

**TOWN OF WHEATFIELD,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information and Supplementary  
Information for the Year Ended December 31, 2017  
and Independent Auditors' Reports*



**TOWN OF WHEATFIELD, NEW YORK**  
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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable 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, 2017, 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, 2017, 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.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Town has restated net position of governmental activities as of December 31, 2016. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information, 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 August 6, 2018 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 the 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

August 6, 2018



**TOWN OF WHEATFIELD, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2017**

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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, 2017. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,757,118 (*net position*). This consists of \$25,437,435 net investment in capital assets offset by an unrestricted net position of \$(2,680,317).
- The Town's primary government net position decreased by \$67,888 during the year ended December 31, 2017.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,491,145, a decrease of \$273,319 in comparison with the prior year's fund balance of \$2,764,464.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$384,669, or approximately 8.9 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 29.6 percent of the General Fund's total fund balance of \$1,299,918 at December 31, 2017.
- The Town's total bonded indebtedness decreased by \$1,015,000 as a result of scheduled principal payments.

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

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

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

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements**—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources*, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund, Water District Fund, Sewer District Fund, Fire Protection District Fund, Refuse District Fund, and Capital Project Fund, which as considered to be major funds. Data from the other two governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

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

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

The fiduciary fund financial statement can be found on page 18 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 19-44.

**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 postemployment benefits to its employees, the Town’s net pension liability, and the Town’s budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note to the required supplementary information can be found on pages 45-54 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 55-56 of this report. The combining balance sheet and statement of revenues, expenditures, and changes in fund balances (deficits) of the Capital Projects Fund are also presented as Supplementary Information, on pages 57-58 of this report.

**Government-wide Overall 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,757,118 at the close of the most recent fiscal year, as compared to \$22,825,006, as restated, at the close of the fiscal year ended December 31, 2016.

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

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

	Governmental Activities	
	December 31,	
	2017	2016
		(as restated)
Current assets	\$ 4,463,341	\$ 4,849,639
Capital assets	<u>32,896,819</u>	<u>32,938,869</u>
Total assets	<u>37,360,160</u>	<u>37,788,508</u>
Deferred outflows of resources	<u>818,508</u>	<u>1,558,906</u>
Current liabilities	2,060,467	2,189,030
Non-current liabilities	<u>13,196,115</u>	<u>14,123,087</u>
Total liabilities	<u>15,256,582</u>	<u>16,312,117</u>
Deferred inflows of resources	<u>164,968</u>	<u>210,291</u>
Net position		
Net investment in capital assets	25,437,435	24,578,771
Unrestricted	<u>(2,680,317)</u>	<u>(1,753,765)</u>
Total net position	<u>\$ 22,757,118</u>	<u>\$ 22,825,006</u>

The largest portion of the Town’s net position, \$25,437,435, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens. Accordingly, 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 to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of net position is considered to be an unrestricted net position of \$(2,680,317).

Table 2, presented below, shows the changes in net position for the years ended December 31, 2017 and December 31, 2016.

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

	Governmental Activities	
	Year Ended December 31,	
	2017	2016 (as restated)
Program revenues:		
Charges for services	\$ 2,534,924	\$ 2,656,983
Operating grants and contributions	-	152,009
Capital grants and contributions	399,136	194,915
General revenues	<u>9,367,717</u>	<u>9,117,263</u>
Total revenues	<u>12,301,777</u>	<u>12,121,170</u>
Program expenses	<u>12,369,665</u>	<u>12,709,371</u>
Change in net position	(67,888)	(588,201)
Net position—beginning	22,825,006	18,802,718
Restatement	-	4,610,489
Net position—ending	<u>\$ 22,757,118</u>	<u>\$ 22,825,006</u>

Total net position decreased \$67,888 as a result of current year activities. Overall revenues increased approximately 1.5 percent from the prior year. This increase was primarily the result of increases in capital grants and contributions, sales of property and compensation for loss and State aid. Total expenses decreased 2.7 percent from the prior year, due primarily to a decrease in transportation costs, general government support expenses, and culture and recreation costs.

A summary of sources of revenues for the years ended December 31, 2017 and December 31, 2016 is presented in Table 3 on the following page.

