Town recognized pension expenses of \$6,315,881 and \$5,778,472, respectively, for PFRS and ERS. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as presented on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 152,457	\$ 78,189	\$ 2,569,902	\$ 1,834,080
Changes of assumptions	7,327,806	4,126,213	-	
Net difference between projected and actual earnings on pension plan investments	9,526,036	9,179,501	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	431,071	941,108	92,460	91,005
Town contributions subsequent to the measurement date	3,604,351	3,165,001	-	-
Total	<u>\$ 21,041,721</u>	<u>\$ 17,490,012</u>	<u>\$ 2,662,362</u>	<u>\$ 1,925,085</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2017	\$ 3,467,463	\$ 3,180,078
2018	3,467,463	3,180,078
2019	3,467,463	3,180,078
2020	3,334,824	2,859,692
2021	1,037,795	-

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

	PFRS	ERS
Measurement date	March 31, 2016	March 31, 2016
Actuarial valuation date	April 1, 2015	April 1, 2015
Interest rate	7.00%	7.00%
Salary scale	4.50%	3.80%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.5%	2.5%

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

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

Measurement date	PFRS and ERS	
	March 31, 2016	
Asset class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	38.0 %	7.3 %
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bonds and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
Total	<u>100.0 %</u>	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 37,966,994	\$ 16,998,055	\$ (578,418)
Employer's proportionate share of the net pension liability/(asset)—ERS	34,890,751	15,473,115	(933,957)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	March 31, 2016	March 31, 2016	
Employers' total pension liability	\$ 30,347,727	\$ 172,303,544	\$ 202,651,271
Plan fiduciary net position	<u>27,386,940</u>	<u>156,253,265</u>	<u>183,640,205</u>
Employers' net pension liability	<u>\$ 2,960,787</u>	<u>\$ 16,050,279</u>	<u>\$ 19,011,066</u>
System fiduciary net position as a percentage of total pension liability	90.24%	90.68%	90.62%

## 8. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

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

### **Program Description—**

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

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

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

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

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

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary, dated January 1, 2016.

**Program Financial Condition**

***Assets and Liabilities***

Actuarial present value of benefits at January 1, 2016		\$ 8,657,599
Less: Assets available for benefits		
<i>Cash and short-term investments:</i>	<u>% of total</u>	
Cash and cash equivalents	2.5%	\$ 201,858
<i>Investments at fair value:</i>		
U.S. equities	15.8%	1,280,434
International equities	15.7%	1,266,666
Fixed income	45.7%	3,690,038
Mixed income	19.9%	1,609,719
<i>Other assets:</i>		
Benefits payable & interest receivable	0.4%	<u>33,386</u>
Total net assets available for benefits		<u>8,082,101</u>
Total unfunded benefits		<u>\$ 575,498</u>

**Prior Service Costs**

Prior service costs included in Actuarial Present Value of Benefits are being amortized over twenty years at a rate of 5.5%.

***Receipts and Disbursements***

Plan net assets, January 1, 2015		\$8,589,153
Changes during the year:		
Add: Plan contributions		\$ 526,338
Net investment income (loss)		(385,620)
Less: Plan benefit withdrawals		(631,122)
Changes in benefits payable		(12,920)
Administrative fees		<u>(3,728)</u>
Net change		<u>(507,052)</u>
Plan net assets, December 31, 2015		<u>\$ 8,082,101</u>

### ***Contributions and Administrative Fees***

Town contributions and fees amounted to \$816,134 during the year ended December 31, 2016.

### **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, 2016 is \$8,430,093.

## **9. OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town provides two experience rated PPO plans and one experience rates traditional indemnity plan for its retirees and their dependents. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents. There were 557 retirees receiving health care benefits at December 31, 2016.

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

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



	Year Ended December 31,		
	2016	2015	2014
Annual required contribution	\$ 16,262,764	\$ 16,262,764	\$ 17,947,223
Interest on net OPEB obligation	3,248,308	2,911,920	2,417,501
Adjustment to annual required contribution	<u>(5,668,038)</u>	<u>(5,668,038)</u>	<u>(3,065,089)</u>
Annual OPEB costs (expense)	13,843,034	13,506,646	17,299,635
Contributions made	<u>(5,357,020)</u>	<u>(5,096,942)</u>	<u>(4,939,169)</u>
Increase in net OPEB obligation	8,486,014	8,409,704	12,360,466
Net OPEB obligation—beginning of year	<u>81,207,697</u>	<u>72,797,993</u>	<u>60,437,527</u>
Net OPEB obligation—end of year	<u>\$ 89,693,711</u>	<u>\$ 81,207,697</u>	<u>\$ 72,797,993</u>
Percentage of ARC contributed	32.9%	31.3%	27.5%

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

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

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

Year Ended December 31,	Annual Required Contribution	Annual OPEB Cost	Contributions Made	Percentage Contributed
2016	\$ 16,262,764	\$ 13,843,034	\$ 5,357,020	38.7%
2015	16,262,764	13,506,646	5,096,942	37.7%
2014	17,947,223	16,452,910	4,939,169	30.0%

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

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

In the January 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation and measurement date of January 1, 2015. The discount rate used is 4%. The RP-2000 Mortality Table, with generational mortality using scale AA, for males and females is used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant report entitled “Development of Recommended

Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.” Upon retirement it is assumed that 100% of eligible employees and their spouses will elect for post-employment health care benefits, while it is assumed that 70% of retirees will be married at the time of their retirement. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar closed basis, therefore the remaining amortization period at December 31, 2016 was twenty-one years.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of damage to, and destruction of assets; injuries to employees; and natural disasters. The Town purchases insurance for: property (fire, flood, earthquake and boiler); computer equipment; and, employee fidelity. The Town purchases excess coverage for workers’ compensation for claims in excess of \$500,000. Workers’ compensation insurance coverage is limited to \$2 million per accident. The Town also purchases excess liability coverage for claims in excess of \$2 million limited to \$20 million per occurrence or wrongful act or employee benefit wrongful act. 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, 2016, the judgments and claims liability and the workers’ compensation liability are recorded within the Town’s Internal Service Funds. This liability is the Town’s best estimate based on available information. Changes in the reported liabilities since January 1, 2015 resulted from the following:

	Liability, 1/1/2016	Claims	Payments	Liability, 12/31/2016
Judgments & claims	\$ 4,061,251	\$ 618,837	\$ 4,660,088	\$ 20,000
Workers' compensation	2,835,992	533,765	845,131	2,524,626
	Liability, 1/1/2015	Claims	Payments	Liability, 12/31/2015
Judgments & claims	\$ 9,500	\$ 4,061,251	\$ 9,500	\$ 4,061,251
Workers' compensation	2,149,109	1,380,478	693,595	2,835,992

There are claims in the range of \$2,055,000 to \$3,167,500 which are classified as reasonably possible.

## 11. LEASE OBLIGATIONS

During 2009, 2010 and 2014 the Town entered into agreements as lessee for financing the acquisition of certain highway equipment. The lease agreements qualify as a capital lease/installment purchase contracts for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations under the leases are summarized on the following page.

Year ended December 31,	Governmental Activities Highway Equipment
2017	240,078
2018	220,678
2019	220,678
2020	220,678
Total minimum lease payments	902,112
Less: Amount representing imputed interest costs	(35,485)
Present value of minimum lease payment	<u>\$ 866,627</u>

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

	Governmental Activities
Assets:	
Highway equipment	\$ 2,244,258
Special purpose equipment	161,781
Less: Accumulated depreciation	(880,753)
Total	<u>\$ 1,525,286</u>

## 12. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs used for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing provided that annual reductions of principal are made. The following is a summary of the Town’s short-term debt for the year ended December 31, 2016:

	Issued	Maturity	Interest Rate	Balance 1/1/2016	Issues	Redemptions	Balance 12/31/2016
Bond anticipation notes:							
Various capital projects	11/10/15	11/10/16	0.49%	\$ 56,426,006	\$ -	\$ 56,426,006	\$ -
Various capital projects	11/9/16	11/9/17	0.84%	-	28,776,791	-	28,776,791
Payment of settlement	11/9/16	11/9/17	0.84%	-	4,099,471	-	4,099,471
				<u>\$ 56,426,006</u>	<u>\$ 32,876,262</u>	<u>\$ 56,426,006</u>	<u>\$ 32,876,262</u>

The BANs issued on November 9, 2016 included a premium of \$473,665.

## 13. LONG-TERM LIABILITIES

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

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

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

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

**Summary of Changes in Long-Term Liabilities**—The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Governmental activities:					
Serial bonds	\$ 34,446,836	\$ 52,026,410	\$ 17,356,836	\$ 69,116,410	\$ 6,496,410
Premium on serial bonds	1,107,870	2,251,750	265,144	3,094,476	380,169
Net bonds payable	35,554,706	54,278,160	17,621,980	72,210,886	6,876,579
Capital leases	1,122,093	-	255,466	866,627	225,651
Compensated absences	16,458,753	763,140	111,627	17,110,266	801,994
OPEB obligation	81,207,697	13,843,034	5,357,020	89,693,711	-
Net pension liability*	4,811,667	27,659,503	-	32,471,170	-
Total governmental activities	<u>\$ 139,154,916</u>	<u>\$ 96,543,837</u>	<u>\$ 23,346,093</u>	<u>\$ 212,352,660</u>	<u>\$ 7,904,224</u>

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

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

In the current year, the Town issued \$39,086,410 in Public Improvement Serial Bonds for various purposes. The premium on these bonds is \$1,524,134, the interest rate is 3.0% to 3.125% and the bonds will mature on November 1, 2039.

