

**TOWN OF WHEATFIELD,  
NEW YORK**

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



**TOWN OF WHEATFIELD, NEW YORK**  
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**Year Ended December 31, 2014**

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# FINANCIAL SECTION



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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable Supervisor and Town Board  
Town of Wheatfield, New York:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wheatfield, New York (the "Town"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Drescher & Malecki LLP*

June 5, 2015

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

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As management of the Town of Wheatfield, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2014. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

- The Town's net position decreased \$798,045 as a result of this year's activity.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$19,167,195 (net position). This consists of \$19,908,346 net investment in capital assets offset by an unrestricted net deficit of \$741,151.
- At the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,525,864, a decrease of \$598,947 over the prior year.
- The General Fund reported a net decrease in fund balance this year of \$191,806. At December 31, 2014, unassigned fund balance for the General Fund was \$1,384,502, or 34.6 percent of total General Fund expenditures.
- During the year ended December 31, 2014, the Town paid \$1,145,000 of its bonded indebtedness.

**Overview of the Financial Statements**

The 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 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 differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 10-11 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 of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town maintains eight 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 each of the governmental funds, all of which are considered to be major funds.

The governmental fund financial statements can be found on pages 12-16 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 statement because the resources of those funds are *not* available to support the Town's own programs. The Town maintains one fiduciary fund, the Agency Fund.

The Agency Fund reports resources held by the Town in a custodial capacity for individuals, private organization and other governments.

The fiduciary fund financial statement can be found on page 17 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 18-39 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 progress in funding its obligation to provide other post-employment benefits and the Town’s budgetary comparison schedules for each major fund with a legally adopted budget. Required supplementary information and a note to the required supplementary information can be found on pages 40-48 of this report.

The combining balance sheet and statement of revenues, expenditures, and changes in fund balances (deficit) of the Capital Projects Fund are presented as Supplementary Information on pages 49-50 of this report.

**Government-wide Financial Analysis**

As noted earlier net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$19,167,195 at the close of the 2014 fiscal year, as compared to \$19,965,240 at the close of the year ended December 31, 2013.

Table 1 shown below, presents a condensed statement of net position compared to the prior year.

**Table 1—Condensed Statements of Net Position**

	December 31,	
	2014	2013
Current assets	\$ 4,230,853	\$ 4,986,926
Capital assets	<u>29,157,810</u>	<u>29,918,654</u>
Total assets	<u>33,388,663</u>	<u>34,905,580</u>
Current liabilities	836,250	1,003,208
Non-current liabilities	<u>13,385,216</u>	<u>13,937,132</u>
Total liabilities	<u>14,221,466</u>	<u>14,940,340</u>
Net position:		
Net investment in capital assets	19,908,346	19,702,761
Unrestricted	<u>(741,151)</u>	<u>262,479</u>
Total net position	<u>\$ 19,167,195</u>	<u>\$ 19,965,240</u>

The largest portion of the Town’s net position, \$19,908,346, reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. 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.

The remaining component of net position is considered to be an unrestricted net deficit of \$741,151.

Total net position decreased \$798,045 as a result of current year activities. The decrease in the Town’s net position is attributed an increase in program expenses as compared to the prior year. Key elements of the increase are presented on the following page.

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

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended December 31,	
	2014	2013
Program revenues:		
Charges for services	\$ 2,534,132	\$ 2,567,632
Operating grants and contributions	-	15,818
Capital grants and contributions	94,655	85,593
General revenues	<u>8,923,645</u>	<u>9,132,600</u>
Total revenues	11,552,432	11,801,643
Program expenses	<u>12,350,477</u>	<u>11,772,424</u>
Change in net position	(798,045)	29,219
Net position—beginning	<u>19,965,240</u>	<u>19,936,021</u>
Net position—ending	<u>\$ 19,167,195</u>	<u>\$ 19,965,240</u>

Overall revenues decreased 2.1 percent from 2013, and overall expenses increased 4.9 percent. Changes to revenues decreased largely due to a reduction in real property taxes, while expenses increased mainly due to increased transportation costs.

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

**Table 3—Summary of Sources of Revenues**

	Year Ended December 31,		Increase/(Decrease)	
	2014	2013	Dollars (\$)	Percent (%)
Charges for services	\$ 2,534,132	2,567,632	(33,500)	(1.3)
Operating grants and contributions	-	15,818	(15,818)	(100.0)
Capital grants and contributions	94,655	85,593	9,062	10.6
Real property taxes and tax items	3,491,711	3,672,850	(181,139)	(4.9)
Non-property tax items	4,867,122	4,796,678	70,444	1.5
Use of money and property	105,349	117,196	(11,847)	(10.1)
Sale of property and compensation for loss	70,280	30,985	39,295	126.8
Miscellaneous	635	20,698	(20,063)	(96.9)
State aid—unrestricted	<u>388,548</u>	<u>494,193</u>	<u>(105,645)</u>	<u>(21.4)</u>
Total revenues	<u>\$ 11,552,432</u>	<u>\$ 11,801,643</u>	<u>\$ (249,211)</u>	<u>(2.1)</u>

The most significant sources of revenues for the year ended December 31, 2014 are non-property tax items and real property taxes, which account for 72.4 percent of total revenues. The other significant source of revenue for the year ended December 31, 2014 is charges for services, accounting for 21.9 percent of the total revenues. Non-property tax items and real property taxes, and charges for services represented 71.8 and 21.8 percent, respectively, of total revenues for the year ended December 31, 2013.

During the year ended December 31, 2014, real property taxes decreased \$181,139. This was primarily the result of elimination in the current year of highway tax. The decrease was partially offset by a \$70,444 increase in non-property taxes.

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

**Table 4—Summary of Program Expenses**

	Year Ended December 31,		Increase/(Decrease)	
	2014	2013	Dollars (\$)	Percent (%)
General government support	2,210,671	2,229,555	(18,884)	(0.8)
Public safety	1,665,822	1,605,847	59,975	3.7
Transportation	2,899,211	2,677,418	221,793	8.3
Economic assistance and opportunity	19,639	20,765	(1,126)	(5.4)
Culture and recreation	1,069,782	906,834	162,948	18.0
Home and community services	4,117,278	3,906,190	211,088	5.4
Interest and other fiscal charges	368,074	425,815	(57,741)	(13.6)
Total expenses	<u>\$ 12,350,477</u>	<u>\$ 11,772,424</u>	<u>\$ 578,053</u>	4.9

The Town's most significant expense items for the year ended December 31, 2014 were home and community services (primarily sewer, water, and sanitation services), which accounts for \$4,117,278 or 33.3 percent of total expenses, transportation of \$2,899,211 or 23.5 percent of total expenses, general government support of \$2,210,671 or 17.9 percent of total expenses, and public safety, which accounts for \$1,665,822 or 13.5 percent of total expenses. Similarly, for the year ended December 31, 2013, significant expenses were home and community services, which accounts for \$3,906,190 or 33.2 percent of total expenses, transportation of \$2,677,418 or 22.7 percent of total expenses, general government support of \$2,229,555, or 18.9 percent of total expenses, and public safety, which accounts for \$1,605,847, or 13.6 percent of total expenses.

During the year ended December 31, 2014, transportation, home and community service and culture and recreation increased by \$221,793, \$211,088 and \$162,948, respectively. The increase in transportation expenditures was a result of unanticipated infrastructure repairs on roads maintained by the Town. The increase in home and community service expenses was a result of unanticipated environmental consulting costs. The increase in culture and recreation expenses is primarily related to various park improvements.

### **Financial Analysis of Governmental Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town’s governmental funds report a combined ending fund balance of \$3,525,864, a decrease of \$598,947 from the prior year combined ending fund balance of \$4,124,811. The combined ending fund balance includes \$1,334,502 of *unassigned* fund balance, and \$2,077,518 *assigned* fund balance for specific purposes. Additionally, \$108,308 is considered *nonspendable* and relates to the prepaid portion of retirement contributions.