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

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars (\$)	Percent (%)
Program revenues:				
Charges for services	\$ 2,534,924	\$ 2,656,983	\$ (122,059)	(4.8)
Operating grants and contributions	-	152,009	(152,009)	n/a
Capital grants and contributions	399,136	194,915	204,221	51.2
General revenues:				
Real property taxes and tax items	3,571,399	3,547,158	24,241	0.7
Non-property tax items	4,664,018	4,752,827	(88,809)	(1.9)
Use of money and property	50,407	86,450	(36,043)	(71.5)
Sale of property and compensation for loss	149,062	49,549	99,513	66.8
Miscellaneous	315,118	249,604	65,514	20.8
Unrestricted state aid	617,713	431,675	186,038	30.1
Total revenues	<u>\$ 12,301,777</u>	<u>\$ 12,121,170</u>	<u>\$ 180,607</u>	1.5

The most significant sources of revenues for the year ended December 31, 2017 were property taxes and non-property tax items of \$8,235,417, or 67.5 percent of total revenues. Similarly, for the year ended December 31, 2016, the most significant sources of revenues were property taxes and non-property tax items of \$8,299,985, or 68.5 percent of total revenues.

A summary of program expenses for the years ended December 31, 2017 and December 31, 2016 is presented below in Table 4.

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars (\$)	Percent (%)
General government support	1,842,359	2,540,613	(698,254)	(27.5)
Public safety	2,180,562	1,758,422	422,140	24.0
Transportation	2,743,851	2,984,938	(241,087)	(8.1)
Economic assistance and opportunity	48,698	22,602	26,096	115.5
Culture and recreation	967,319	1,037,991	(70,672)	(6.8)
Home and community services	4,315,107	4,074,023	241,084	5.9
Interest and other fiscal charges	271,769	290,782	(19,013)	(6.5)
Total expenses	<u>\$ 12,369,665</u>	<u>\$ 12,709,371</u>	<u>\$ (339,706)</u>	(2.7)

The most significant expense items for the year ended December 31, 2017 were home and community services of \$4,315,107, or 34.9 percent of total expenses, transportation of \$2,743,851, or 22.2 percent of total expenses, and public safety of \$2,180,562, or 17.6 percent of total expenses. For the year ended December 31, 2016, the most significant expense items were home and community services of \$4,074,023, or 32.1 percent of total expenses, transportation of \$2,984,938, or 23.5 percent of total expenses, and general government support of \$2,540,613, or 20.0 percent of total expenses.

## Financial Analysis of Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related 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 discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated authority to assign resources for use for particular purposes by the Town Board.

At December 31, 2017, the Town’s governmental funds reported combined ending fund balances of \$2,491,145, a decrease of \$273,319 from the prior year. Excluding the Capital Projects Fund, the Town’s governmental funds combined ending fund balances totaled \$3,693,777. Approximately 10.4 percent of this amount, \$384,669, constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of fund balance is either *nonspendable*, or *assigned* to indicate that it is: (1) not in spendable form, \$88,532, or (2) assigned for particular purposes, \$3,220,576.

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 decreased to \$384,669, while total fund balance decreased to \$1,299,918. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 8.9 percent of General Fund expenditures and transfers out, while total fund balance represents 30.1 percent of that same amount.

The Town’s Highway Fund ending fund balance was \$787,855. During the year ended December 31, 2017, the Highway Fund fund balance decreased \$62,570 due to planned use of fund balance in the 2017 budget.

The fund balances of the Town’s Water District, Fire Protection District, and Refuse District Funds increased by \$63,149, \$96,822 and \$5,538, respectively, while the Town’s Sewer District Fund decreased by \$56,628.

The Town’s Capital Projects Fund reports a deficit total fund balance of \$1,202,632 at December 31, 2017, an additional deficit of \$181,050 from the prior year deficit fund balance of \$1,021,582. This decrease occurred due to increased capital outlay funded by bond anticipation notes.

### 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 or appropriation of fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2017 is presented below in Table 5.

**Table 5—General Fund Budget**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and transfers in	\$ 3,764,751	\$ 3,879,676	\$ 4,180,248	\$ 300,572
Expenditures and transfers out	4,456,447	4,690,044	4,322,347	367,697
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	<u>\$ (691,696)</u>	<u>\$ (810,368)</u>	<u>\$ (142,099)</u>	<u>\$ 668,269</u>

**Original budget compared to final budget**—During the year, the Town’s budgeted appropriations were amended to adjust for increased spending, primarily related to unanticipated expenditures within the various expense functions.

**Final budget compared to actual results**—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields notable variances of \$245,099 in miscellaneous revenues, \$120,052 in culture and recreation and \$71,824 in general government support expenditures. The expenditure variances are the result of conservative budgeting, which expected greater increases in the prior year costs than those actually incurred. The revenue variance is a result of a one-time revenue related unexpected interfund revenue for shared salaries for administrative support, coupled with the Town over-budgeting for casino revenue that was expected but never received due to contractual issues.

**Capital Asset and Debt Administration**

**Capital assets**—The Town’s investment in capital assets for its governmental activities as of December 31, 2017, amounted to \$32,896,819 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 the primary government at the years ended December 31, 2017 and December 31, 2016 are presented on the following page in Table 6.