In addition, on May 18, 2016, the Town issued \$12,940,000 in Refunding Serial Bonds (Series A and Series B) to refund \$12,850,000 of outstanding principal of previously issued debt. The 2016 Series A Refunding Bonds in the amount of \$5,235,000 were issued to currently refund \$1,130,000 of the outstanding principal of the Town's \$6,387,500 General Obligation Serial Bonds, 2005, which were scheduled to mature in the years 2016 to 2020. The 2005 bonds were called on June 17, 2016 and are shown as a principal payment within the financial statements. Additionally, the 2016 Series A Refunding Bonds partially advance refunded \$4,565,000 of the outstanding principal of the Town's \$11,393,260 General Obligation Serial Bonds, 2007, which were scheduled to mature in the years 2018 to 2022. The Series B Refunding Bonds in the amount of \$7,705,000 were issued to advance refund \$7,155,000 of the outstanding principal of the Town's \$14,230,000 Ice Rink Acquisition Refunding Bonds, 2007 Series A, which mature in the years 2016 to 2022. The Town used the net proceeds to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service of the refunded 2007 and 2007 Series A bonds. As a result, these bonds are considered defeased, and the Town has removed the liability from its financial statements. The outstanding principal of the defeased 2007 bonds at December 31, 2016 is \$10,805,000 and is not included in the financial statements. The 2016 Series A Refunding Bonds provide a net present value benefit to the Town of \$410,519 and the Series B Refunding Bonds provide a net present value benefit to the Town of \$239,615. The premium on these bonds is \$727,616.

### **Prior Year's Advanced Refunding—**

Furthermore, during prior years, the Town issued \$7,695,000 in Refunding Serial Bonds, which collectively refund the previously issued 1999 and 2001 (partial refunding) bonds, originally issued for various purposes. The interest on the 2009 bonds ranges from 2.5% to 3.5%. The total net proceeds of the bonds (after deductions for net issuance costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America, with the remaining cash proceeds from the sale of the bonds, and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original 1999 bonds are considered fully refunded and the 2001 bonds are considered partially refunded and the liability of those bonds, now \$0 and \$1,700,000, 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, \$6,965,000, 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, \$2,565,000, has been removed from the financial statements. The Town also advance refunded \$17,980,000 of Tax-Exempt Lease Revenue Bonds 1997A of the Amherst Industrial Development Agency (the "AIDA Bonds") that were used to finance the construction of the Amherst Multi-Surface Ice Rink complex. The bond proceeds were placed into an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the AIDA Bonds. As a result, the AIDA Bonds were considered to be defeased, and the December 31, 2015 financial statements do not reflect the obligation, now equal to \$6,970,000.

A summary of bonded indebtedness transactions for the year ended December 31, 2016 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2016	Issues	Redemptions	Principal Outstanding 12/31/2016
<b>General Fund:</b>						
Acquisition - Eggertsville Community Center	2007/2022	3.800-4.000%	\$ 269,677	\$ -	\$ 234,349	\$ 35,328
Eggertsville Community Center	2007/2022	3.800-4.000%	269,677	-	234,349	35,328
Mill Street Land & Building	2009/2019	2.500-5.000%	605,000	-	145,000	460,000
Central Alarm Voice Recording Equipment	2011/2022	2.500-5.000%	118,202	-	14,839	103,363
Traffic Signals	2011/2022	2.500-5.000%	27,495	-	3,451	24,044
Amherst Park Master Plan	2011/2022	2.500-5.000%	80,370	-	10,089	70,281
Local Waterfront Rev Plan	2011/2022	2.500-5.000%	26,085	-	3,275	22,810
Veterans Canal Park Improvements	2014/2039	2.000-5.000%	44,000	-	4,000	40,000
Dellwood Park Improvements	2014/2039	2.000-5.000%	46,000	-	5,000	41,000
Golf Course Improvements	2014/2039	2.000-5.000%	604,000	-	58,000	546,000
Senior Center	2014/2020	2.000-5.000%	2,695,000	-	485,000	2,210,000
2014 Refunding Lehigh Valley Trailway	2014/2020	2.000-5.000%	20,000	-	5,000	15,000
2014 Refunding Lehigh Valley Trailway Const. Specs.	2014/2020	2.000-5.000%	40,000	-	10,000	30,000
Youth and Community Center Improvements	2015/2030	2.000-3.000%	177,500	-	22,500	155,000
Traffic Signals	2015/2030	2.000-3.000%	45,000	-	3,000	42,000
Parking Lot Improvement at the Clearfield Library	2015/2030	2.000-3.000%	170,000	-	34,000	136,000
Replacement of Traffic Signal Equipment	2015/2030	2.000-3.000%	51,554	-	3,554	48,000
Various Improvements to Fetto Park	2015/2030	2.000-3.000%	58,820	-	5,338	53,482
Installation and Improv. to the Town's WAN	2015/2030	2.000-3.000%	440,556	-	70,556	370,000
Improvements of Parking Lots	2015/2030	2.000-3.000%	141,951	-	22,951	119,000
Harlem Rd. Community Center Sprinkler System	2015/2030	2.000-3.000%	34,112	-	6,112	28,000
Clearfield Recreation Center Roof Replacement	2015/2030	2.000-3.000%	226,112	-	37,112	189,000
2007 Series A Ice Rink Acquisition	2007/2022	4.000-5.000%	7,155,000	-	7,155,000	-
2007 Series B Ice Rink Acquisition	2007/2022	5.630%	595,000	-	75,000	520,000
2016A Refunding Bonds Acquisition - Eggertsville Community	2016/2022	2.000-5.000%	-	185,000	-	185,000
2016A Refunding Bonds Improvements - Eggertsville Community	2016/2022	2.000-5.000%	-	185,000	-	185,000
2016 Public Improvement Serial Bonds Parking Lot Improvements	2016/2039	3.000-3.125%	-	369,500	-	369,500
2016 Public Improvement Serial Bonds Traffic Signal Controls	2016/2039	3.000-3.125%	-	39,700	-	39,700
2016 Bonds Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	-	150,800	-	150,800
2016 Bonds HVAC North Amherst Rec Center	2016/2039	3.000-3.125%	-	81,375	-	81,375
2016 Bonds Parking Lot Improvements	2016/2039	3.000-3.125%	-	373,200	-	373,200
2016 Bonds Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	-	150,850	-	150,850
2016 Bonds Central Fire Radio Repeater System Upgrade	2016/2039	3.000-3.125%	-	130,000	-	130,000
2016 Bonds Various Traffic Signal Upgrades	2016/2039	3.000-3.125%	-	89,315	-	89,315
2016 Bonds North Amherst Rec Center Garage B Roof Replacement	2016/2039	3.000-3.125%	-	72,450	-	72,450
2016 Bonds Northtown Center Dasher Board Replacements	2016/2039	3.000-3.125%	-	240,160	-	240,160
2016 Bonds Town Facility Park Lot Improvements 2013	2016/2039	3.000-3.125%	-	383,000	-	383,000
2016 Bonds Harlem Rd. Community Center Building Improvements	2016/2039	3.000-3.125%	-	116,100	-	116,100
2016 Bonds Bike Path and Trailway Repaving	2016/2039	3.000-3.125%	-	87,743	-	87,743
2016 Bonds Improvements to Service Lifts HWY Garage A5132	2016/2039	3.000-3.125%	-	113,130	-	113,130
2016 Bonds Upgrades to Central Alarm/ Police Radio System	2016/2039	3.000-3.125%	-	51,292	-	51,292
2016 Bonds Town Parking Lot Improvements	2016/2039	3.000-3.125%	-	448,562	-	448,562
2016 Bonds Traffic Signal Controls Replacements	2016/2039	3.000-3.125%	-	68,500	-	68,500
2016 Bonds Town Park Improvements	2016/2039	3.000-3.125%	-	390,000	-	390,000
2016 Bonds Amherst Justice Facility Addition	2016/2039	3.000-3.125%	-	988,420	-	988,420
2016 Bonds Clearfield Pool Liner Replacement	2016/2039	3.000-3.125%	-	66,760	-	66,760
2016 Ice Rink Refunding Federally Taxable (2007 Series A)	2016/2022	1.320% -2.000%	-	7,705,000	1,125,000	6,580,000
2016 Bonds Northtown Center Ice Resurfacer	2016/2039	3.000-3.125%	-	138,950	-	138,950
<b>Total General Fund</b>			<u>13,941,111</u>	<u>12,624,807</u>	<u>9,772,475</u>	<u>16,793,443</u>