The 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 \$1,384,502, while total fund balance was \$1,983,837. The General Fund fund balance decreased \$191,806 from the prior year. 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. At December 31, 2014, unassigned fund balance represented 34.6 percent of total expenditures, while total fund balance represented 49.6 percent of that same amount.

The fund balance of the Town’s Highway Fund realized a decrease of \$245,558 during the year ended December 31, 2014, primarily due to increased transportation expenditures. The fund balances of the Town’s Refuse District, and Fire District Funds increased by \$136,527, and \$99,248, respectively, while the Town’s Water District, Sewer District, and Lighting District Funds decreased by \$48,518, \$176,352, and \$2,476, respectively, during the year ended December 31, 2014. The Town’s Capital Projects Fund reports a deficit total fund balance of \$44,464 at December 31, 2014, a decrease of \$124,498 from prior year fund balance of \$80,034. The decrease is due to capital outlay expenditures exceeding related revenue sources.

### General Fund Budgetary Highlights

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. 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, 2014 is presented in Table 5 below:

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues	\$ 3,712,188	\$ 3,712,188	\$ 3,807,607	\$ 95,419
Expenditures	4,137,188	4,342,117	3,999,413	342,704
Excess (deficiency) of revenues over expenditures	\$ (425,000)	\$ (629,929)	\$ (191,806)	\$ 438,123

**Original budget compared to final budget.** The adopted budget was increased by \$204,929 as a result of unanticipated expenditures within the transportation function.

**Final budget compared to actual results.** A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yielded notable variances, as described on the following page.

Favorable variances of \$125,066 and \$91,697 within culture and recreation and employee benefits mainly due to unanticipated savings in the department of public parks and lower than expected benefit costs.

### Capital Asset and Debt Administration

**Capital assets.** The Town’s investment in capital assets for its governmental activities as of December 31, 2014, amounted to \$29,157,810 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment, and vehicles.

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 governmental activities at the years ended December 31, 2014 and December 31, 2013 are presented in Table 6 below:

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

	December 31,	
	2014	2013
Land	\$ 1,014,098	\$ 1,014,098
Construction in progress	-	229,321
Infrastructure	20,996,359	21,505,384
Buildings and improvements	5,390,184	5,552,953
Machinery and equipment	1,534,482	1,381,001
Vehicles	<u>222,687</u>	<u>235,897</u>
Total	<u>\$ 29,157,810</u>	<u>\$ 29,918,654</u>

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

**Long-term debt.** At December 31, 2014, the Town had total bonded debt outstanding of \$9,205,000 as compared to \$10,350,000 in the prior year. During the year ended December 31, 2014, the Town made \$1,145,000 in payments on principal of existing debt. The Town utilizes debt issuances as a way to finance construction, improvements, and the acquisition of capital. Additional information on the Town’s long-term debt can be found in Note 11 of this report.

### Economic Factors

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

### 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, 2800 Church Road, NorthTonawanda, 14210-1099.

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# BASIC FINANCIAL STATEMENTS



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

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	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,018,304
Restricted cash and cash equivalents	5,536
Receivables	467,627
Due from Agency Fund	37,389
Intergovernmental receivables	593,689
Prepaid items	108,308
Capital assets not being depreciated	1,014,098
Capital assets, net of accumulated depreciation	<u>28,143,712</u>
Total assets	<u>33,388,663</u>
 <b>LIABILITIES</b>	
Accounts payable	484,593
Accrued liabilities	288,817
Intergovernmental payables	12,842
Bond anticipation notes payable	50,000
Non-current liabilities:	
Due within one year	1,266,328
Due within more than one year	<u>12,118,888</u>
Total liabilities	<u>14,221,468</u>
 <b>NET POSITION</b>	
Net investment in capital assets	19,908,346
Unrestricted	<u>(741,151)</u>
Total net position	<u>\$ 19,167,195</u>

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2014**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
<b>Primary Government:</b>				
Governmental activities:				
General government support	\$ 2,210,671	\$ 58,624	\$ -	\$ (2,152,047)
Public safety	1,665,822	177,717	-	(1,488,105)
Transportation	2,899,211	213,935	94,655	(2,590,621)
Economic assistance and opportunity	19,639	-	-	(19,639)
Culture and recreation	1,069,782	134,139	-	(935,643)
Home and community services	4,117,278	1,949,717	-	(2,167,561)
Interest and other fiscal charges	368,074	-	-	(368,074)
Total primary government	<u>\$ 12,350,477</u>	<u>\$ 2,534,132</u>	<u>\$ 94,655</u>	<u>(9,721,690)</u>
General revenues:				
				3,491,711
Real property taxes and tax items				4,867,122
Non-property tax items				105,349
Use of money and property				70,280
Sale of property and compensation for loss				635
Miscellaneous				388,548
State aid—unrestricted				<u>8,923,645</u>
Total general revenues				
				(798,045)
Change in net position				<u>19,965,240</u>
Net position—beginning				<u>\$ 19,167,195</u>
Net position—ending				

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2014**

	<u>Special Revenue</u>							<u>Capital Projects</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Water District</u>	<u>Sewer District</u>	<u>Fire District</u>	<u>Refuse District</u>	<u>Lighting District</u>		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,694,339	\$ 412,456	\$ 200	\$ 314,647	\$ 323,403	\$ 267,441	\$ 5,818	\$ -	\$ 3,018,304
Restricted cash and cash equivalents	-	-	-	-	-	-	-	5,536	5,536
Receivables	99,701	15,259	225,319	103,859	-	23,489	-	-	467,627
Due from other funds	102,165	-	-	-	-	-	-	-	102,165
Intergovernmental receivables	271,739	199,353	80,739	41,858	-	-	-	-	593,689
Prepaid items	54,154	30,326	8,665	15,163	-	-	-	-	108,308
Total assets	<u>\$ 2,222,098</u>	<u>\$ 657,394</u>	<u>\$ 314,923</u>	<u>\$ 475,527</u>	<u>\$ 323,403</u>	<u>\$ 290,930</u>	<u>\$ 5,818</u>	<u>\$ 5,536</u>	<u>\$ 4,295,629</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 211,621	\$ 47,052	\$ 153,038	\$ 34,514	\$ 35,724	\$ 332	\$ 2,312	\$ -	\$ 484,593
Accrued liabilities	13,798	5,933	2,519	5,504	129,800	-	-	-	157,554
Due to other funds	-	-	64,776	-	-	-	-	-	64,776
Intergovernmental payables	12,842	-	-	-	-	-	-	-	12,842
Bond anticipation notes payable	-	-	-	-	-	-	-	50,000	50,000
Total liabilities	<u>238,261</u>	<u>52,985</u>	<u>220,333</u>	<u>40,018</u>	<u>165,524</u>	<u>332</u>	<u>2,312</u>	<u>50,000</u>	<u>769,765</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable	54,154	30,326	8,665	15,163	-	-	-	-	108,308
Restricted	-	-	-	-	-	-	-	5,536	5,536
Assigned	545,181	574,083	85,925	420,346	157,879	290,598	3,506	-	2,077,518
Unassigned	1,384,502	-	-	-	-	-	-	(50,000)	1,334,502
Total fund balances (deficit)	<u>1,983,837</u>	<u>604,409</u>	<u>94,590</u>	<u>435,509</u>	<u>157,879</u>	<u>290,598</u>	<u>3,506</u>	<u>(44,464)</u>	<u>3,525,864</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,222,098</u>	<u>\$ 657,394</u>	<u>\$ 314,923</u>	<u>\$ 475,527</u>	<u>\$ 323,403</u>	<u>\$ 290,930</u>	<u>\$ 5,818</u>	<u>\$ 5,536</u>	<u>\$ 4,295,629</u>