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

	Governmental Activities	
	December 31,	
	2016	
	2017	(as restated)
Land	\$ 1,055,281	\$ 1,014,098
Construction in progress	652,648	1,229,931
Infrastructure	22,823,485	23,586,338
Buildings and improvements	6,236,003	5,025,004
Machinery and equipment	1,974,232	1,896,049
Vehicles	155,170	187,449
Total	<u>\$ 32,896,819</u>	<u>\$ 32,938,869</u>

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

**Long-term debt**—At December 31, 2017, the Town had total bonded debt outstanding of \$6,080,000, as compared to \$7,095,000 in the prior year. The Town made scheduled principal payments of \$1,015,000 during the year ended December 31, 2017.

Additional information on the Town’s long-term liabilities can be found in Note 12 to the financial statements.

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

The unemployment rate, not seasonally adjusted, for the Western New York region during December 2017 was 5.6 percent, as compared to New York State’s unemployment rate of 4.4 percent and the national unemployment rate of 4.1 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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor’s Office, 2800 Church Road, North Tonawanda, NY 14210-1099.

# BASIC FINANCIAL STATEMENTS



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**TOWN OF WHEATFIELD, NEW YORK**  
**Statement of Net Position**  
**December 31, 2017**

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	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,130,704
Restricted cash and cash equivalents	111,676
Receivables	472,944
Due from Agency Fund	53,744
Intergovernmental receivables	605,741
Prepaid items	88,532
Capital assets not being depreciated	1,707,929
Capital assets, net of accumulated depreciation	<u>31,188,890</u>
Total assets	<u>37,360,160</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pensions	<u>818,508</u>
Total deferred outflows of resources	<u>818,508</u>
<b>LIABILITIES</b>	
Accounts payable	619,058
Accrued liabilities	264,846
Intergovernmental payables	11,563
Bond anticipation notes payable	1,165,000
Noncurrent liabilities:	
Due within one year	1,270,178
Due within more than one year	<u>11,925,937</u>
Total liabilities	<u>15,256,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pensions	<u>164,968</u>
Total deferred inflows of resources	<u>164,968</u>
<b>NET POSITION</b>	
Net investment in capital assets	25,437,435
Unrestricted	<u>(2,680,317)</u>
Total net position	<u>\$ 22,757,118</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, 2017**

<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	\$ 1,842,359	\$ 35,608	\$ -	\$ (1,806,751)
Public safety	2,180,562	137,444	-	(2,043,118)
Transportation	2,743,851	166,165	120,108	(2,457,578)
Economic assistance and opportunity	48,698	-	-	(48,698)
Culture and recreation	967,319	159,954	-	(807,365)
Home and community services	4,315,107	2,035,753	279,028	(2,000,326)
Interest and other fiscal charges	271,769	-	-	(271,769)
Total primary government	<u>\$ 12,369,665</u>	<u>\$ 2,534,924</u>	<u>\$ 399,136</u>	<u>(9,435,605)</u>
General revenues:				
				3,571,399
				4,664,018
				50,407
				149,062
				315,118
				617,713
Total general revenues				<u>9,367,717</u>
				(67,888)
				22,825,006
				<u>\$ 22,757,118</u>

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2017**

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Water District	Sewer District	Fire Protection District	Refuse District			
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,051,183	\$ 629,129	\$ 72,623	\$ 112,738	\$ 596,638	\$ 655,208	\$ -	\$ 13,185	\$ 3,130,704
Restricted cash and cash equivalents	-	-	-	-	-	-	108,543	3,133	111,676
Receivables	96,762	6,775	258,652	110,755	-	-	-	-	472,944
Due from other funds	170,354	-	-	-	-	-	-	-	170,354
Intergovernmental receivables	320,821	190,780	57,651	36,489	-	-	-	-	605,741
Prepaid items	43,734	20,274	8,765	15,759	-	-	-	-	88,532
Total assets	<u>\$ 1,682,854</u>	<u>\$ 846,958</u>	<u>\$ 397,691</u>	<u>\$ 275,741</u>	<u>\$ 596,638</u>	<u>\$ 655,208</u>	<u>\$ 108,543</u>	<u>\$ 16,318</u>	<u>\$ 4,579,951</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 348,230	\$ 42,055	\$ 153,118	\$ 29,783	\$ 10,816	\$ -	\$ 29,565	\$ 5,491	\$ 619,058
Accrued liabilities	23,143	17,048	3,511	8,644	124,229	-	-	-	176,575
Due to other funds	-	-	-	-	-	-	116,610	-	116,610
Intergovernmental payables	11,563	-	-	-	-	-	-	-	11,563
Bond anticipation notes payable	-	-	-	-	-	-	1,165,000	-	1,165,000
Total liabilities	<u>382,936</u>	<u>59,103</u>	<u>156,629</u>	<u>38,427</u>	<u>135,045</u>	<u>-</u>	<u>1,311,175</u>	<u>5,491</u>	<u>2,088,806</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable	43,734	20,274	8,765	15,759	-	-	-	-	88,532
Assigned	871,515	767,581	232,297	221,555	461,593	655,208	-	10,827	3,220,576
Unassigned	384,669	-	-	-	-	-	(1,202,632)	-	(817,963)
Total fund balances (deficit)	<u>1,299,918</u>	<u>787,855</u>	<u>241,062</u>	<u>237,314</u>	<u>461,593</u>	<u>655,208</u>	<u>(1,202,632)</u>	<u>10,827</u>	<u>2,491,145</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,682,854</u>	<u>\$ 846,958</u>	<u>\$ 397,691</u>	<u>\$ 275,741</u>	<u>\$ 596,638</u>	<u>\$ 655,208</u>	<u>\$ 108,543</u>	<u>\$ 16,318</u>	<u>\$ 4,579,951</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, 2017**