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2016	Issues	Redemptions	Principal Outstanding 12/31/2016
<b>Town Outside Village Fund</b>						
Highway Equipment - Town Outside Village	2011/2022	2.000-5.000%	5,405	-	678	4,727
<b>Total Town Outside Village Fund</b>			<u>5,405</u>	<u>-</u>	<u>678</u>	<u>4,727</u>
<b>Highway Fund:</b>						
Highway Equipment - Highway	2011/2022	2.000-5.000%	84,600	-	10,620	73,980
2014 Refunding Various Snow Plowing Equipment	2014/2020	2.000-5.000%	300,000	-	70,000	230,000
2016 Bonds Various Town Road Pavements	2016/2039	3.000-3.125%	-	837,550	-	837,550
2016 Bonds Highway Dept. Asphalt Paver	2016/2039	3.000-3.125%	-	284,800	-	284,800
2016 Bonds Various Town Road Pavements 2013	2016/2039	3.000-3.125%	-	991,400	-	991,400
2016 Bonds Plans for N. Bailey, Amsterdam, Emerson Intersection	2016/2039	3.000-3.125%	-	8,102	-	8,102
2016 Bonds Paving & Curbing Improvements	2016/2039	3.000-3.125%	-	941,813	-	941,813
2016 Bonds Improvements to Kings Highway	2016/2039	3.000-3.125%	-	258,591	-	258,591
<b>Total Highway Fund</b>			<u>384,600</u>	<u>3,322,256</u>	<u>80,620</u>	<u>3,626,236</u>
<b>Water District Fund:</b>						
Ayer Road Water District Improvements	2005/2020	3.625-3.750%	145,000	-	145,000	-
Willowridge Road	2007/2022	3.800-4.000%	318,628	-	276,887	41,741
Haussauer Road	2007/2022	3.800-4.000%	283,161	-	246,067	37,094
Greengage Circle Phase II	2007/2022	3.800-4.000%	80,904	-	70,306	10,598
Waterline Country Pkwy	2011/2022	2.000-5.000%	217,140	-	27,258	189,882
Water District 15 Improvements	2014/2039	2.000-5.000%	1,325,000	-	45,000	1,280,000
2014 Refunding Hopkins Road Water System Improve	2014/2020	2.000-5.000%	295,000	-	65,000	230,000
Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	939,948	-	55,798	884,150
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	647,212	-	35,212	612,000
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	316,580	-	16,580	300,000
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	59,000	-	4,000	55,000
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	664,264	-	36,264	628,000
Incr. & Improv. of Facilities Water District No. 15	2015/2030	2.000-3.000%	257,368	-	14,368	243,000
2016A Refunding Bonds Ayer Road Water District (2005)	2016/2022	2.000-5.000%	-	130,000	30,000	100,000
2016A Refunding Bonds Willowridge Road (2007)	2016/2022	2.000-5.000%	-	220,000	-	220,000
2016A Refunding Bonds Haussauer Road (2007)	2016/2022	2.000-5.000%	-	190,000	-	190,000
2016A Refunding Bonds Greengage Circle Phase II (2007)	2016/2022	2.000-5.000%	-	50,000	-	50,000
2016 Bonds Indian Trail Waterline Replacement	2016/2039	3.000-3.125%	-	167,700	-	167,700
2016 Bonds Indian Lakeside Drive Waterline	2016/2039	3.000-3.125%	-	91,300	-	91,300
2016 Bonds Indian Smith Road Waterline	2016/2039	3.000-3.125%	-	215,300	-	215,300
2016 Bonds 2012 Waterline Replacement Projects	2016/2039	3.000-3.125%	-	1,113,500	-	1,113,500
2016 Bonds Waterline Replacements	2016/2039	3.000-3.125%	-	2,821,400	-	2,821,400
2016 Sheridan Dr. & Transit Waterline Ext./ Connection	2016/2039	3.000-3.125%	-	75,440	-	75,440
2016 Bonds Muegel Rd. Waterline Replacement	2016/2039	3.000-3.125%	-	413,400	-	413,400
2016 Meadowview Lane Waterline Replacements	2016/2039	3.000-3.125%	-	499,342	-	499,342
2016 Bonds Presidents Walk Waterline Replacement	2016/2039	3.000-3.125%	-	389,637	-	389,637
<b>Total Water District Fund</b>			<u>5,549,205</u>	<u>6,377,019</u>	<u>1,067,740</u>	<u>10,858,484</u>
<b>Sewer District Fund:</b>						
Roof System Replacements	2005/2020	3.625-3.750%	312,000	-	312,000	-
Lift Station Equipment Replacement	2005/2020	3.625-3.750%	56,000	-	56,000	-
Various Sanitary Sewer	2005/2020	3.625-3.750%	50,000	-	50,000	-
Sewer District #1 Harlem and Kensington	2007/2022	3.800-4.000%	134,838	-	117,175	17,663
Sand Filtration System Plant 16	2007/2022	3.800-4.000%	2,588,899	-	2,249,751	339,148
Various Improvements	2007/2022	3.800-4.000%	891,282	-	774,523	116,759
LeBrun Storm Sewer SS#1	2007/2022	3.800-4.000%	121,355	-	105,457	15,898
SSD#1 & SSD#16	2009/2018	2.500-5.000%	150,000	-	50,000	100,000

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal			Principal Outstanding 12/31/2016
			Outstanding 1/1/2016	Issues	Redemptions	
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	905,000	-	160,000	745,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	380,000	-	55,000	325,000
WWTP Improvements	2009/2017	2.500-5.000%	50,000	-	25,000	25,000
Series 2011A (Refunded 2000A)	2011/2019	0.870-3.591%	225,000	-	55,000	170,000
SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.500-5.000%	158,390	-	19,883	138,507
SSD #1 Lafayette Blvd.	2011/2022	2.500-5.000%	52,875	-	6,637	46,238
SSD #1 16 N. French	2011/2022	2.500-5.000%	359,080	-	45,076	314,004
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.500-5.000%	42,300	-	5,310	36,990
SSD #1 & 16 Pelletiz Bagging Facility	2011/2022	2.500-5.000%	109,745	-	13,776	95,969
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.500-5.000%	105,515	-	13,246	92,270
SSD #1 & 16 Scum System Replacement	2011/2022	2.500-5.000%	67,680	-	8,496	59,184
SSD #1 & 16 Elect System Load Curtail	2011/2022	2.500-5.000%	109,745	-	13,777	95,969
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.500-5.000%	251,450	-	31,565	219,885
Grit Collector/Plant 16 Equipment	2014/2039	2.000-5.000%	130,000	-	5,000	125,000
Sewage Pump Motor Replacement	2014/2039	2.000-5.000%	367,000	-	14,000	353,000
Oxygen Deck Stage II Repairs	2014/2039	2.000-5.000%	179,000	-	7,500	171,500
Lift Station Control Panel	2014/2039	2.000-5.000%	72,000	-	3,000	69,000
Pump House Recovery	2014/2039	2.000-5.000%	102,000	-	4,500	97,500
Sanitary Sewers 16 Generators	2014/2039	2.000-5.000%	167,000	-	6,000	161,000
New Motor Control Center	2014/2039	2.000-5.000%	132,000	-	5,000	127,000
2014 Refunding Sewer Upgrades	2014/2020	2.000-5.000%	245,000	-	55,000	190,000
2014 Refunding WWTP Main Transformer	2014/2020	2.000-5.000%	150,000	-	35,000	115,000
2014 Refunding Incr. & Improv. SSD # 1, 16	2014/2020	2.000-5.000%	200,000	-	45,000	155,000
2014 Refunding Incr. & Improv. SSD # 16	2014/2020	2.000-5.000%	40,000	-	10,000	30,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	394,736	-	21,736	373,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	40,000	-	3,000	37,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	330,000	-	18,000	312,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	182,452	-	11,452	171,000
SS Dist. No. 1 & 16 WPCF Digester Rehab	2015/2030	2.000-3.000%	156,400	-	10,400	146,000
Incr. and Impr. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	272,605	-	18,237	254,368
Incr. and Impr. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	121,156	-	7,156	114,000
Incr. and Impr. of Sanitary Sewer District 16	2015/2030	2.000-3.000%	294,948	-	16,948	278,000
2016A Refunding Roof System Replacements (2005)	2016/2022	2.000-5.000%	-	300,000	65,000	235,000
2016A Refunding Lift Station Equipment Replacement (2005)	2016/2022	2.000-5.000%	-	55,000	10,000	45,000
2016A Refunding Various Sanitary Sewer (2005)	2016/2022	2.000-5.000%	-	50,000	10,000	40,000
2016A Refunding Sewer District No.1 Harlem & Kensington (2007)	2016/2022	2.000-5.000%	-	90,000	-	90,000
2016A Refunding Sand Filtration System Improvements (2007)	2016/2022	2.000-5.000%	-	1,755,000	-	1,755,000
2016A Refunding Various Plant 16 Improvements (2007)	2016/2022	2.000-5.000%	-	605,000	-	605,000
2016A Refunding LeBrun Storm Sewer (2007)	2016/2022	2.000-5.000%	-	75,000	-	75,000
2016 Bonds Main Sewage Pump Motors	2016/2039	3.000-3.125%	-	488,300	-	488,300
2016 Bonds Polymer System Replacement	2016/2039	3.000-3.125%	-	126,000	-	126,000
2016 Bonds Oxygen Plant Optimization	2016/2039	3.000-3.125%	-	196,500	-	196,500
2016 Bonds WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	-	14,900	-	14,900
2016 Bonds WPCF Solids Handling	2016/2039	3.000-3.125%	-	805,800	-	805,800
2016 Bonds Switchgear Replacement	2016/2039	3.000-3.125%	-	522,000	-	522,000
2016 Bonds Underground Feeders / MMC	2016/2039	3.000-3.125%	-	176,600	-	176,600
2016 Bonds HVAC Facility Improvements	2016/2039	3.000-3.125%	-	503,100	-	503,100
2016 Bonds Hydraulic Actuators & Valve Replacement	2016/2039	3.000-3.125%	-	310,600	-	310,600
2016 Bonds Scum Systems Replacement	2016/2039	3.000-3.125%	-	282,800	-	282,800
2016 Bonds WPCF Basin, Scum System, Polymer, Hydraulic	2016/2039	3.000-3.125%	-	2,654,225	-	2,654,225
2016 Bonds WPCF Roof Replacement	2016/2039	3.000-3.125%	-	94,300	-	94,300
2016 Bonds WPCF Multiple Project Upgrades Phase II	2016/2039	3.000-3.125%	-	1,194,850	-	1,194,850
2016 Bonds Allenhurst, Eggertsville, Capin Sanitary Sewer II & III	2016/2039	3.000-3.125%	-	1,039,000	-	1,039,000
2016 Bonds WPCF EQ Basin	2016/2039	3.000-3.125%	-	554,500	-	554,500
2016 Bonds WPCF Multiple Projects	2016/2039	3.000-3.125%	-	6,582,288	-	6,582,288
2016 Bonds Brantwood, N. French, Harlem, Hancock	2016/2039	3.000-3.125%	-	985,898	-	985,898
2016 Bonds WPCF Oxygen System Rehabilitation	2016/2039	3.000-3.125%	-	2,804,500	-	2,804,500
2016 Bonds WPCF Electric Upgrades Phase 5	2016/2039	3.000-3.125%	-	623,220	-	623,220
2016 Bonds WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	-	214,350	-	214,350
2016 Bonds WPCF Building Infrastructure Reconstruction	2016/2039	3.000-3.125%	-	238,180	-	238,180
2016 Bonds Sanitary Sewer Lift Station Reconstruction	2016/2039	3.000-3.125%	-	58,550	-	58,550
2016 Bonds WPCF Stage 1 & 2 Activated Sludge	2016/2039	3.000-3.125%	-	2,109,800	-	2,109,800
2016 Bonds WPCF Dewatering Process Phase II	2016/2039	3.000-3.125%	-	1,078,700	-	1,078,700
<b>Total Sewer District Fund</b>			<b>10,697,451</b>	<b>26,588,961</b>	<b>4,549,600</b>	<b>32,736,812</b>