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Reconciliation of the Balance Sheet—**  
**Governmental Funds to the Government-wide Statement of Net Position**  
**December 31, 2014**

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Amounts reported for governmental activities in the statement of net position (page 10) are different because:

Total fund balances (deficit)—governmental funds (page 12)	\$	3,525,864
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$59,204,578 and the accumulated depreciation is \$30,046,768.		29,157,810
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	\$ (9,205,000)	
Accrued landfill post-closure costs	(332,647)	
Compensated absences	(370,446)	
OPEB obligation	<u>(3,477,123)</u>	(13,385,216)
Net accrued interest expense for bonds is not reported in the funds.		<u>(131,263)</u>
Net position of governmental activities	\$	<u><u>19,167,195</u></u>

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

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

	<u>Special Revenue</u>							<u>Capital Projects</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Water District</u>	<u>Sewer District</u>	<u>Fire District</u>	<u>Refuse District</u>	<u>Lighting District</u>		
<b>REVENUES</b>									
Real property taxes and tax items	\$ 16,936	\$ -	\$ -	\$ 1,044,277	\$ 1,458,448	\$ 950,000	\$ 22,050	\$ -	\$ 3,491,711
Non-property tax items	2,866,499	2,000,623	-	-	-	-	-	-	4,867,122
Departmental income	189,862	12,433	1,170,567	644,202	-	-	-	-	2,017,064
Intergovernmental charges	-	192,516	-	-	-	-	-	-	192,516
Use of money and property	1,726	445	196	72,105	248	30,597	-	32	105,349
Licenses and permits	136,835	10,000	-	-	-	-	-	-	146,835
Fines and forfeitures	177,717	-	-	-	-	-	-	-	177,717
Sale of property and compensation for loss	28,849	32,460	333	4,250	4,388	-	-	-	70,280
Miscellaneous	635	-	-	-	-	-	-	-	635
State aid	388,548	94,655	-	-	-	-	-	-	483,203
Total revenues	<u>3,807,607</u>	<u>2,343,132</u>	<u>1,171,096</u>	<u>1,764,834</u>	<u>1,463,084</u>	<u>980,597</u>	<u>22,050</u>	<u>32</u>	<u>11,552,432</u>
<b>EXPENDITURES</b>									
Current:									
General government support	977,470	3,291	2,808	2,858	-	-	-	-	986,427
Public safety	443,286	-	-	-	1,222,536	-	-	-	1,665,822
Transportation	256,719	2,058,968	-	-	-	-	24,526	-	2,340,213
Economic assistance and opportunity	19,639	-	-	-	-	-	-	-	19,639
Culture and recreation	937,848	-	-	-	-	-	-	-	937,848
Home and community services	227,147	-	979,854	865,740	-	844,070	-	-	2,916,811
Employee benefits	668,803	435,472	155,427	221,031	110,011	-	-	-	1,590,744

(continued)

	Special Revenue							Capital Projects	Total Governmental Funds
	General	Highway	Water District	Sewer District	Fire District	Refuse District	Lighting District		
Debt service:									
Principal	349,655	65,582	55,000	645,407	30,283	-	-	-	1,145,927
Interest and other fiscal charges	118,846	25,377	26,525	206,150	1,006	-	-	-	377,904
Capital outlay	-	-	-	-	-	-	-	170,044	170,044
Total expenditures	<u>3,999,413</u>	<u>2,588,690</u>	<u>1,219,614</u>	<u>1,941,186</u>	<u>1,363,836</u>	<u>844,070</u>	<u>24,526</u>	<u>170,044</u>	<u>12,151,379</u>
Excess (deficiency) of revenues over expenditures	<u>(191,806)</u>	<u>(245,558)</u>	<u>(48,518)</u>	<u>(176,352)</u>	<u>99,248</u>	<u>136,527</u>	<u>(2,476)</u>	<u>(170,012)</u>	<u>(598,947)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	4,486	-	-	-	50,000	54,486
Transfers out	-	-	(25,000)	(25,000)	-	-	-	(4,486)	(54,486)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(20,514)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,514</u>	<u>-</u>
Net change in fund balances (deficit)	(191,806)	(245,558)	(73,518)	(196,866)	99,248	136,527	(2,476)	(124,498)	(598,947)
Fund balances—beginning	<u>2,175,643</u>	<u>849,967</u>	<u>168,108</u>	<u>632,375</u>	<u>58,631</u>	<u>154,071</u>	<u>5,982</u>	<u>80,034</u>	<u>4,124,811</u>
Fund balances (deficit)—ending	<u>\$ 1,983,837</u>	<u>\$ 604,409</u>	<u>\$ 94,590</u>	<u>\$ 435,509</u>	<u>\$ 157,879</u>	<u>\$ 290,598</u>	<u>\$ 3,506</u>	<u>\$ (44,464)</u>	<u>\$ 3,525,864</u>

(concluded)

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended December 31, 2014**

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Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Net change in fund balances (deficit)—total governmental funds (page 15) \$ (598,947)

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, net	\$ 904,511	
Depreciation expense	<u>(1,665,355)</u>	(760,844)

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. 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 related items is as follows:

Repayment of bond principal	\$ 1,145,000	
Repayment of capital lease principal	927	
Change in accrued liability post-closure cost	19,805	
Change in compensated absences	(3,341)	
Change in OPEB obligation	<u>(610,475)</u>	551,916

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 9,830

Change in net position of governmental activities \$ (798,045)

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

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

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 93,500
LOSAP assets	<u>2,200,433</u>
Total assets	<u>\$ 2,293,933</u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 56,111
Due to other funds	37,389
Amounts held for LOSAP	<u>2,200,433</u>
Total liabilities	<u>\$ 2,293,933</u>

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

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**TOWN OF WHEATFIELD, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town of Wheatfield, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (the “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 the legally separate component units for which the primary government is financially accountable. The Town reports no component units.

***Reporting Entity***

The Town, which was established in 1836, is located within the County of Niagara, New York. The Town is governed by Town law and other general laws of the State of New York 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.

The following basic services are provided by the Town: highway maintenance, water, sewer, garbage collection, public safety, planning, zoning, environmental control, culture and recreation and general administration.

Independently elected officials of the Town consist of the following:

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

All governmental activities and functions performed for the Town are its direct responsibility.

The Town’s basic financial statements include those entities for which the Town has clear oversight responsibility. This responsibility is determined through a review of such factors as the selecting of governing boards, financial interdependency and the ability to influence management and operations on a continuing basis.

The Town is a unit of local government which operates within the boundaries of the County of Niagara. The Town encompasses the Niagara-Wheatfield Central School District. This school

district was created by the state legislation which designates the school board as governing authority. School board members are elected by the qualified voters for the district. The school board designates management, and exercises complete responsibility for all fiscal matters.

The Niagara-Wheatfield Central School District is not included in the financial statements as it is governed by independently elected bodies and is not influenced by the Town.

#### ***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. Separate financial statements are provided for governmental funds and a fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water and transit functions 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 Town's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund is the principal operating fund of the Town and includes all operations not required to be recorded in other funds.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.
- *Water District Fund*—This fund is used to record all revenues and expenditures related to operation and maintenance of the Town's water district.
- *Sewer District Fund*—This fund is used to record all revenues and expenditures related to operation and maintenance of the Town's sewer district.
- *Fire District Fund*—This fund is used to record all revenues and expenditures related to operation and maintenance of the Town's fire district.
- *Refuse District Fund*—This fund is used to record all revenues and expenditures related to operation and maintenance of the Town's refuse district.
- *Lighting District Fund*—This fund is used to record all revenues and expenditures related to operation and maintenance of the Town's lighting district.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Additionally, the Town reports the following fund type:

Fiduciary Fund—The *Agency Fund* is used to account for assets held by the Town as an agent for governments, or other funds. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in 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, Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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 of availability. 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 of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

***Excess of Expenditures over Appropriations***—During the year ended December 31, 2014, transfers out for the Town’s Water and Sewer Funds had an unfavorable budget variance of \$25,000 each, but those variances were offset with favorable principal payments budget variances of \$25,000 for both funds.