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

Total fund balances (deficit)—governmental funds (page 14)	\$	2,491,145
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$68,573,523 and the accumulated depreciation is \$35,676,704.		32,896,819
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 265,946	
Deferred outflows related to experience, changes in assumptions, investment earnings, and changes in proportion	552,562	
Deferred inflows related to pension plans	<u>(164,968)</u>	653,540
Net accrued interest expense for bonds is not reported in the funds.		(88,271)
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	\$ (6,080,000)	
Capital leases	(322,927)	
Landfill post-closure costs	(105,300)	
Compensated absences	(365,486)	
OPEB obligation	(5,420,718)	
Net pension liability	<u>(901,684)</u>	<u>(13,196,115)</u>
Net position of governmental activities	\$	<u><u>22,757,118</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, 2017**

	<u>Special Revenue</u>						<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Water District</u>	<u>Sewer District</u>	<u>Fire Protection District</u>	<u>Refuse District</u>			
<b>REVENUES</b>									
Real property taxes and tax items	\$ 20,243	\$ -	\$ -	\$ 1,064,156	\$ 1,540,000	\$ 920,000	\$ -	\$ 27,000	\$ 3,571,399
Non-property tax items	2,822,669	1,841,349	-	-	-	-	-	-	4,664,018
Departmental income	204,266	-	1,300,904	591,227	-	-	-	-	2,096,397
Intergovernmental charges	-	159,415	-	-	-	-	-	-	159,415
Use of money and property	1,471	271	208	47,775	208	474	-	-	50,407
Licenses and permits	135,318	6,750	-	-	-	-	-	-	142,068
Fines and forfeitures	137,044	-	-	-	-	-	-	-	137,044
Sale of property and compensation for loss	33,619	96,099	5,047	1,750	12,547	-	-	-	149,062
Miscellaneous	305,099	-	-	-	-	-	10,019	-	315,118
State aid	520,049	120,108	-	-	-	-	279,028	-	919,185
Federal aid	-	-	-	-	-	-	-	97,664	97,664
Total revenues	<u>4,179,778</u>	<u>2,223,992</u>	<u>1,306,159</u>	<u>1,704,908</u>	<u>1,552,755</u>	<u>920,474</u>	<u>289,047</u>	<u>124,664</u>	<u>12,301,777</u>
<b>EXPENDITURES</b>									
Current:									
General government support	1,177,070	6,177	2,018	5,432	-	-	-	-	1,190,697
Public safety	447,744	-	-	-	1,394,319	-	-	-	1,842,063
Transportation	260,382	1,701,439	-	-	-	-	-	23,481	1,985,302
Economic assistance and opportunity	41,138	-	-	-	-	-	-	-	41,138
Culture and recreation	865,239	-	-	-	-	-	-	-	865,239
Home and community services	428,675	-	1,017,582	771,223	-	914,936	-	97,664	3,230,080
Employee benefits	620,814	433,552	147,685	270,277	61,614	-	-	-	1,533,942
Debt service:									
Principal	360,000	118,190	55,000	576,797	-	-	-	-	1,109,987
Interest and fiscal charges	86,285	34,309	20,725	146,034	-	-	-	-	287,353
Capital outlay	-	-	-	-	-	-	663,693	-	663,693
Total expenditures	<u>4,287,347</u>	<u>2,293,667</u>	<u>1,243,010</u>	<u>1,769,763</u>	<u>1,455,933</u>	<u>914,936</u>	<u>663,693</u>	<u>121,145</u>	<u>12,749,494</u>
Excess (deficiency) of revenues over expenditures	<u>(107,569)</u>	<u>(69,675)</u>	<u>63,149</u>	<u>(64,855)</u>	<u>96,822</u>	<u>5,538</u>	<u>(374,646)</u>	<u>3,519</u>	<u>(447,717)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	470	32,105	-	33,227	-	-	85,000	-	150,802
Transfers out	(35,000)	(25,000)	-	(25,000)	-	-	(65,802)	-	(150,802)
Proceeds from capital lease	-	-	-	-	-	-	174,398	-	174,398
Total other financing sources (uses)	<u>(34,530)</u>	<u>7,105</u>	<u>-</u>	<u>8,227</u>	<u>-</u>	<u>-</u>	<u>193,596</u>	<u>-</u>	<u>174,398</u>
Net change in fund balances (deficit)	<u>(142,099)</u>	<u>(62,570)</u>	<u>63,149</u>	<u>(56,628)</u>	<u>96,822</u>	<u>5,538</u>	<u>(181,050)</u>	<u>3,519</u>	<u>(273,319)</u>
Fund balances (deficit)—beginning	<u>1,442,017</u>	<u>850,425</u>	<u>177,913</u>	<u>293,942</u>	<u>364,771</u>	<u>649,670</u>	<u>(1,021,582)</u>	<u>7,308</u>	<u>2,764,464</u>
Fund balances (deficit)—ending	<u>\$ 1,299,918</u>	<u>\$ 787,855</u>	<u>\$ 241,062</u>	<u>\$ 237,314</u>	<u>\$ 461,593</u>	<u>\$ 655,208</u>	<u>\$ (1,202,632)</u>	<u>\$ 10,827</u>	<u>\$ 2,491,145</u>