(continued)



Description	Issue/ Maturity Date	Interest Rate	Principal			Principal Outstanding 12/31/2016
			Outstanding 1/1/2016	Issues	Redemptions	
<b>Drainage Fund:</b>						
Storm Water Drainage Delta Rd.	2005/2020	3.625-3.750%	180,000	-	180,000	-
Improvement of Storm Water Drainage	2005/2020	3.625-3.750%	270,000	-	270,000	-
Various Drainage Improvements	2007/2022	3.800-4.000%	269,677	-	234,349	35,328
Allenhurst Road Storm Sewers	2009/2016	2.500-5.000%	25,000	-	25,000	-
Highway Equipment - Drainage	2011/2022	2.500-5.000%	147,815	-	18,555	129,260
Storm Drain #16 McKinley/Harding	2011/2022	2.500-5.000%	195,990	-	24,603	171,387
Storm Drain #16 Eggerts/Bailey	2011/2022	2.500-5.000%	105,515	-	13,245	92,270
Drainage 16 Harding/McKinley	2014/2039	2.000-5.000%	425,000	-	15,000	410,000
Drainage 26 Rambling Culvert	2014/2039	2.000-5.000%	132,000	-	5,000	127,000
Drainage 16 Bassett Park	2014/2039	2.000-5.000%	407,000	-	14,000	393,000
26 Chapel Wood Culvert	2014/2039	2.000-5.000%	248,000	-	9,000	239,000
2014 Refunding Inc. & Imp. SWD	2014/2020	2.000-5.000%	20,000	-	5,000	15,000
2014 Refunding Storm Water Imp. Carmen Rd.	2014/2020	2.000-5.000%	70,000	-	15,000	55,000
2014 Refunding Inc. & Imp. SWD #4, 16,26	2014/2020	2.000-5.000%	40,000	-	10,000	30,000
Improv. of SWD District 4, 16 & 26	2015/2030	2.000-3.000%	214,565	-	17,565	197,000
2016A Refunding Bonds Storm Water Drainage Delta Rd (2005)	2016/2022	2.000-5.000%	-	175,000	35,000	140,000
2016A Refunding Improvement of Storm Water Drainage (2005)	2016/2022	2.000-5.000%	-	250,000	50,000	200,000
2016A Refunding Bonds Various Drainage Improvements (2007)	2016/2022	2.000-5.000%	-	185,000	-	185,000
2016 Bonds Amherston, Oakwood, Bellingham Drainage	2016/2039	3.000-3.125%	-	279,900	-	279,900
2016 Bonds Oakwood, Amherston, Bellingham Improve Phase II	2016/2039	3.000-3.125%	-	633,100	-	633,100
2016 Bonds Ditch 9-A Weir Replacement	2016/2039	3.000-3.125%	-	73,440	-	73,440
2016 Bonds Oakwood, Amherston, Bellingham Improve Phase III	2016/2039	3.000-3.125%	-	444,840	-	444,840
2016 Bonds Bramblewood Lane Drainage Stormwater	2016/2039	3.000-3.125%	-	323,500	-	323,500
2016 Bonds Ditch 26D-1 Culvert Replacement	2016/2039	3.000-3.125%	-	13,587	-	13,587
<b>Total Drainage Fund</b>			<u>2,750,562</u>	<u>2,378,367</u>	<u>941,317</u>	<u>4,187,612</u>
<b>Community Environment Fund:</b>						
Various District Improvements	2005/2020	3.625-3.750%	117,000	-	117,000	-
Residential Refuse Containers	2007/2022	3.800-4.000%	916,902	-	796,787	120,115
Highway Equipment - Comm.Environment	2011/2022	2.000-5.000%	84,600	-	10,620	73,980
2016A Refunding Bonds Various Refuse District Improve. (2005)	2016/2022	2.000-5.000%	-	115,000	20,000	95,000
2016A Refunding Bonds Residential Refuse Containers (2007)	2016/2022	2.000-5.000%	-	620,000	-	620,000
<b>Total Community Environment Fund</b>			<u>1,118,502</u>	<u>735,000</u>	<u>944,407</u>	<u>909,095</u>
<b>Total governmental activities</b>			<u>\$ 34,446,836</u>	<u>\$ 52,026,410</u>	<u>\$ 17,356,836</u>	<u>\$ 69,116,410</u>

(concluded)

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

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016
Premium on Serial Bonds	<u>\$ 1,107,870</u>	<u>\$ 2,251,750</u>	<u>\$ 265,144</u>	<u>\$ 3,094,476</u>

**Capital Leases**—The outstanding balance at December 31, 2016 for the Town's capital leases was \$866,627. Refer to Note 11 for additional information related to the Town's capital leases.

**Compensated Absences**—As explained in Note 1, the Town records the value of governmental fund type compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the financial statements at December 31, 2016, for governmental activities is \$17,110,266. Management estimates that \$801,994 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

**OPEB Obligation**—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated OPEB liability is estimated to be \$89,693,711 at December 31, 2016.

**Net Pension Liability**—The Town reports a liability for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employee’s Retirement System. The net pension liability is estimated to be \$32,471,170 in the governmental activities. Refer to Note 7 additional information related to the Town’s net pension liability.

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

	Serial Bonds	Premium on Serial Bonds	Capital Leases	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2017	\$ 6,496,410	\$ 380,169	\$ 225,651	\$ 801,994	\$ -	\$ -	\$ 7,904,224
2018	6,610,000	380,169	210,205	-	-	-	7,200,374
2019	6,790,000	380,169	213,639	-	-	-	7,383,808
2020	6,315,000	356,386	217,132	-	-	-	6,888,518
2021	5,400,000	194,366	-	-	-	-	5,594,366
2022-2026	15,370,000	421,725	-	-	-	-	15,791,725
2027-2031	10,100,000	393,171	-	-	-	-	10,493,171
2032-2036	7,565,000	375,529	-	-	-	-	7,940,529
2037-2039	4,470,000	212,792	-	-	-	-	4,682,792
Various	-	-	-	16,308,272	89,693,711	32,471,170	138,473,153
	<u>\$ 69,116,410</u>	<u>\$ 3,094,476</u>	<u>\$ 866,627</u>	<u>\$ 17,110,266</u>	<u>\$ 89,693,711</u>	<u>\$ 32,471,170</u>	<u>\$ 212,352,660</u>

Interest requirements on serial bonds are as follows:

Year ending December 31,	Interest
2017	\$ 2,110,397
2018	1,920,190
2019	1,693,751
2020	1,462,743
2021	1,270,781
2022-2026	4,489,116
2027-2031	2,674,851
2032-2036	1,380,994
2037-2039	269,450
	<u>\$ 17,272,273</u>

## ***Discretely Presented Component Unit***

### ***Town of Amherst Industrial Development Agency***

The Agency's mortgage with First Niagara Bank amounted to \$473,702 and \$518,466 at December 31, 2016 and 2015, respectively. The mortgage bears interest at 6% per year and is payable in 60 monthly installments of \$6,225 comprising of principal and interest through December 31, 2014. At January 1, 2015, the interest rate adjusted daily to 2% above the Regular Fixed Advanced Rate offered by the Federal Home Loan Bank of New York for instruments having a term of five years. However, in no event will the rate fall below 6%. Payments will be made in 60 monthly installments based on a 10-year amortization of the outstanding balance at January 1, 2015. Amounts borrowed bear interest at 6% at December 31, 2016 and 2015. A balloon payment for the remaining balance is due in January 2020. The terms of the mortgage require the Agency to maintain a restricted deposit with the bank which amounted to \$64,937 and \$64,936 at December 31, 2016 and 2015.

The mortgage requires the Agency to maintain at minimum debt coverage ratio of 1.2 to 1.0. The Agency obtained a waiver related to the minimum coverage covenant as of December 31, 2016 and met the minimum debt coverage covenant as of December 31, 2015.