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

***Cash, Cash Equivalents, and Investments***—Cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Town had no investments at December 31, 2014; however, when the Town does have investments, they are recorded at fair value based on quoted market value.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represents debt proceeds to be used for eligible capital project costs.

***Receivables***—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. As previously mentioned, the effect of interfund activity is generally eliminated from the government-wide financial statements; however, any residual balances outstanding are reported as “internal balances” in these statements.

Included within the Town’s accounts receivable balance are charges for water and sewer rents. The Town bills citizens for water and sewer services on the 10<sup>th</sup> of every month, with payment due by the end of the month. The Town is divided into three zones, with each zone being billed quarterly for the previous three months. The Town charges a one-time penalty of 10% of the outstanding balance once bills become past due. During October of each year, all unpaid balances are transferred to the County of Niagara’s tax roll for collection through the subsequent year’s Town and County tax levy. Thus, the Town is guaranteed to receive 100% of its billings.

***Prepaid Items***—Certain payments to vendors reflect costs applicable to future accounting 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. At December 31, 2014, prepaid items consisted of payments made to the NYS Employees’ Retirement System.

**Capital Assets**—Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government activities column 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 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.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 50
Buildings and improvements	10 - 40
Machinery and equipment	10
Vehicles	5

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2014, the Town does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2014, the Town does not have any items that qualify for reporting in this category.

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

**Fund Balance Flow Assumptions**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be

made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 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***—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 Niagara County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Niagara County real property taxes. Property taxes are levied and become a lien as of January 1 based on assessed property values as of that date.

Tax payments are due January 1 to 31 without penalty; February 1 to 28 with a 1% penalty; and March 1 to 31 with a 2 % penalty.

The tax roll is returned to the Niagara County Treasurer after March 31 at which time all unpaid taxes and penalties are payable to that office. The Town retains its full tax levies for all unpaid items returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

***Compensated Absences***—Pursuant to a resolution of the governing board and contractual agreements, Town employees are entitled to accrue a maximum of 200 days of sick leave. Upon

retirement, 50% of the cash value of unused sick leave may be paid to the employee as a lump sum distribution. These payments are budgeted annually without accrual. Vacation time is based on past service and is guaranteed paid-time off during the year following the employee's entitlement date.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

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

### **Other**

**Estimates**—The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

**Future Impacts of Accounting Pronouncements**—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68*, effective for the year ending December 31, 2015, 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 67,68, and No. 76, effective for the year ending December 31, 2016, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 68, 71, 72, 73, 74, 75 and 76 will have on its financial position and results of operations when such statements are adopted.

## *Stewardship, Compliance and Accountability*

***Budgets and Budgetary Accounting***—The Town follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- ◆ Prior to September 30, the Town Supervisor submits 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<sup>th</sup>.
- ◆ The full Town Board reviews the tentative budget and may make adjustments before approving a “preliminary” budget and calling for a public hearing which is generally held in late October.
- ◆ Following the public hearings, revisions may be made by the Town Board before filing an adopted budget with Niagara County by November 20<sup>th</sup>.
- ◆ 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 departmental budgetary control. All budget amendments and budget transfers require Town Board approval. For the year ended December 31, 2014, \$204,929 of supplemental appropriations were needed in the General Fund.
- ◆ Except for the Capital Projects Fund, formal annual budgetary accounts are employed as a management control device for the Town’s governmental funds.
- ◆ Annual budgets are adopted on a basis consistent with GAAP. All unencumbered appropriations lapse at the end of the fiscal year.
- ◆ As previously mentioned, Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead, appropriations are approved through a Town Board resolution at the project’s inception and lapse upon termination of the project. Accordingly, the Capital Projects Fund budget is not presented in a Statement of Revenues, Expenditures and Changes in the Fund Balance—Budget and Actual, since a comparison of the budgeted amounts with the current year expenditures would not be meaningful.

Total expenditures for each object classification within a department may not legally exceed the total appropriation for that object classification.

***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. As of December 31, 2014, the Town reported no significant encumbrances.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school town subdivisions. Cash at year-end consisted of:

	Governmental Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 600	\$ -	\$ 600
Deposits	<u>3,023,240</u>	<u>93,500</u>	<u>3,116,740</u>
Total	<u>\$ 3,023,840</u>	<u>\$ 93,500</u>	<u>\$ 3,117,340</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 505,536	\$ 505,536
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>2,736,565</u>	<u>2,611,204</u>
Total	<u>\$ 3,242,101</u>	<u>\$ 3,116,740</u>

**Custodial Credit Risk – Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2014, the Town's deposits were FDIC insured or collateralized.

**Investments**—Investments are carried at fair value, as determined by quoted market prices. The Town had no investments at December 31, 2014.

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

**Restricted Cash and Cash Equivalents**—Total restricted cash of \$5,536, represents debt proceeds to be used for eligible capital project costs.

### 3. RECEIVABLES

**A. *Receivables***—Represents amounts due for cable franchise fees, charges collected by departments within the Town, charges for services, water and sewer rents receivables, and special assessments receivable for construction of infrastructure (i.e., water lines) within certain areas of the Town. Receivables at December 31, 2014 are presented below:

General Fund:		
Cable franchise fees	\$	54,196
Due from Town Clerk		28,782
Due from Town Justices		14,460
Insurance claims		2,227
Miscellaneous		36
		<u>\$ 99,701</u>
Highway Fund:		
Fuel use reimbursement	\$	12,439
Curb installment reimbursement		1,815
Sale of equipment		870
Insurance recovery		135
		<u>\$ 15,259</u>
Water Fund:		
Billed water rents and charges		<u>\$ 225,319</u>
Sewer Fund:		
Billed sewer rents		<u>\$ 103,859</u>
Garbage and Refuse Fund:		
Rebates		<u>\$ 23,489</u>

**B. *Intergovernmental Receivables***—Represents amounts due primarily from New York State, the County of Niagara and other local municipalities for sales tax, services rendered, grants, and unpaid Town charges. Amounts due from other governments at December 31, 2014 are:

General Fund:		
Niagara County - sales tax	\$	262,593
Niagara County - unpaid Town charges		9,146
		<u>\$ 271,739</u>
Highway Fund:		
Niagara County - sales tax	\$	198,096
Niagara County - fuel		1,257
		<u>\$ 199,353</u>
Water District Fund:		
Niagara County - unpaid water bills		<u>\$ 80,739</u>
Sewer District Fund:		
Niagara County - unpaid sewer bills	\$	22,161
Niagara County - sewer grant reimbursement		19,697
		<u>\$ 41,858</u>

#### 4. CAPITAL ASSETS

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

	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
Capital assets, not being depreciated:				
Land	\$ 1,014,098	\$ -	\$ -	\$ 1,014,098
Construction in progress	<u>229,321</u>	<u>-</u>	<u>(229,321)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,243,419</u>	<u>-</u>	<u>(229,321)</u>	<u>1,014,098</u>
Capital assets, being depreciated:				
Infrastructure	41,506,379	479,937	-	41,986,316
Buildings and improvements	8,875,456	57,332	-	8,932,788
Machinery and equipment	6,183,797	398,826	(103,668)	6,478,955
Vehicles	<u>723,606</u>	<u>197,737</u>	<u>(128,922)</u>	<u>792,421</u>
Total capital assets, being depreciated	<u>57,289,238</u>	<u>1,133,832</u>	<u>(232,590)</u>	<u>58,190,480</u>
Less accumulated depreciation for:				
Infrastructure	(20,000,996)	(988,961)	-	(20,989,957)
Buildings and improvements	(3,322,503)	(220,101)	-	(3,542,604)
Machinery and equipment	(4,802,793)	(245,348)	103,668	(4,944,473)
Vehicles	<u>(487,711)</u>	<u>(210,945)</u>	<u>128,922</u>	<u>(569,734)</u>
Total accumulated depreciation	<u>(28,614,003)</u>	<u>(1,665,355)</u>	<u>232,590</u>	<u>(30,046,768)</u>
Total capital assets, being depreciated, net	<u>28,675,235</u>	<u>(531,523)</u>	<u>-</u>	<u>28,143,712</u>
Governmental activities capital assets, net	<u>\$ 29,918,654</u>	<u>\$ (531,523)</u>	<u>\$ (229,321)</u>	<u>\$ 29,157,810</u>