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, 2017**

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

Net change in fund balances (deficit)—total governmental funds (page 16) \$ (273,319)

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	\$ 1,758,933	
Depreciation expense	<u>(1,800,983)</u>	(42,050)

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

Direct pension contributions	\$ (367,953)	
Cost of benefits earned net of employee contributions	<u>219,654</u>	(148,299)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 15,584

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 serial bonds	\$ 1,015,000	
Proceeds from capital leases	(174,398)	
Repayment of capital leases	94,987	
Change in landfill post-closure costs	187,737	
Change in compensated absences	(2,673)	
Change in OPEB obligation	<u>(740,457)</u>	<u>380,196</u>

Change in net position of governmental activities \$ (67,888)

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, 2017**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 159,667
LOSAP assets	<u>2,600,898</u>
Total assets	<u>\$ 2,760,565</u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 105,923
Due to other funds	53,744
Amounts held for LOSAP	<u>2,600,898</u>
Total liabilities	<u>\$ 2,760,565</u>

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2017**

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

Independently elected officials of the Town include:

Supervisor	Town Clerk
Council Members (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 as well as a portion of the Starpoint Central School District. These school districts were created by the 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 and the Starpoint Central School District are 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 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 various functions. 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is sales tax.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for this fund is sales tax.
- *Water District Fund*—The Water District Fund is used to record all revenues and expenditures related to operation and maintenance of the Town's water district. The major source of revenue for this fund is water sales.
- *Sewer District Fund*—The Sewer District Fund is used to record all revenues and expenditures related to operation and maintenance of the Town's sewer district. The major source of revenue for this fund is real property taxes.
- *Fire Protection District Fund*—The Fire Protection District Fund is used to record all revenues and expenditures related to operation and maintenance of the fire district. The major source of revenue for this fund is real property taxes.
- *Refuse District Fund*—The Refuse District Fund is used to record all revenues and expenditures related to operation and maintenance of the Town's refuse district. The major source of revenue for this fund is real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Additionally, the Towns reports the following fund type:

*Fiduciary Fund*—This fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The fiduciary fund includes the *Agency Fund*. 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 the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 services expenditures, as well as expenditures related to compensated absences, pensions 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, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are 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.

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

***Cash, Cash Equivalents and Investments***—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2017; however, when the Town does have investments it is the Town’s policy to record them at fair value based on quoted market value.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represent amounts to support restricted fund balance and unspent proceeds from the issuance of debt to be used for eligible capital project costs.

***Receivables***—Receivables are recorded and revenues are recognized as earned. Allowances are recorded when appropriate. 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 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 expenses/expenditures when consumed rather than purchased. At December 31, 2017, prepaid items consisted of payments made to the NYS Employees’ Retirement System.

***Capital Assets***—Capital assets, which include property, buildings, building improvements, equipment, vehicles and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. The other capital assets of the Town are depreciated using a straight-line, half-year convention, over the following estimated useful lives:

Assets	Years
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, 2017, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the collective net pension liability, the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position 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, 2017, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

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

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

***Fund Balance Policies***—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation

imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

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

***Property Taxes***—The 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 1st based on assessed property values as of that date.