## **14. NET POSITION AND FUND BALANCE**

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

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

Capital assets, net of accumulated depreciation	\$ 266,028,404
Related debt:	
Serial bonds issued	(69,116,410)
Unamortized bond issue premium	(3,094,476)
Bond anticipation notes issued for capital assets	(28,776,791)
Unspent proceeds from debt	22,714,215
Amounts for restricted debt	<u>4,501,350</u>
Debt issued and used for capital assets	(73,772,112)
Capital lease	<u>(866,627)</u>
Net investment in capital assets	<u>\$ 191,389,665</u>

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

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2016 includes:

	General Fund	Highway Fund	Sewer Fund	Special Grant Fund	Nonmajor Funds	Total
Prepaid items	\$ 3,016,582	\$ 348,352	\$ 451,107	\$ 7,876	\$ 494,024	\$ 4,317,941
Long-term interfund loan	-	-	3,000,000	-	-	3,000,000
Loans receivable	-	-	-	7,127,509	-	7,127,509
	<u>\$ 3,016,582</u>	<u>\$ 348,352</u>	<u>\$ 3,451,107</u>	<u>\$ 7,135,385</u>	<u>\$ 494,024</u>	<u>\$ 14,445,450</u>

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

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2016 the amounts shown below:

	Capital Projects Fund	Other Governmental Funds	Total
Capital projects	\$ 473,665	\$ -	\$ 473,665
Special purpose	-	2,564,384	2,564,384
Debt	-	4,501,350	4,501,350
Total restricted fund balance	<u>\$ 473,665</u>	<u>\$ 7,065,734</u>	<u>\$ 7,539,399</u>

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

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the Town. At December 31, 2016, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Nonmajor Funds	Total
Subsequent year's expenditures	\$ 2,615,026	\$ 540,000	\$ 1,177,606	\$ 2,255,887	\$ 6,588,519
Encumbrances	279,855	19,091	283,877	126,259	709,082
Capital improvements	-	500,000	2,000,000	-	2,500,000
Claims	100,000	750,000	500,000	10,000	1,360,000
Specific use:					
Highway expenditures	-	1,874,204	-	-	1,874,204
Sewer expenditures	-	-	4,085,502	-	4,085,502
Town outside village expenditures	-	-	-	67,444	67,444
Lighting expenditures	-	-	-	789,108	789,108
Community environment expenditures	-	-	-	802,982	802,982
Fire protection expenditures	-	-	-	114,211	114,211
Water district expenditures	-	-	-	1,416,649	1,416,649
Drainage district expenditures	-	-	-	355,717	355,717
Total assigned fund balance	<u>\$ 2,994,881</u>	<u>\$ 3,683,295</u>	<u>\$ 8,046,985</u>	<u>\$ 5,938,257</u>	<u>\$ 20,663,418</u>

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

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

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

## 15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables of the Town at December 31, 2016 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 2,425,270	\$ 683,470
Highway Fund	103,803	260,720
Sewer Fund	7,718,152	1,265,705
Capital Projects Fund	2,087,299	3,384,330
Nonmajor funds	<u>2,281,556</u>	<u>628,381</u>
Subtotal governmental funds	<u>14,616,080</u>	<u>6,222,606</u>
Proprietary funds	89,004	8,110,000
Fiduciary fund	<u>-</u>	<u>372,478</u>
Total	<u>\$ 14,705,084</u>	<u>\$ 14,705,084</u>

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

The Town made the following transfers during the year ended December 31, 2016:

Fund	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 3,315,739	\$ 4,064,913
Highway Fund	110,299	1,562,118
Sewer Fund	920,059	5,954,529
Capital Projects Fund	50,007,785	6,104,999
Nonmajor funds	<u>7,546,079</u>	<u>44,213,402</u>
Total	<u>\$ 61,899,961</u>	<u>\$ 61,899,961</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, 2016 is follows:

	BAN	Debt Service			Capital	Total
	Payments	Reserve Used	Principal	Interest	and Other	
Governmental funds:						
General Fund	\$ 465,598	\$ -	\$ 2,220,799	\$ 328,766	\$ 1,049,750	\$ 4,064,913
Highway Fund	237,199	-	80,620	18,461	1,225,838	1,562,118
Sewer Fund	976,733	-	1,358,843	365,017	3,253,936	5,954,529
Capital Projects Fund	-	-	-	-	6,104,999	6,104,999
Nonmajor funds	<u>344,238</u>	<u>1,000,620</u>	<u>1,976,574</u>	<u>299,825</u>	<u>40,592,145</u>	<u>44,213,402</u>
Total	<u>\$ 2,023,768</u>	<u>\$ 1,000,620</u>	<u>\$ 5,636,836</u>	<u>\$ 1,012,069</u>	<u>\$ 52,226,668</u>	<u>\$ 61,899,961</u>

## 16. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of the Agency Fund for the year ended December 31, 2016:

ASSETS	Balance	Additions	Deletions	Balance
	1/1/2016			12/31/2016
Cash	\$ 1,955,024	\$ 8,889,781	\$ 8,761,890	\$ 2,082,915
LOSAP assets	8,048,715	1,124,109	742,731	8,430,093
Total assets	<u>\$ 10,003,739</u>	<u>\$ 10,013,890</u>	<u>\$ 9,504,621</u>	<u>\$ 10,513,008</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 292,201	\$ 5,725,999	\$ 5,645,722	\$ 372,478
Amounts due to other parties	1,662,823	3,163,782	3,116,168	1,710,437
Amounts held for LOSAP	8,048,715	1,124,109	742,731	8,430,093
Total liabilities	<u>\$ 10,003,739</u>	<u>\$ 10,013,890</u>	<u>\$ 9,504,621</u>	<u>\$ 10,513,008</u>

## 17. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. All bargaining units were settled as of December 31, 2016.

## 18. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. Significant encumbrances as of December 31, 2016, are as listed below:

Fund	Purpose	Amount Encumbered
General Fund	Amherst SIS Program	\$ 66,529
Sewer Fund	Demand / Remote Maintenance	55,285
Part Town	Imagine Amherst Program	112,290

## 19. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Amherst Industrial Development Agency (“AIDA”) and the Town of Amherst under New York State private housing finance law. These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the AIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the AIDA and the Town, the Town collected \$1,059,558 during 2016 in payments in lieu of taxes (“PILOT”); these collections were made in lieu of \$1,403,504 in property taxes.

## 20. CONTINGENCIES

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

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

**Pollution Remediation Obligations**—On February 13, 2007, the Town was issued a consent order by the New York State Department of Environmental Conservation. As part of the consent order the Town submitted a plan for the abatement of the overflow of sanitary sewer discharge in February 2011. The NYSDEC approved the plan in September 2011. The Town is continuing to perform work on its Sanitary Sewer Overflow Abatement projects as required by the New York State Department of Environmental Conservation. As of December 31, 2016, the Town has issued debt to remediate the notice of consent and additional liabilities will be financed as remediation progresses.

## 21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 8, 2017, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.



## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Funding Progress—Other Postemployment Benefits Plan**  
**Year Ended December 31, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2016**

	<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	\$ 24,848,647	\$ 24,848,647	\$ 24,848,646	\$ (1)
Other property tax items	1,315,107	1,315,107	1,377,062	61,955
Non property tax items	19,365,000	19,365,000	19,135,678	(229,322)
Departmental income	4,696,176	4,822,114	4,694,045	(128,069)
Use of money and property	164,000	164,000	173,431	9,431
Licenses and permits	65,060	65,060	135,386	70,326
Fines and forfeitures	1,950,000	1,950,000	2,076,629	126,629
Sale of property and compensation for loss	4,000	58,051	83,624	25,573
Miscellaneous	1,115,809	1,147,108	1,011,358	(135,750)
State aid	3,427,281	3,727,292	4,179,566	452,274
Federal aid	134,696	176,230	136,784	(39,446)
Total revenues	<u>57,085,776</u>	<u>57,638,609</u>	<u>57,852,209</u>	<u>213,600</u>
<b>EXPENDITURES</b>				
Current:				
General government support	11,262,659	11,330,126	10,989,834	340,292
Public safety	34,753,188	34,797,727	34,497,823	299,904
Transportation	1,969,559	2,035,265	1,968,700	66,565
Economic assistance and opportunity	3,027,502	3,386,426	2,818,824	567,602
Culture and recreation	8,852,666	8,862,441	8,360,155	502,286
Debt service:				
Interest	-	131,393	147,473	(16,080)
Total expenditures	<u>59,865,574</u>	<u>60,543,378</u>	<u>58,782,809</u>	<u>1,760,569</u>
Excess (deficiency) of revenues over expenditures	<u>(2,779,798)</u>	<u>(2,904,769)</u>	<u>(930,600)</u>	<u>1,974,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,014,500	3,645,997	3,315,739	(330,258)
Transfers out	<u>(3,362,986)</u>	<u>(3,325,550)</u>	<u>(4,064,913)</u>	<u>(739,363)</u>
Total other financing sources (uses)	<u>(348,486)</u>	<u>320,447</u>	<u>(749,174)</u>	<u>(1,069,621)</u>
Net change in fund balances*	(3,128,284)	(2,584,322)	(1,679,774)	904,548
Fund balances—beginning	<u>15,258,089</u>	<u>15,258,089</u>	<u>15,258,089</u>	<u>-</u>
Fund balances—ending	<u>\$ 12,129,805</u>	<u>\$ 12,673,767</u>	<u>\$ 13,578,315</u>	<u>\$ 904,548</u>

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

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



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Highway Fund**  
**Year Ended December 31, 2016**

	<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	\$ 8,705,865	\$ 8,705,865	\$ 8,705,865	\$ -
Departmental income	367,000	367,000	387,877	20,877
Use of money and property	5,000	5,000	3,954	(1,046)
Sale of property and compensation for loss	80,500	87,951	39,303	(48,648)
Miscellaneous	975,947	975,947	566,095	(409,852)
State aid	586,498	720,244	697,834	(22,410)
Total revenues	<u>10,720,810</u>	<u>10,862,007</u>	<u>10,400,928</u>	<u>(461,079)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	4,236	4,236	4,236	-
Transportation	10,048,805	10,190,448	9,015,195	1,175,253
Debt service:				
Principal	203,500	203,500	203,500	-
Interest	-	118,043	118,043	-
Total expenditures	<u>10,256,541</u>	<u>10,516,227</u>	<u>9,340,974</u>	<u>1,175,253</u>
Excess (deficiency) of revenues over expenditures	<u>464,269</u>	<u>345,780</u>	<u>1,059,954</u>	<u>714,174</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	110,299	110,299
Transfers out	<u>(709,867)</u>	<u>(591,823)</u>	<u>(1,562,118)</u>	<u>(970,295)</u>
Total other financing sources (uses)	<u>(709,867)</u>	<u>(591,823)</u>	<u>(1,451,819)</u>	<u>(859,996)</u>
Net change in fund balances*	(245,598)	(246,043)	(391,865)	(145,822)
Fund balances—beginning	<u>4,423,512</u>	<u>4,423,512</u>	<u>4,423,512</u>	<u>-</u>
Fund balances—ending	<u>\$ 4,177,914</u>	<u>\$ 4,177,469</u>	<u>\$ 4,031,647</u>	<u>\$ (145,822)</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.