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

Function/Program	Depreciation
General government support	\$ 77,873
Transportation	384,251
Culture and recreation	131,934
Home and community service	<u>1,071,297</u>
Total depreciation expense, governmental activities	<u>\$ 1,665,355</u>

**5. ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at December 31, 2014 were as follows:

	General Fund	Highway Fund	Water District Fund	Sewer District Fund	Fire District Fund	Total Governmental Funds
Salary and employee benefits	\$ 13,798	\$ 5,933	\$ 2,519	\$ 5,504	\$ 129,800	\$ 157,554
Total accrued liabilities	<u>\$ 13,798</u>	<u>\$ 5,933</u>	<u>\$ 2,519</u>	<u>\$ 5,504</u>	<u>\$ 129,800</u>	<u>\$ 157,554</u>

**6. PENSION PLANS**

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

**Funding Policy**—The Systems are noncontributory, except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and employees who join on or after January 1, 2010, who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute three (3%) of their annual salary until March 31, 2013, after which the contribution percentage will be based on annual salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31<sup>st</sup>.

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

<u>Year Ended December 31,</u>	<u>ERS</u>
2014	\$ 431,822
2013	452,006
2012	389,643

Legislation requires participating employers to make payments on a current basis. The Town’s contributions made to the System was equal to 100 percent of the contributions required for each year, and the Town has not bonded or amortized any of the excess amounts.

## 7. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

**Plan Description**—The Town pays for a portion of eligible retirees’ health insurance, depending on the type of health plan provided. Eligibility for post-employment benefits is based on hire date, age, and years of service.

**Funding Policy**—Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through benefit packages authorized by the Town Board. Upon retirement, the Town generally pays for the cost of the employee’s health coverage based on the plan currently in effect for active employees.

The Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The Town contributed \$156,891 for the fiscal year ended December 31, 2014.

The Town’s annual other post-employment benefit (“OPEB”) cost is calculated based on the annual required contribution (“ARC”) of the employer. The Town elected to determine its OPEB liability under the Alternative Measurement Method permitted by GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

	<u>Year Ended December 31,</u>	
	2014	2013
Annual required contribution	\$ 737,851	\$ 851,047
Interest on net OPEB obligation	29,515	67,278
Adjustment to annual required contribution	-	(93,545)
Annual OPEB costs (expense)	767,366	824,780
Contributions made	(156,891)	(157,247)
Increase in net OPEB obligation	610,475	667,533
Net OPEB obligation - beginning of year	<u>2,866,648</u>	<u>2,199,115</u>
Net OPEB obligation - end of year	<u>\$ 3,477,123</u>	<u>\$ 2,866,648</u>

**Funding Status and Funding Progress**—As of December 31, 2014, the most recent valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits was \$6,795,457.

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 health care 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 Town’s schedule of contributions is shown on the following page.

Year Ended December 31,	Annual Required Contribution	Contributions Made	Percentage Contributed
2014	\$ 737,851	\$ 156,891	21.3%
2013	851,047	157,247	18.5%
2012	795,371	143,620	18.1%

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 plan assets is increasing or decreasing over time 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. Methods and assumptions include:

- Valuation Method – the method used is the *Unit Credit Cost Method*.
- Valuation of Assets – no assets have been set aside to fund the liabilities. The plan is funded on a pay-as-you-go basis.
- Eligible Plan Participants – all active and retired employees who are participants in the medical plan as of the date the valuation was performed are included in the liability.
- Amortization Method – *Level Dollar Method*
- Amortization Period for Actuarial Accrued Liability (AAL) – thirty years
- Amortization Period remaining – twenty five years
- Valuation Date – December 31, 2014
- Expected investment rate of return – 4%

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

The Town established a defined contribution LOSAP plan for active volunteer firefighters of the Adams, Frontier, Bergholz, St. Johnsburg, and Shawnee Fire Companies. The program took effect on January 1, 1995. 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 18 and who have earned 1 year of service credit are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age or becoming totally and permanently disabled. The program’s entitlement age is age 62. 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. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program. In the case of total and permanent disability before attaining entitlement age the individual is entitled to receive the credited contribution and investment earnings that are credited to his account regardless of age or length of service.

**Contributions, balances, and payouts** – Prior to January 1, 2009, an annual contribution of \$480 shall be contributed by the Town, up to a maximum of forty (40) years for each calendar year a participant earned a year of service credit under the Point System. Subsequent to January 1, 2009, the annual contribution increases to \$700. Each participant accrues an individual account balance which contains their accrued service award, and includes the total annual contributions earned by a participant plus a proportionate share of allocated investment income earned on the Service Award Program Trust Fund plus an allocated share of interest paid into such fund on prior service contributions less any investment related expenses paid from such Trust Fund. A participant's accrued service award is payable as soon as administratively possible after January 1 in the next succeeding calendar year after attaining entitlement age.

### **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 Service Award Program is administered by the governing board of the sponsor through recommendations from a Service Award Program Trustees' Committee. The committee consists of representatives from the five fire companies. The Town has also retained and designated Standard Security Life Insurance Company 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. Evans National Bank also serves as the trustee and Harbridge Consulting Group acts as investment manager.

Authority to invest program assets is vested in the Town Board. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule and the Investment Document for the LOSAP as approved by the Board of Trustees.

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 Harbridge Consulting Group. Portions of the following information are derived from a report prepared by the actuary dated December 31, 2013.

## Program Financial Condition

### Assets and Liabilities

Assets available for benefits at December 31, 2013:

	<u>% of total</u>		
Annuity Contract	94.7%	\$ 2,084,342	
Contribution Receivable	5.3%	<u>116,091</u>	
Total Net Assets Available for Benefits			<u>\$ 2,200,433</u>

### Receipts and Disbursements

Plan Net Assets, beginning of the year			<u>\$ 2,080,807</u>
Changes during the year:			
+ Plan contributions		\$ 116,090	
+ Investment income earned		78,416	
- Distributions to participants		<u>(74,880)</u>	
Plan Net Assets, end of year			<u>\$ 2,200,433</u>

As of December 31, 2014, program asset information was not available. The Town estimates that the contribution to the Program including administrative fees for the year ended December 31, 2014 will be \$129,800.

## 9. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters. The Town purchases commercial insurance to cover the liability for most risk including, but not limited to, general liability, workers' compensation, vehicle, and excess liability. The general liability insurance is limited to \$1 million per occurrence, and an aggregate \$3 million limit. The automobile insurance is limited to \$1 million per accident. The umbrella liability insurance includes a \$10,000 policy retention and is limited to \$5 million per occurrence, and an aggregate \$10 million limit. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

## 10. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

On the following page is a summary of the Town's short-term debt for the year ended December 31, 2014.

Description	Interest Rate	Date of Maturity	Balance			Balance
			Outstanding 1/1/2014	Issued	Paid	Outstanding 12/31/2014
Water/Sewer Admin Roof Replacement	1.70%	9/17/2014	\$ 100,000	\$ -	\$ 50,000	\$ 50,000
			<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

## 11. 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 payable, capital leases, accrued landfill post-closure costs, compensated absences and other post-employment benefits ("OPEB") obligations. The bonds payable of the Town are secured by its general credit and revenue raising powers, as per State statute.