Tax payments are due January 1<sup>st</sup> to 31<sup>st</sup> without penalty; February 1<sup>st</sup> to 28<sup>th</sup> a 1% penalty; and March 1<sup>st</sup> to 31<sup>st</sup> a 2% penalty.

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

***Compensated Absences***—Pursuant to a resolution of the Town 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 upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payments of compensated absences when such payment becomes due.

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

**Other Postemployment Benefits**—In addition to providing pension benefits, the Town provides health insurance coverage for certain retired employees at the time of retirement as discussed in Note 8.

**Service Awards**—The Town has adopted a Length of Service Award Program for firefighters that serve on a volunteer basis. The defined contribution program is administered by an outside agency, with the Town as trustee. More information regarding service awards is included in Note 9.

### **Other**

**Estimates**—The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows of resources, deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended December 31, 2017, the Town implemented GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements No. 74, 80, 81, and 82 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. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018, No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019, and No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2020. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 75, 83, 84, 85, 86, 87, 88, and 89 will have on its financial position and results of operations when such statements are adopted.

**Stewardship, Compliance and Accountability**

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

- Prior to September 30<sup>th</sup>, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. 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 November.
- Following the public hearings, revisions may again be made by the Town Board before filing an adopted budget with Niagara County by November 20<sup>th</sup>.
- Formal annual budgetary accounts are employed as a management control device for all governmental funds with the exception of the Capital Projects Fund. Capital Projects Fund appropriations are approved through a Town Board resolution at the project’s inception and lapse upon the completion of the project.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

Additional information regarding the Town’s budgets can be found in the Note to the Required Supplementary Information section of this report.

**Deficit Fund Balance**—At December 31, 2017, the Town’s Capital Project Fund reported a fund deficit of \$1,202,632. This deficit is primarily caused by the Town’s issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

**2. RESTATEMENT OF NET POSITION**

During the year ended December 31, 2017, the Town performed an inventory evaluation of capital assets and determined that net infrastructure was understated by \$4,610,489 at December 31, 2016. As a result, beginning net position of governmental activities was restated by \$4,610,489.

The effect of the aforementioned restatement to the Town’s governmental activities is summarized below:

	<u>Governmental Activities</u>
Net position—December 31, 2016, as previously stated	\$ 18,214,517
Capital asset adjustment	<u>4,610,489</u>
Net position—December 31, 2016, as restated	<u><u>\$ 22,825,006</u></u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents at December 31, 2017 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 600	\$ -	\$ 600
Deposits	<u>3,241,780</u>	<u>159,667</u>	<u>3,401,447</u>
Total	<u>\$ 3,242,380</u>	<u>\$ 159,667</u>	<u>\$ 3,402,047</u>

**Deposits**—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2017 as follows:

	Carrying Amount	Bank Balance
FDIC insured	\$ 358,544	\$ 358,544
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>3,063,218</u>	<u>3,042,903</u>
Total	<u>\$ 3,421,762</u>	<u>\$ 3,401,447</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. At December 31, 2017, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

**Restricted Cash and Cash Equivalents**—The Town reports unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2017, the Town reported \$111,676 of restricted cash and cash equivalents within its governmental activities.

**Investments**—The Town had no investments at December 31, 2017.

**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.

#### 4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2017:

**Receivables**—Represents amounts due from various sources. The Town’s significant accounts receivable at December 31, 2017 are presented below:

General Fund:			
Cable franchise fees	\$	58,992	
Due from Town Clerk		26,315	
Due from Town Justices		<u>11,455</u>	\$ 96,762
Highway Fund:			
Fuel use reimbursement			6,775
Water Fund:			
Billed water rents and charges	\$	258,262	
Sale of scrap		<u>390</u>	258,652
Sewer Fund:			
Billed sewer rents and charges	\$	110,365	
Sale of scrap		<u>390</u>	<u>110,755</u>
Total governmental funds			<u>\$ 472,944</u>

**Intergovernmental receivables**—Represents amounts due from other units of government, such as Federal, New York State, County of Niagara or other local governments. Significant intergovernmental receivables at December 31, 2017 are presented below:

General Fund:			
Niagara County - sales tax	\$	241,636	
Niagara County - unpaid Town charges		4,185	
New York State - landfill fence grant		<u>75,000</u>	\$ 320,821
Highway Fund:			
Niagara County - sales tax	\$	189,857	
Niagara County - fuel		<u>923</u>	190,780
Water Fund			
Niagara County - unpaid water bills			57,651
Sewer Fund:			
Niagara County - sewer grant	\$	20,000	
Niagara County - unpaid sewer bills		<u>16,489</u>	<u>36,489</u>
Total governmental funds			<u>\$ 605,741</u>