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

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Sewer Fund**  
**Year Ended December 31, 2016**

	<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	\$ 16,425,601	\$ 16,425,601	\$ 16,425,601	\$ -
Departmental income	278,294	278,294	263,685	(14,609)
Intergovernmental revenues	2,575,000	2,575,000	2,775,107	200,107
Use of money and property	9,000	9,000	8,636	(364)
Sale of property and compensation for loss	25,000	25,000	16,139	(8,861)
Miscellaneous	147,580	147,580	139,087	(8,493)
Total revenues	<u>19,460,475</u>	<u>19,460,475</u>	<u>19,628,255</u>	<u>167,780</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	14,495,734	14,648,699	13,201,797	1,446,902
Debt service:				
Interest	-	661,955	661,955	-
Total expenditures	<u>14,495,734</u>	<u>15,310,654</u>	<u>13,863,752</u>	<u>1,446,902</u>
Excess of revenues over expenditures	<u>4,964,741</u>	<u>4,149,821</u>	<u>5,764,503</u>	<u>1,614,682</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	920,059	920,059
Transfers out	<u>(6,342,757)</u>	<u>(5,680,801)</u>	<u>(5,954,529)</u>	<u>(273,728)</u>
Total other financing sources (uses)	<u>(6,342,757)</u>	<u>(5,680,801)</u>	<u>(5,034,470)</u>	<u>646,331</u>
Net change in fund balance*	(1,378,016)	(1,530,980)	730,033	2,261,013
Fund balances—beginning	<u>10,768,059</u>	<u>10,768,059</u>	<u>10,768,059</u>	<u>-</u>
Fund balances—ending	<u>\$ 9,390,043</u>	<u>\$ 9,237,079</u>	<u>\$ 11,498,092</u>	<u>\$ 2,261,013</u>

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

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

**TOWN OF AMHERST, NEW YORK**  
**Note to the Required Supplementary Information**  
**Year Ended December 31, 2016**

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**1. BUDGETARY INFORMATION**

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

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

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

General Fund interest expenditures exceeded the adjusted budget due to greater than anticipated interest costs. General, Highway and Sewer Fund transfers out for the year ended December 31, 2016 exceeded the adjusted budget as transfers were made to reimburse the Capital Projects Fund for Board approved equipment purchases.

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## SUPPLEMENTARY INFORMATION



# COMBINING STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

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

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

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

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





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**TOWN OF AMHERST, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2016**

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 821,079	\$ 6,437,402	\$ -	\$ 7,258,481
Restricted cash and cash equivalents	2,578,193	-	-	3,018,893	5,597,086
Receivables	37,211	167,134	1,005,903	-	1,210,248
Due from other funds	107,806	100,000	591,293	1,482,457	2,281,556
Intergovernmental receivables	21,833	77,033	20,002	-	118,868
Prepaid items	-	252,498	241,526	-	494,024
Total assets	<u>\$ 2,745,043</u>	<u>\$ 1,417,744</u>	<u>\$ 8,296,126</u>	<u>\$ 4,501,350</u>	<u>\$ 16,960,263</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 112,653	\$ 222,734	\$ 1,274,107	\$ -	\$ 1,609,494
Accrued liabilities	2,383	165,823	112,535	-	280,741
Due to other funds	65,623	6,650	556,108	-	628,381
Total liabilities	<u>180,659</u>	<u>395,207</u>	<u>1,942,750</u>	<u>-</u>	<u>2,518,616</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Mortgage and lease receivable	-	-	943,632	-	943,632
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>943,632</u>	<u>-</u>	<u>943,632</u>
<b>FUND BALANCES</b>					
Nonspendable	-	252,498	241,526	-	494,024
Restricted	2,564,384	-	-	4,501,350	7,065,734
Assigned	-	770,039	5,168,218	-	5,938,257
Total fund balances	<u>2,564,384</u>	<u>1,022,537</u>	<u>5,409,744</u>	<u>4,501,350</u>	<u>13,498,015</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,745,043</u>	<u>\$ 1,417,744</u>	<u>\$ 8,296,126</u>	<u>\$ 4,501,350</u>	<u>\$ 16,960,263</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2016**

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
<b>REVENUES</b>					
Real property taxes	\$ 34,874	\$ 2,310,364	\$ 19,416,774	\$ -	\$ 21,762,012
Departmental income	18,277	178,628	305,364	-	502,269
Use of money and property	1,302	1,385	40,077	-	42,764
Licenses and permits	21,000	2,318,915	-	-	2,339,915
Sale of property and compensation for loss	-	-	149,706	-	149,706
Miscellaneous	353,217	88,092	151,075	-	592,384
State aid	-	77,033	409	-	77,442
Total revenues	<u>428,670</u>	<u>4,974,417</u>	<u>20,063,405</u>	<u>-</u>	<u>25,466,492</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	3,389,101	5,962,605	-	9,351,706
Transportation	-	-	3,095,101	-	3,095,101
Culture and recreation	102,205	-	-	-	102,205
Home and community services	172,918	2,349,643	9,748,234	-	12,270,795
Debt service:					
Principal	33,697	18,269	-	5,636,836	5,688,802
Interest	1,461	1,131	218,229	1,012,069	1,232,890
Total expenditures	<u>310,281</u>	<u>5,758,144</u>	<u>19,024,169</u>	<u>6,648,905</u>	<u>31,741,499</u>
Excess (deficiency) of revenues over expenditures	<u>118,389</u>	<u>(783,727)</u>	<u>1,039,236</u>	<u>(6,648,905)</u>	<u>(6,275,007)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	23,678	-	521,039	7,001,362	7,546,079
Transfers out	(64,810)	(443,900)	(3,286,747)	(40,417,945)	(44,213,402)
Proceeds of serial bonds	-	-	-	39,086,410	39,086,410
Premium on obligations	-	-	-	1,524,134	1,524,134
Proceeds of refunding bonds	-	-	-	12,940,000	12,940,000
Premium on refunding bonds	-	-	-	727,616	727,616
Payment to escrow agent	-	-	-	(12,537,616)	(12,537,616)
Total other financing sources (uses)	<u>(41,132)</u>	<u>(443,900)</u>	<u>(2,765,708)</u>	<u>8,323,961</u>	<u>5,073,221</u>
Net change in fund balances	77,257	(1,227,627)	(1,726,472)	1,675,056	(1,201,786)
Fund balances—beginning	<u>2,487,127</u>	<u>2,250,164</u>	<u>7,136,216</u>	<u>2,826,294</u>	<u>14,699,801</u>
Fund balances—ending	<u>\$ 2,564,384</u>	<u>\$ 1,022,537</u>	<u>\$ 5,409,744</u>	<u>4,501,350</u>	<u>\$ 13,498,015</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Balance Sheet—Nonmajor Special District Funds**  
**December 31, 2016**

	<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>ASSETS</b>						
Cash and cash equivalents	\$ 1,479,080	\$ 1,502,712	\$ 200,606	\$ 2,080,886	\$ 1,174,118	\$ 6,437,402
Receivables	-	999,743	-	-	6,160	1,005,903
Due from other funds	201,518	168,593	-	124,367	96,815	591,293
Intergovernmental receivables	-	20,002	-	-	-	20,002
Prepaid items	9,493	58,193	-	-	173,840	241,526
Total assets	<u>\$ 1,690,091</u>	<u>\$ 2,749,243</u>	<u>\$ 200,606</u>	<u>\$ 2,205,253</u>	<u>\$ 1,450,933</u>	<u>\$ 8,296,126</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 258,002	\$ 798,285	\$ 890	\$ 152,244	\$ 64,686	\$ 1,274,107
Accrued liabilities	3,664	5,720	-	1,579	101,572	112,535
Due to other funds	1,120	6,720	79,005	251,536	217,727	556,108
Total liabilities	<u>262,786</u>	<u>810,725</u>	<u>79,895</u>	<u>405,359</u>	<u>383,985</u>	<u>1,942,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Mortgage and lease receivable	-	943,632	-	-	-	943,632
Total deferred inflows of resources	<u>-</u>	<u>943,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,632</u>
<b>FUND BALANCES</b>						
Nonspendable	9,493	58,193	-	-	173,840	241,526
Assigned	1,417,812	936,693	120,711	1,799,894	893,108	5,168,218
Total fund balances	<u>1,427,305</u>	<u>994,886</u>	<u>120,711</u>	<u>1,799,894</u>	<u>1,066,948</u>	<u>5,409,744</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,690,091</u>	<u>\$ 2,749,243</u>	<u>\$ 200,606</u>	<u>\$ 2,205,253</u>	<u>\$ 1,450,933</u>	<u>\$ 8,296,126</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Nonmajor Special District Funds**  
**Year Ended December 31, 2016**