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

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Current Portion
Serial bonds	\$ 10,350,000	\$ -	\$ 1,145,000	\$ 9,205,000	\$ 1,110,000
Capital lease	927	-	927	-	-
Accrued landfill post-closure costs	352,452	-	19,805	332,647	19,805
Compensated absences	367,105	124,211	120,870	370,446	136,523
OPEB obligation	2,866,648	767,366	156,891	3,477,123	-
Total	<u>\$ 13,937,132</u>	<u>\$ 891,577</u>	<u>\$ 1,443,493</u>	<u>\$ 13,385,216</u>	<u>\$ 1,266,328</u>

**A. Bonded indebtedness**—A summary of the bonded indebtedness transactions of the Town, for the year ended December 31, 2014, is presented below:

	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Balance 1/1/2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/2014</u>
<b>General Fund:</b>							
Senior Community Center/							
Town Hall expansion	2002	2021	3.60%	\$ 840,000	\$ -	\$ 110,000	\$ 730,000
Witmer Road Refuse	2004	2019	3.60%	540,000	-	90,000	450,000
Youth Center	2011	2026	4.00%	1,346,000	-	93,000	1,253,000
Town Hall Roof	2011	2026	4.00%	89,000	-	7,000	82,000
Parklands	2011	2026	4.00%	505,000	-	35,000	470,000
Workers Comp Settlement	2009	2014	3.35%	13,728	-	13,728	-
<b>Highway Fund:</b>							
Highway Garage Roof	2011	2026	4.00%	155,000	-	10,000	145,000
Road Reconstruction/ Highway Equipment	2011	2024	4.00%	580,000	-	45,000	535,000
Workers Comp Settlement	2009	2014	3.35%	10,582	-	10,582	-
<b>Fire Protection District:</b>							
Workers Comp Settlement	2009	2014	3.35%	30,283	-	30,283	-
<b>Water Fund:</b>							
Water Meters	2011	2026	4.00%	745,000	-	55,000	690,000
<b>Sewer Fund:</b>							
Water Storage Facility	2011	2026	4.00%	895,000	-	65,000	830,000
Pump Station	2011	2026	4.00%	350,000	-	25,000	325,000
Drainage	2011	2026	4.00%	1,300,000	-	95,000	1,205,000
Sewer Projects	1994	2015	6.83%	275,000	-	135,000	140,000
Sewer Phase I Project	2000	2020	3.06%	1,260,000	-	165,000	1,095,000
Sewer Phase II Project	2002	2021	4.46%	1,415,000	-	160,000	1,255,000
Workers Comp Settlement	2009	2014	3.35%	407	-	407	-
<b>Total</b>				<b>\$ 10,350,000</b>	<b>\$ -</b>	<b>\$ 1,145,000</b>	<b>\$ 9,205,000</b>

The following summarizes the Town’s debt service requirements subsequent to December 31, 2014:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	1,110,000	364,586	1,474,586
2016	1,000,000	317,242	1,317,242
2017	1,015,000	278,137	1,293,137
2018	1,030,000	237,964	1,267,964
2019	1,050,000	196,536	1,246,536
2020-2024	3,120,000	457,025	3,577,025
2024-2026	880,000	35,200	915,200
	<u>\$ 9,205,000</u>	<u>\$ 1,886,690</u>	<u>\$ 11,091,690</u>

**B. Accrued landfill post-closure costs**—State and federal laws and regulations require the Town to perform certain maintenance and monitoring functions in addition to remediation work on the Town’s landfill site. Both post-closure costs and remediation work are to be paid in the future. The total estimated post-closure care and remediation work cost liability is recorded within the government-wide financial statements. Current year expenditures are recorded within the General Fund. The \$332,647 reported as the accrued landfill post-closure care liability at December 31, 2014 represents the cumulative amount reported to date based on 100% capacity used. The amount reported is based on what it would cost to perform all post-closure and remediation work in 2014.

**C. Compensated absences**—As explained in Note 1, the Town records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2014, for governmental activities is \$370,446. Since the payment of sick time is dependent upon many factors, the timing of future payments is not readily determinable; however management has estimated the current portion of this liability to include 5%, or \$12,312, of the total sick liability, along with 100% of the vacation liability, or \$124,211, totaling \$136,523. Management believes that funds will be available to meet such payments as they come due.

**D. OPEB Obligation**—As explained in Note 7, the Town provides a portion of health care benefits for retirees. The Town’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount determined in accordance with the parameters of GASB. The Town’s long-term OPEB obligation is estimated to be \$3,477,123 at December 31, 2014.

## 12. 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.

The following is a reconciliation of the Town's governmental activities net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 29,157,810
Less: related debt	
Serial bonds issued for capital assets	(9,205,000)
Bond anticipation notes payable	(50,000)
Add: debt proceeds not yet utilized for capital projects	<u>5,536</u>
Net investment in capital assets	<u>\$ 19,908,346</u>

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

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

- ◆ *Prepaid Items*—Represents amounts prepaid to the New York State Local Employees' Retirement System that are applicable to future accounting periods. The General, Highway, Water District and Sewer District Funds reported amounts of \$54,154, \$30,326, \$8,665 and \$15,163, respectively, for a total nonspendable fund balance of \$108,308.

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 reported no restricted fund balance legislation. Restricted fund balance maintained by the Town at December 31, 2014, includes \$5,536 of unspent debt proceeds to be spent for future capital projects.

The Town Board authorizes the Supervisor to make a determination of the assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. In the fund financial statements, assignments by the Town at December 31, 2014 include:

	Encumbrances	Subsequent Year's Expenditures	Specific Use	Total Assigned
General Fund	\$ 70,181	\$ 475,000	\$ -	\$ 545,181
Highway Fund	-	125,000	449,083	574,083
Water District	35,896	-	50,029	85,925
Sewer District	31,104	300,000	89,242	420,346
Fire Protection District	-	-	157,879	157,879
Refuse District	-	-	290,598	290,598
Lighting District	-	-	3,506	3,506
Total	<u>\$ 137,181</u>	<u>\$ 900,000</u>	<u>\$ 1,040,337</u>	<u>\$ 2,077,518</u>

- ◆ **Encumbrances**—Represents amounts related to unperformed (executory) contracts for goods and services.
- ◆ **Subsequent Year's Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2014 fiscal year.
- ◆ **Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose.

Unassigned fund balance represents the residual classification of the Town's General Fund, and could report a deficit. As of December 31, 2014, the unassigned fund balance was \$1,334,502, which is the net of the \$50,000 unassigned deficit in the Capital Projects Fund and surplus \$1,384,502 General Fund unassigned fund balance.

If the Town must use funds for emergency expenditures the Board shall authorize the Supervisor to expend funds first from funds classified as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the Town will use unassigned fund balance.

The Town is committed to maintaining a sufficient level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Town's policy is to maintain a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than 10 percent of fund appropriations.

### 13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of December 31, 2014 is as follows:

Fund	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
General Fund	\$ 102,165	\$ -	\$ -	\$ -
Highway Fund	-	-	-	-
Water District Fund	-	64,776	-	25,000
Sewer District Fund	-	-	4,486	25,000
Capital Projects Fund	-	-	50,000	4,486
Agency Fund	-	37,389	-	-
	<u>\$ 102,165</u>	<u>\$ 102,165</u>	<u>\$ 54,486</u>	<u>\$ 54,486</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year. Transfers are used primarily to move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures.