## 5. CAPITAL ASSETS

Capital asset activity for the Town's governmental activities for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017 (as restated)	Increases	Decreases	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	\$ 1,014,098	\$ 41,183	\$ -	\$ 1,055,281
Construction in Progress	<u>1,229,931</u>	<u>851,294</u>	<u>1,428,577</u>	<u>652,648</u>
Total capital assets, not being depreciated	<u>2,244,029</u>	<u>892,477</u>	<u>1,428,577</u>	<u>1,707,929</u>
Capital assets, being depreciated:				
Infrastructure	48,058,563	492,500	-	48,551,063
Buildings and improvements	9,010,240	1,428,578	-	10,438,818
Machinery and equipment	7,067,397	334,585	352,636	7,049,346
Vehicles	<u>816,997</u>	<u>39,370</u>	<u>30,000</u>	<u>826,367</u>
Total capital assets, being depreciated	<u>64,953,197</u>	<u>2,295,033</u>	<u>382,636</u>	<u>66,865,594</u>
Less accumulated depreciation for:				
Infrastructure	(24,472,225)	(1,255,353)	-	(25,727,578)
Buildings and improvements	(3,985,236)	(217,579)	-	(4,202,815)
Machinery and equipment	(5,171,348)	(256,402)	352,636	(5,075,114)
Vehicles	<u>(629,548)</u>	<u>(71,649)</u>	<u>30,000</u>	<u>(671,197)</u>
Total accumulated depreciation	<u>(34,258,357)</u>	<u>(1,800,983)</u>	<u>382,636</u>	<u>(35,676,704)</u>
Total capital assets, being depreciated, net	<u>30,694,840</u>	<u>494,050</u>	<u>-</u>	<u>31,188,890</u>
Governmental activities capital assets, net	<u>\$ 32,938,869</u>	<u>\$ 1,386,527</u>	<u>\$ 1,428,577</u>	<u>\$ 32,896,819</u>

Depreciation expense was charged to the functions and programs of governmental activities as follows:

Governmental activities:	
General government support	\$ 87,615
Transportation	532,350
Culture and recreation	90,053
Home and community service	<u>1,090,965</u>
Total governmental activities	<u>\$ 1,800,983</u>

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2017 were as follows:

	General Fund	Highway Fund	Water District Fund	Sewer District Fund	Fire Protection District Fund	Total Governmental Funds
Salary and employee benefits	\$ 23,143	\$ 17,048	\$ 3,511	\$ 8,644	\$ 124,229	\$ 176,575
Total	\$ 23,143	\$ 17,048	\$ 3,511	\$ 8,644	\$ 124,229	\$ 176,575

## 7. PENSION PLANS

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**—At December 31, 2017, the Town reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total net pension liability to the measurement date. The Town's proportion of the net pension liability was based on projections of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	<u>ERS</u>
Measurement date	March 31, 2017
Net pension liability	\$ 901,684
Town's portion of the Plan's total net pension liability	0.0095962%

For the year ended December 31, 2017, the Town recognized pension expenses of \$516,251 for ERS. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experiences	\$ 22,595	\$ 136,926
Changes of assumptions	308,048	-
Net difference between projected and actual earnings on pension plan investments	180,103	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	41,816	28,042
Town contributions subsequent to the measurement date	<u>265,946</u>	<u>-</u>
Total	<u>\$ 818,508</u>	<u>\$ 164,968</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2018	\$ 170,416
2019	170,416
2020	157,379
2021	(110,617)

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

	<u>ERS</u>
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

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

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

	<u>ERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Measurement date	<u>March 31, 2017</u>	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.8
Real estate	10.0	5.8
Absolute return strategies	2.0	4.0
Opportunistic portfolio	3.0	5.9
Real assets	3.0	5.5
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
Total	<u>100.0 %</u>	

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

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	\$ 2,879,802	\$ 901,684	\$ (770,810)

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

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	April 1, 2016
Employers' total pension liability	\$ 177,400,586
Plan fiduciary net position	<u>168,004,363</u>
Employers' net pension liability	<u>\$ 9,396,223</u>
System fiduciary net position as a percentage of total pension liability	94.7%

## 8. OTHER POSTEMPLOYMENT 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 postemployment 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 \$209,308 for the fiscal year ended December 31, 2017.

The Town’s annual other postemployment 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 table below 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.

	Year Ended December 31,		
	2017	2016	2015
Annual required contribution	\$ 913,236	\$ 831,914	\$ 703,992
Interest on net OPEB obligation	36,529	33,275	28,160
Annual OPEB costs (expense)	949,765	865,189	732,152
Contributions made	(209,308)	(201,720)	(192,483)
Increase in net OPEB obligation	740,457	663,469	539,669
Net OPEB obligation - beginning of year	4,680,261	4,016,792	3,477,123
Net OPEB obligation - end of year	\$ 5,420,718	\$ 4,680,261	\$ 4,016,792
Percentage of ARC contributed	22.9%	24.2%	27.3%

**Funded Status and Funding Progress**—As of December 31, 2017, the most recent valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits was \$7,929,975. The covered payroll (annual payroll of active employees covered by the plan) was \$1,802,084, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.4.