	<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	\$ 2,623,337	\$ 5,263,389	\$ 5,634,103	\$ 1,205,510	\$ 4,690,435	\$ 19,416,774
Departmental income	-	305,364	-	-	-	305,364
Use of money and property	1,483	33,373	365	1,510	3,346	40,077
Sale of property and compensation for loss	-	149,706	-	-	-	149,706
Miscellaneous	1,567	15,449	7,361	13,192	113,506	151,075
State aid	-	-	-	-	409	409
Total revenues	<u>2,626,387</u>	<u>5,767,281</u>	<u>5,641,829</u>	<u>1,220,212</u>	<u>4,807,696</u>	<u>20,063,405</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	314,222	5,648,383	-	-	5,962,605
Transportation	3,095,101	-	-	-	-	3,095,101
Home and community services	-	5,439,089	-	277,160	4,031,985	9,748,234
Debt service:						
Interest	-	-	-	166,750	51,479	218,229
Total expenditures	<u>3,095,101</u>	<u>5,753,311</u>	<u>5,648,383</u>	<u>443,910</u>	<u>4,083,464</u>	<u>19,024,169</u>
Excess (deficiency) of revenues over expenditures	<u>(468,714)</u>	<u>13,970</u>	<u>(6,554)</u>	<u>776,302</u>	<u>724,232</u>	<u>1,039,236</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	25,138	-	258,743	237,158	521,039
Transfers out	<u>(7,542)</u>	<u>(256,909)</u>	<u>-</u>	<u>(839,264)</u>	<u>(2,183,032)</u>	<u>(3,286,747)</u>
Total other financing sources (uses)	<u>(7,542)</u>	<u>(231,771)</u>	<u>-</u>	<u>(580,521)</u>	<u>(1,945,874)</u>	<u>(2,765,708)</u>
Net change in fund balances	(476,256)	(217,801)	(6,554)	195,781	(1,221,642)	(1,726,472)
Fund balances—beginning	<u>1,903,561</u>	<u>1,212,687</u>	<u>127,265</u>	<u>1,604,113</u>	<u>2,288,590</u>	<u>7,136,216</u>
Fund balances—ending	<u>\$ 1,427,305</u>	<u>\$ 994,886</u>	<u>\$ 120,711</u>	<u>\$ 1,799,894</u>	<u>\$ 1,066,948</u>	<u>\$ 5,409,744</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Net Position—Internal Service Funds**  
**December 31, 2016**

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	<u>Governmental Activities</u>		<u>Total</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	
<b>ASSETS</b>			
Current assets:			
Restricted cash and cash equivalents	\$ 8,300,252	\$ 451,187	\$ 8,751,439
Receivables	10,763	-	10,763
Due from other funds	10,000	79,004	89,004
Total current assets	<u>8,321,015</u>	<u>530,191</u>	<u>8,851,206</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	63,423	33,556	96,979
Accrued liabilities	20,000	2,524,626	2,544,626
Due to other funds	7,100,000	1,010,000	8,110,000
Bond anticipation notes payable	4,099,471	-	4,099,471
Total current liabilities	<u>11,282,894</u>	<u>3,568,182</u>	<u>14,851,076</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Settlement recovery	3,133,621	-	3,133,621
Total deferred inflows of resources	<u>3,133,621</u>	<u>-</u>	<u>3,133,621</u>
<b>NET POSITION</b>			
Unrestricted	<u>(6,095,500)</u>	<u>(3,037,991)</u>	<u>(9,133,491)</u>
Total net position	<u>\$ (6,095,500)</u>	<u>\$ (3,037,991)</u>	<u>\$ (9,133,491)</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Net Position (Deficit)—Internal Service Funds**  
**December 31, 2016**

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	
Operating revenues:			
Contributions	\$ 1,006,000	\$ 880,000	\$ 1,886,000
Miscellaneous	<u>77,232</u>	<u>275,734</u>	<u>352,966</u>
Total operating revenues	<u>1,083,232</u>	<u>1,155,734</u>	<u>2,238,966</u>
Operating expenses:			
Administrative expenses	378,373	55,858	434,231
Judgments and claim expenses	<u>618,837</u>	<u>1,311,809</u>	<u>1,930,646</u>
Total operating expenses	<u>997,210</u>	<u>1,367,667</u>	<u>2,364,877</u>
Operating income (loss)	<u>86,022</u>	<u>(211,933)</u>	<u>(125,911)</u>
Nonoperating revenues (expenses):			
Premium on obligations	67,477	-	67,477
Interest income	<u>601</u>	<u>570</u>	<u>1,171</u>
Total nonoperating revenues (expenses)	<u>68,078</u>	<u>570</u>	<u>68,648</u>
Change in net position	154,100	(211,363)	(57,263)
Total net position—beginning	<u>(6,249,600)</u>	<u>(2,826,628)</u>	<u>(9,076,228)</u>
Total net position—ending	<u>\$ (6,095,500)</u>	<u>\$ (3,037,991)</u>	<u>\$ (9,133,491)</u>

**TOWN OF AMHERST, NEW YORK**  
**Combining Statement of Cash Flows—Internal Service Funds**  
**December 31, 2016**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>Self Insurance Fund</b>	<b>Workers Compensation Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from participating funds	\$ 995,237	\$ 826,293	\$ 1,821,530
Receipts from reimbursements and settlement recoveries	78,331	275,734	354,065
Payments for administrative and judgments and claims	(5,063,414)	(1,675,752)	(6,739,166)
Net cash used for operating activities	(3,989,846)	(573,725)	(4,563,571)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans from other funds	4,090,000	10,000	4,100,000
Bond anticipation notes	4,099,471	-	4,099,471
Premium on bond anticipation notes	67,477	-	67,477
Net cash provided by noncapital financing activities	8,256,948	10,000	8,266,948
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	601	570	1,171
Net cash provided by investing activities	601	570	1,171
Net increase (decrease) in cash and cash equivalents	4,267,703	(563,155)	3,704,548
Cash and cash equivalents—beginning	4,032,549	1,014,342	5,046,891
Cash and cash equivalents—ending	\$ 8,300,252	\$ 451,187	\$ 8,751,439
<b>Reconciliation of operating income (loss) to net cash used for operating activities:</b>			
Operating income (loss)	\$ 86,022	\$ (211,933)	\$ (125,911)
Adjustments to reconcile operating income (loss) to net cash used for operations:			
(Increase) decrease in accounts receivable	(10,763)	6,223	(4,540)
Decrease in due from other governments	-	19,074	19,074
Increase in due from other funds	-	(79,004)	(79,004)
(Decrease) increase in accounts payable	(24,953)	3,281	(21,672)
Decrease in accrued liabilities	(4,041,251)	(311,366)	(4,352,617)
Increase in deferred inflows	1,099	-	1,099
Net cash used for operating activities	\$ (3,989,846)	\$ (573,725)	\$ (4,563,571)



## OTHER INFORMATION



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Town Outside Village Fund**  
**Year Ended December 31, 2016**

	<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	\$ 2,310,364	\$ 2,310,364	\$ 2,310,364	\$ -
Departmental income	174,000	174,000	178,628	4,628
Use of money and property	2,200	2,200	1,385	(815)
Licenses and permits	2,498,290	2,498,290	2,318,915	(179,375)
Miscellaneous	87,960	122,330	88,092	(34,238)
State aid	-	161,250	77,033	(84,217)
Total revenues	<u>5,072,814</u>	<u>5,268,434</u>	<u>4,974,417</u>	<u>(294,017)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	3,290,296	3,466,689	3,389,101	77,588
Home and community services	2,131,736	2,332,837	2,349,643	(16,806)
Debt service:				
Principal	18,269	18,269	18,269	-
Interest	1,131	1,131	1,131	-
Total expenditures	<u>5,441,432</u>	<u>5,818,926</u>	<u>5,758,144</u>	<u>60,782</u>
Excess (deficiency) of revenues over expenditures	<u>(368,618)</u>	<u>(550,492)</u>	<u>(783,727)</u>	<u>(233,235)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(30,900)</u>	<u>(30,900)</u>	<u>(443,900)</u>	<u>(413,000)</u>
Total other financing uses	<u>(30,900)</u>	<u>(30,900)</u>	<u>(443,900)</u>	<u>(413,000)</u>
Net change in fund balances*	(399,518)	(581,392)	(1,227,627)	(646,235)
Fund balances—beginning	<u>2,250,164</u>	<u>2,250,164</u>	<u>2,250,164</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,850,646</u>	<u>\$ 1,668,772</u>	<u>\$ 1,022,537</u>	<u>\$ (646,235)</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Lighting District Fund**  
**Year Ended December 31, 2016**

	<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	\$ 2,623,336	\$ 2,623,336	\$ 2,623,337	\$ 1
Use of money and property	3,000	3,000	1,483	(1,517)
Miscellaneous	1,566	1,566	1,567	1
Total revenues	<u>2,627,902</u>	<u>2,627,902</u>	<u>2,626,387</u>	<u>(1,515)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>3,239,106</u>	<u>3,239,106</u>	<u>3,095,101</u>	<u>144,005</u>
Total expenditures	<u>3,239,106</u>	<u>3,239,106</u>	<u>3,095,101</u>	<u>144,005</u>
Deficiency of revenues over expenditures	<u>(611,204)</u>	<u>(611,204)</u>	<u>(468,714)</u>	<u>142,490</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,542)</u>	<u>(42)</u>
Total other financing uses	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,542)</u>	<u>(42)</u>
Net change in fund balances*	(618,704)	(618,704)	(476,256)	142,448
Fund balances—beginning	<u>1,903,561</u>	<u>1,903,561</u>	<u>1,903,561</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,284,857</u>	<u>\$ 1,284,857</u>	<u>\$ 1,427,305</u>	<u>\$ 142,448</u>

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

**TOWN OF AMHERST, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Community Environment Fund**  
**Year Ended December 31, 2016**