#### 14. AGENCY FUND

An agency fund exists for employee withholdings and temporary deposit funds. A summary of changes in assets and liabilities for the year ended December 31, 2014 is presented below:

	Balance 1/1/14	Additions	Deductions	Balance 12/31/14
Assets:				
Cash	\$ 176,151	\$ 3,425,015	\$ 3,507,666	\$ 93,500
Due from other funds	-	2,908,264	2,908,264	-
LOSAP assets	2,080,807	119,626	-	2,200,433
Total assets	<u>\$ 2,256,958</u>	<u>\$ 6,452,905</u>	<u>\$ 6,415,930</u>	<u>\$ 2,293,933</u>
Liabilities:				
Agency liabilities	\$ 39,318	\$ 459,780	\$ 442,987	\$ 56,111
Due to other funds	136,833	138,398	237,842	37,389
Amounts held for LOSAP	2,080,807	119,626	-	2,200,433
Total liabilities	<u>\$ 2,256,958</u>	<u>\$ 717,804</u>	<u>\$ 680,829</u>	<u>\$ 2,293,933</u>

#### 15. LABOR RELATIONS

Certain Town employees are represented by one bargaining unit, with the balance governed by Town Board rules and regulations. The bargaining unit has a negotiated contract through December 31, 2014.

#### 16. CONTINGENCIES

**Assessments**—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various 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 with the financial statements.

**Grants**—The Town receives financial assistance from State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Town. The amount, if any, of the expenditures which may be disallowed cannot be determined at this time, however, management expects such amounts to be immaterial to the Town's financial statements.

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

#### 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 5, 2015, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure undergenerally accepted accounting principles.

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Funding Progress—**  
**Other Post-Employment Benefits Plan**  
**Year Ended December 31, 2014**

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
As of December 31, 2014	\$ -	\$ 6,795,457	\$ 6,795,457	-	\$ 1,714,944	3.96
As of December 31, 2013	-	7,135,882	7,135,882	-	1,669,427	4.27
As of December 31, 2012	-	6,669,049	6,669,049	-	1,667,495	4.00

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property tax items	\$ 17,000	\$ 17,000	\$ 16,936	\$ (64)
Non-property tax items	2,832,111	2,832,111	2,866,499	34,388
Departmental income	160,900	160,900	189,862	28,962
Use of money and property	-	-	1,726	1,726
Licenses and permits	149,450	149,450	136,835	(12,615)
Fines and forfeitures	160,000	160,000	177,717	17,717
Sale of property and compensation for loss	10,500	10,500	28,849	18,349
Miscellaneous	-	-	635	635
State aid	382,227	382,227	388,548	6,321
Total revenues	<u>3,712,188</u>	<u>3,712,188</u>	<u>3,807,607</u>	<u>95,419</u>
<b>EXPENDITURES</b>				
Current:				
General government support	1,067,256	1,042,206	977,470	64,736
Public safety	492,476	471,719	443,286	28,433
Transportation	272,757	272,757	256,719	16,038
Economic assistance and opportunity	29,343	29,343	19,639	9,704
Culture and recreation	971,458	1,062,914	937,848	125,066
Home and community services	160,759	234,160	227,147	7,013
Employee benefits	760,500	760,500	668,803	91,697
Debt service:				
Principal	348,728	349,658	349,655	3
Interest and other fiscal charges	118,840	118,860	118,846	14
Total expenditures	<u>4,222,117</u>	<u>4,342,117</u>	<u>3,999,413</u>	<u>342,704</u>
Net change in fund balances*	(509,929)	(629,929)	(191,806)	438,123
Fund balances—beginning	<u>2,175,643</u>	<u>2,175,643</u>	<u>2,175,643</u>	-
Fund balances—ending	<u>\$ 1,665,714</u>	<u>\$ 1,545,714</u>	<u>\$ 1,983,837</u>	<u>\$ 438,123</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 WHEATFIELD, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Highway Fund**  
**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Non-property tax items	\$ 1,998,745	\$ 2,118,745	\$ 2,000,623	\$ (118,122)
Departmental Income	8,000	8,000	12,433	4,433
Intergovernmental charges	165,000	165,000	192,516	27,516
Use of money and property	-	-	445	445
Licenses and permits	13,500	13,500	10,000	(3,500)
Sale of property and compensation for loss	-	23,070	32,460	9,390
State aid	<u>85,592</u>	<u>85,592</u>	<u>94,655</u>	<u>9,063</u>
Total revenues	<u>2,270,837</u>	<u>2,413,907</u>	<u>2,343,132</u>	<u>(70,775)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	5,500	5,300	3,291	2,009
Transportation	1,835,620	2,096,390	2,058,968	37,422
Employee benefits	515,400	515,400	435,472	79,928
Debt service:				
Principal	65,582	65,582	65,582	-
Interest and other fiscal charges	<u>25,380</u>	<u>25,380</u>	<u>25,377</u>	<u>3</u>
Total expenditures	<u>2,447,482</u>	<u>2,708,052</u>	<u>2,588,690</u>	<u>119,362</u>
Net change in fund balances*	(176,645)	(294,145)	(245,558)	48,587
Fund balances—beginning	<u>849,967</u>	<u>849,967</u>	<u>849,967</u>	<u>-</u>
Fund balances—ending	<u>\$ 673,322</u>	<u>\$ 555,822</u>	<u>\$ 604,409</u>	<u>\$ 48,587</u>

\*The net change in fund balances was included in the budget as an appropriation (i.e. spendown) 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 WHEATFIELD, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Water District Fund**  
**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Departmental income	\$ 1,444,306	\$ 1,444,306	\$ 1,170,567	\$ (273,739)
Use of money and property	-	-	196	196
Sale of property and compensation for loss	<u>14,200</u>	<u>14,200</u>	<u>333</u>	<u>(13,867)</u>
Total revenues	<u>1,458,506</u>	<u>1,458,506</u>	<u>1,171,096</u>	<u>(287,410)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	7,000	7,000	2,808	4,192
Home and community services	1,181,331	1,181,171	979,854	201,317
Employee benefits	168,100	168,260	155,427	12,833
Debt service:				
Principal	80,000	80,000	55,000	25,000
Interest and other fiscal charges	<u>26,675</u>	<u>26,675</u>	<u>26,525</u>	<u>150</u>
Total expenditures	<u>1,463,106</u>	<u>1,463,106</u>	<u>1,219,614</u>	<u>243,492</u>
Excess (deficiency) of revenues over expenditures	<u>(4,600)</u>	<u>(4,600)</u>	<u>(48,518)</u>	<u>(43,918)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net change in fund balances*	(4,600)	(4,600)	(73,518)	(68,918)
Fund balances—beginning	<u>168,108</u>	<u>168,108</u>	<u>168,108</u>	<u>-</u>
Fund balances—ending	<u>\$ 163,508</u>	<u>\$ 163,508</u>	<u>\$ 94,590</u>	<u>\$ (68,918)</u>

\*The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes and tax items	\$ 1,044,232	\$ 1,044,232	\$ 1,044,277	\$ 45
Departmental income	636,000	636,000	644,202	8,202
Use of money and property	73,441	73,441	72,105	(1,336)
Sale of property and compensation for loss	500	500	4,250	3,750
Total revenues	<u>1,754,173</u>	<u>1,754,173</u>	<u>1,764,834</u>	<u>10,661</u>
<b>EXPENDITURES</b>				
Current:				
General government support	5,000	4,300	2,858	1,442
Home and community services	864,720	899,570	865,740	33,830
Employee benefits	256,000	221,850	221,031	819
Debt Service:				
Principal	670,407	670,407	645,407	25,000
Interest and other fiscal charges	<u>208,989</u>	<u>208,989</u>	<u>206,150</u>	<u>2,839</u>
Total expenditures	<u>2,005,116</u>	<u>2,005,116</u>	<u>1,941,186</u>	<u>63,930</u>
Excess (deficiency) of revenues over expenditures	<u>(250,943)</u>	<u>(250,943)</u>	<u>(176,352)</u>	<u>74,591</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	4,486	4,486
Transfers out	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(20,514)</u>	<u>(20,514)</u>
Net change in fund balances*	(250,943)	(250,943)	(196,866)	54,077
Fund balances—beginning	<u>632,375</u>	<u>632,375</u>	<u>632,375</u>	<u>-</u>
Fund balances—ending	<u>\$ 381,432</u>	<u>\$ 381,432</u>	<u>\$ 435,509</u>	<u>\$ 54,077</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 WHEATFIELD, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Fire District Fund**  
**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes and tax items	\$ 1,458,448	\$ 1,458,448	\$ 1,458,448	\$ -
Use of money and property	-	-	248	248
Sale of property and compensation for loss	-	-	4,388	4,388
Total revenues	<u>1,458,448</u>	<u>1,458,448</u>	<u>1,463,084</u>	<u>4,636</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,302,150	1,302,150	1,222,536	79,614
Employee benefits	125,000	125,000	110,011	14,989
Debt service:				
Principal	30,283	30,283	30,283	-
Interest	<u>1,015</u>	<u>1,015</u>	<u>1,006</u>	<u>9</u>
Total expenditures	<u>1,458,448</u>	<u>1,458,448</u>	<u>1,363,836</u>	<u>94,612</u>
Net change in fund balances*	-	-	99,248	99,248
Fund balances—beginning	<u>58,631</u>	<u>58,631</u>	<u>58,631</u>	<u>-</u>
Fund balances—ending	<u>\$ 58,631</u>	<u>\$ 58,631</u>	<u>\$ 157,879</u>	<u>\$ 99,248</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 950,000	\$ 950,000	\$ 950,000	\$ -
Use of money and property	30,000	30,000	30,597	597
Total revenues	<u>980,000</u>	<u>980,000</u>	<u>980,597</u>	<u>597</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	980,000	980,000	844,070	135,930
Total expenditures	<u>980,000</u>	<u>980,000</u>	<u>844,070</u>	<u>135,930</u>
Net change in fund balances	-	-	136,527	136,527
Fund balances—beginning	<u>154,071</u>	<u>154,071</u>	<u>154,071</u>	-
Fund balances—ending	<u>\$ 154,071</u>	<u>\$ 154,071</u>	<u>\$ 290,598</u>	<u>\$ 136,527</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 22,050	\$ 22,050	\$ 22,050	\$ -
Total revenues	<u>22,050</u>	<u>22,050</u>	<u>22,050</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>22,050</u>	<u>25,050</u>	<u>24,526</u>	<u>524</u>
Total expenditures	<u>22,050</u>	<u>25,050</u>	<u>24,526</u>	<u>524</u>
Net change in fund balances	-	(3,000)	(2,476)	524
Fund balances—beginning	<u>5,982</u>	<u>5,982</u>	<u>5,982</u>	<u>-</u>
Fund balances—ending	<u>\$ 5,982</u>	<u>\$ 2,982</u>	<u>\$ 3,506</u>	<u>\$ 524</u>

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

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

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**1. BUDGETARY INFORMATION**

***Budgetary Basis of Accounting***—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund. This fund is appropriated on a project length basis; appropriations are approved through a Town Board resolution at the project’s inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, department, and object. Transfers of appropriations 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 object level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town’s accounting policies do not recognize encumbrances and restricted fund balances as expenditures until the period in which actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

***Excess of Expenditures over Appropriations***—During the year ended December 31, 2014, transfers out for the Town’s Water and Sewer Funds had an unfavorable budget variance of \$25,000 each, but those variances were offset with favorable principal payments budget variances of \$25,000 for both funds.



## SUPPLEMENTARY INFORMATION



**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Balance Sheet**  
**Capital Projects Fund—By Project**  
**December 31, 2014**

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	<b>Road Reconst.</b>	<b>Water</b>	<b>Water/Sewer</b>	<b>Total Capital</b>
	<b>Highway</b>	<b>Meters</b>	<b>Admin Bldg</b>	<b>Projects Fund</b>
	<b>Equipment</b>	<b>Meters</b>	<b>Roof</b>	<b>Drainage</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 5,536	\$ -	\$ -
Total assets	\$ -	\$ 5,536	\$ -	\$ 5,536
<b>LIABILITIES</b>				
Bond anticipation notes payable	\$ -	\$ -	\$ 50,000	\$ -
Total liabilities	-	-	50,000	-
<b>FUND BALANCES (DEFICIT)</b>				
Restricted	-	5,536	-	-
Unassigned	-	-	(50,000)	-
Total fund balances (deficit)	-	5,536	(50,000)	-
Total liabilities and				
Fund balances (deficit)	\$ -	\$ 5,536	\$ -	\$ -

**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)**  
**Capital Projects Fund—By Project**  
**Year Ended December 31, 2014**

	<b>Road Reconst.</b>		<b>Water/Sewer</b>		<b>Total Capital</b>
	<b>Highway</b>	<b>Water</b>	<b>Admin Bldg</b>		<b>Projects Fund</b>
	<b>Equipment</b>	<b>Meters</b>	<b>Roof</b>	<b>Drainage</b>	
<b>REVENUES</b>					
Use of money and property	\$ -	\$ 8	\$ -	\$ 24	\$ 32
Total revenues	<u>-</u>	<u>8</u>	<u>-</u>	<u>24</u>	<u>32</u>
<b>EXPENDITURES</b>					
Capital outlay:					
Transportation	139,877	-	-	-	139,877
Home and community services	<u>-</u>	<u>4,517</u>	<u>-</u>	<u>25,650</u>	<u>30,167</u>
Total expenditures	<u>139,877</u>	<u>4,517</u>	<u>-</u>	<u>25,650</u>	<u>170,044</u>
Excess (deficiency) of revenues over expenditures	<u>(139,877)</u>	<u>(4,509)</u>	<u>-</u>	<u>(25,626)</u>	<u>(170,012)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	50,000	-	50,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,486)</u>	<u>(4,486)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(4,486)</u>	<u>45,514</u>
Net change in fund balances (deficit)	(139,877)	(4,509)	50,000	(30,112)	(124,498)
Fund balances (deficit)—beginning	<u>139,877</u>	<u>10,045</u>	<u>(100,000)</u>	<u>30,112</u>	<u>80,034</u>
Fund balances (deficit)—ending	<u>\$ -</u>	<u>\$ 5,536</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ (44,464)</u>

**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 Supervisor and Town Board  
Town of Wheatfield, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Wheatfield, New York (the "Town") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 5, 2015.

**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 over financial reporting 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 financial reporting 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 over financial reporting 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 as item 2014-001, which 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 Finding**

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings. 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 results 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.

*Drescher & Malecki LLP*

June 5, 2015

**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Findings**  
**Year Ended December 31, 2014**

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

**Finding 2014-001— Water Department Access**

*Criteria*—Employees without proper authorization should not have the ability to update water/sewer consumer records (i.e. usage) within the billing software.

*Condition and Context*— The water/sewer bills are derived from the recorded usage in the billing software. We noted that water department employees with access to the system can manually alter all data points within the system.

*Cause*— There are currently no access restrictions to employees with the billing software installed on their respective computers. In addition the software does not track the history of updates made to the system, and therefore the changes cannot be traced to where the error was entered.

*Effect or Potential Effect*—The ability to alter usage in the billing system, without a proper tracking of changes exposes the Town to the risk of fraudulent billing and this unauthorized access could also cause a material misstatement.

*Recommendation*—We recommend that the Town consider upgrades to its current billing system which allows for more restrictions on the items that can be altered when completing customer usage records (i.e. employees should not be able to alter reported usage). Access should be restricted to those who operate the water/sewer billing cycle. Furthermore, the software should contain a history log.

*Management's response*—The Town anticipates installing new software during the 2015 year.