	<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	\$ 5,263,389	\$ 5,263,389	\$ 5,263,389	\$ -
Departmental income	282,800	287,800	305,364	17,564
Use of money and property	34,336	34,336	33,373	(963)
Sale of property and compensation for loss	150,654	150,654	149,706	(948)
Miscellaneous	<u>37,930</u>	<u>37,930</u>	<u>15,449</u>	<u>(22,481)</u>
Total revenues	<u>5,769,109</u>	<u>5,774,109</u>	<u>5,767,281</u>	<u>(6,828)</u>
<b>EXPENDITURES</b>				
Public safety	311,331	311,504	314,222	(2,718)
Home and community services	<u>5,458,371</u>	<u>5,463,090</u>	<u>5,439,089</u>	<u>24,001</u>
Total expenditures	<u>5,769,702</u>	<u>5,774,594</u>	<u>5,753,311</u>	<u>21,283</u>
Excess (deficiency) of revenues over expenditures	<u>(593)</u>	<u>(485)</u>	<u>13,970</u>	<u>14,455</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	25,138	25,138
Transfers out	<u>(233,399)</u>	<u>(233,399)</u>	<u>(256,909)</u>	<u>(23,510)</u>
Total other financing sources (uses)	<u>(233,399)</u>	<u>(233,399)</u>	<u>(231,771)</u>	<u>1,628</u>
Net change in fund balances*	(233,992)	(233,884)	(217,801)	16,083
Fund balances—beginning	<u>1,212,687</u>	<u>1,212,687</u>	<u>1,212,687</u>	<u>-</u>
Fund balances—ending	<u>\$ 978,695</u>	<u>\$ 978,803</u>	<u>\$ 994,886</u>	<u>\$ 16,083</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 5,634,102	\$ 5,634,102	\$ 5,634,103	\$ 1
Use of money and property	100	100	365	265
Miscellaneous	<u>7,366</u>	<u>7,366</u>	<u>7,361</u>	<u>(5)</u>
Total revenues	<u>5,641,568</u>	<u>5,641,568</u>	<u>5,641,829</u>	<u>261</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>5,653,494</u>	<u>5,653,494</u>	<u>5,648,383</u>	<u>5,111</u>
Total expenditures	<u>5,653,494</u>	<u>5,653,494</u>	<u>5,648,383</u>	<u>5,111</u>
Net change in fund balances*	(11,926)	(11,926)	(6,554)	5,372
Fund balances—beginning	<u>127,265</u>	<u>127,265</u>	<u>127,265</u>	<u>-</u>
Fund balances—ending	<u>\$ 115,339</u>	<u>\$ 115,339</u>	<u>\$ 120,711</u>	<u>\$ 5,372</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, 2016**

	<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	\$ 1,205,510	\$ 1,205,510	\$ 1,205,510	\$ -
Use of money and property	1,800	1,800	1,510	(290)
Miscellaneous	-	-	13,192	13,192
Total revenues	<u>1,207,310</u>	<u>1,207,310</u>	<u>1,220,212</u>	<u>12,902</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	272,126	249,594	277,160	(27,566)
Debt service:				
Interest	-	166,750	166,750	-
Total expenditures	<u>272,126</u>	<u>416,344</u>	<u>443,910</u>	<u>(27,566)</u>
Excess of revenues over expenditures	<u>935,184</u>	<u>790,966</u>	<u>776,302</u>	<u>(14,664)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	258,743	258,743
Transfers out	<u>(1,365,729)</u>	<u>(1,365,729)</u>	<u>(839,264)</u>	<u>526,465</u>
Total other financing sources (uses)	<u>(1,365,729)</u>	<u>(1,365,729)</u>	<u>(580,521)</u>	<u>785,208</u>
Net change in fund balances*	(430,545)	(574,763)	195,781	770,544
Fund balances—beginning	<u>1,604,113</u>	<u>1,604,113</u>	<u>1,604,113</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,173,568</u>	<u>\$ 1,029,350</u>	<u>\$ 1,799,894</u>	<u>\$ 770,544</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, 2016**

	<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	\$ 4,690,435	\$ 4,690,435	\$ 4,690,435	\$ -
Use of money and property	5,500	5,500	3,346	(2,154)
Miscellaneous	227,157	227,157	113,506	(113,651)
State aid	-	409	409	-
Total revenues	<u>4,923,092</u>	<u>4,923,501</u>	<u>4,807,696</u>	<u>(115,805)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	4,053,083	4,053,490	4,031,985	21,505
Debt service:				
Interest	-	51,479	51,479	-
Total expenditures	<u>4,053,083</u>	<u>4,104,969</u>	<u>4,083,464</u>	<u>21,505</u>
Excess of revenues over expenditures	<u>870,009</u>	<u>818,532</u>	<u>724,232</u>	<u>(94,300)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	237,158	237,158
Transfers out	<u>(1,405,729)</u>	<u>(1,405,729)</u>	<u>(2,183,032)</u>	<u>(777,303)</u>
Total other financing sources (uses)	<u>(1,405,729)</u>	<u>(1,405,729)</u>	<u>(1,945,874)</u>	<u>(540,145)</u>
Net change in fund balances*	(535,720)	(587,197)	(1,221,642)	(634,445)
Fund balances—beginning	<u>2,288,590</u>	<u>2,288,590</u>	<u>2,288,590</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,752,870</u>	<u>\$ 1,701,393</u>	<u>\$ 1,066,948</u>	<u>\$ (634,445)</u>

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



# FEDERAL AWARDS INFORMATION



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

<u>Federal Grantor/Pass-through Grantor/Program Title (1a)</u>	<u>Federal CFDA Number (1b)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed- Through to Subrecipients</u>	<u>Total Federal Expenditures (1c)</u>
<b>Department of Housing and Urban Development:</b>				
<i>Direct Programs:</i>				
Supportive Housing for Persons with Disabilities	14.181	N/A	\$ -	\$ 847,843
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-36-0010	-	116,470
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-36-0010	-	220,129
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-36-0010	-	123,101
Total Community Development Block Grants/Entitlement Grants			-	459,700
Home Investment Partnerships Program	14.239	M12-DC360511	-	147,669
Home Investment Partnerships Program	14.239	M13-DC360511	-	389,527
Home Investment Partnerships Program	14.239	M15-DC360511	-	72,945
Home Investment Partnerships Program	14.239	M16-DC-360511	-	5,585
Total Home Investment Partnerships Program			-	615,726
Lower Income Housing Assitance Program Section 8 Moderate Rehabilitation	14.856	NY091MR0001	-	128,555
Lower Income Housing Assitance Program Section 8 Moderate Rehabilitation	14.856	NY091MR0002	-	511,163
Lower Income Housing Assitance Program Section 8 Moderate Rehabilitation	14.856	NY091MR0004	-	156,900
Lower Income Housing Assitance Program Section 8 Moderate Rehabilitation	14.856	NY091MR0005	-	78,580
Total Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation			-	875,198
Section 8 Housing Choice Vouchers	14.871	NY091V0	-	27,460,101
<b>Total U.S. Department of Housing and Urban Development</b>			-	<b>30,258,568</b>
<b>U.S. Department of Transportation</b>				
<i>Passed through the NYS Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	D034233	-	406,861
Highway Planning and Construction	20.205	D034802	-	14,564
Total Highway Planning and Construction Cluster			-	421,425
<b>Total U.S. Department of Transportation</b>			-	<b>421,425</b>
<b>U.S. Department of Health and Human Services:</b>				
<i>Passed through the County of Erie, New York:</i>				
Aging Cluster				
Special Programs for the Aging—Title III				
Part C Nutrition Services	93.045	III C-1 2016	-	50,903
Special Programs for the Aging—Title III				
Part C Nutrition Services	93.045	III C-1 2016	-	71,317
Total Aging Cluster			-	122,220
<b>Total U.S. Department of Health and Human Services</b>			-	<b>122,220</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (1d)</b>			<b>\$ -</b>	<b>\$ 30,802,213</b>

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

**TOWN OF AMHERST, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town. The following notes were identified on the schedule of expenditures of federal awards:

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3. MATCHING COSTS**

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

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 8, 2017. Our report includes an emphasis of matter paragraph regarding a restatement of net position and fund balance and a reference to other auditors who audited the financial statements of the Town of Amherst Industrial Development Agency, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

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



May 8, 2017

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*Certified Public Accountants*

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

Honorable Town Board  
Town of Amherst, New York

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

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2016. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## Report on Internal Control Over Compliance

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

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

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

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



May 8, 2017



**TOWN OF AMHERST, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2016**

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

**Financial Statements:**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified\*  
 (\* which report includes an emphasis of matter paragraph regarding a restatement of net position and fund balance and includes a reference to other auditor)

Internal control over financial reporting:

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

**Federal Awards:**

Internal control over major federal programs:

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

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs?		\$ <u>924,066</u>
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No

## Section II. FINANCIAL STATEMENT FINDINGS SECTION

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

### **Finding 2016-001—Hiring, Termination and Transfer Process**

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

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

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

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

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

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

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

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

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

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

### **Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**TOWN OF AMHERST, NEW YORK**  
**Summary Schedule of Prior Audit Findings**  
**And Corrective Action Plan**  
**Year Ended December 31, 2016**  
**(Follow-up of December 31, 2015 findings)**

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**Finding 2016-001—Human Resources**

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

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

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

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

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

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

*Recommendation:* We recommend that formalized policies and procedures be established to ensure that all proper procedures are followed for each type of employee including notification of the Information Technology Department, Comptroller's Department and Building Maintenance Department. Additionally, the checklists that are currently utilized within the Town when an employee is hired, terminated or transferred should be periodically evaluated and updated

periodically. Items within these forms should be dated and initialed once an action is completed. Periodic training sessions should be provided to all employees responsible for recordkeeping, tracking of employees' timesheets and payroll to regarding Town's policies and procedures, union contracts and applicable laws and regulations.

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

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

*Current Status:* See Finding 2016-001 within the Schedule of Findings and Questioned Costs for current status.

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