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

The Town’s schedule of contributions for the current year and two preceding years is shown below:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage Contributed	Net OPEB Obligation
2017	\$ 949,765	\$ 209,308	22.9%	\$ 5,420,718
2016	865,189	201,720	23.3%	4,680,261
2015	732,152	192,483	26.3%	4,016,792

The schedule of funding progress, presented as required supplementary information, 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. The projection of benefits does not incorporate the potential effect of a change in the pattern of cost sharing between the employer and plan members in the future. 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 two years
- Valuation Date – December 31, 2017

## 9. 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 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 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 First Security Benefit 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.

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 BPAS Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated May 2018.

## **Program Financial Condition**

### **Assets and Liabilities**

Assets available for benefits at December 31, 2017:

	<u>% of total</u>	
Annuity contract	95.7%	\$ 2,488,237
Contribution receivable	4.3%	<u>112,661</u>
Total net assets available for benefits		<u>\$ 2,600,898</u>

### **Receipts and Disbursements**

Plan net assets, January 1, 2017		\$ 2,488,237
Changes during the year:		
Add: Plan contributions less forfeitures	\$ 112,507	
Net investment income	96,154	
Less: Distributions to participants	(92,792)	
Plan service fee	<u>(3,208)</u>	
Net change		<u>112,661</u>
Plan net assets, December 31, 2017		<u>\$ 2,600,898</u>

The Town estimates that the contribution to the Program including administrative fees for the year ended December 31, 2017 will be \$112,636.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

## 11. 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. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made. The following is a summary of the Town's short-term debt for the year ended December 31, 2017:

Description	Interest Rate	Maturity Date	Balance 1/1/2017	Issues	Redemptions	Balance 12/31/2017
General:						
Fairmount Park Improvements	1.50%	10/12/2017	\$ 225,000	\$ -	\$ 225,000	\$ -
Fairmount Park Improvements	2.25%	10/11/2018	-	190,000	-	190,000
Highway:						
Box Culverts on Lemke Drive and Errick Road	1.50%	10/12/2017	475,000	-	475,000	-
Box Culverts on Lemke Drive and Errick Road	2.25%	10/11/2018	-	450,000	-	450,000
Sewer:						
Clescent Road Lift Station Generator Replacement	1.50%	10/12/2017	225,000	-	225,000	-
Lift Station at Jagow Road Replacement	1.50%	10/12/2017	325,000	-	325,000	-
Clescent Road Lift Station Generator Replacement	2.25%	10/11/2018	-	215,000	-	215,000
Lift Station at Jagow Road Replacement	2.25%	10/11/2018	-	310,000	-	310,000
Total			<u>\$ 1,250,000</u>	<u>\$ 1,165,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,165,000</u>

## 12. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include serial bonds, capital leases, landfill post-closure costs, compensated absences, other postemployment benefits ("OPEB") obligation and net pension liability. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term debt at December 31, 2017 is presented below:

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Serial bonds	\$ 7,095,000	\$ -	\$ 1,015,000	\$ 6,080,000	\$ 1,030,000
Capital lease	243,516	174,398	94,987	322,927	92,960
Landfill post-closure costs	293,037	-	187,737	105,300	19,805
Compensated absences	362,813	127,204	124,531	365,486	139,118
OPEB obligation	4,680,261	949,765	209,308	5,420,718	-
Net pension liability*	1,448,460	-	546,776	901,684	-
Total	<u>\$ 14,123,087</u>	<u>\$ 1,251,367</u>	<u>\$ 2,178,339</u>	<u>\$ 13,196,115</u>	<u>\$ 1,281,883</u>

\*Reductions to the net pension liability are shown net of additions.

**Serial Bonds**—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 9 to 18 years.

A summary of additions and reductions for the year ended December 31, 2017 follows:

Description	Year of Maturity	Interest Rate	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
Governmental activities:						
General Fund:						
Senior Community Center/						
Town Hall Expansion	2002/2020	3.60%	\$ 495,000	\$ -	\$ 120,000	\$ 375,000
Witmer Road Refuse	2004/2019	3.60%	270,000	-	90,000	180,000
Youth Center	2011/2026	4.00%	1,057,000	-	103,000	954,000
Town Hall Roof	2011/2026	4.00%	68,000	-	7,000	61,000
Parklands	2011/2026	4.00%	400,000	-	40,000	360,000
Highway Fund:						
Highway Garage Roof	2011/2026	4.00%	125,000	-	10,000	115,000
Road Reconstruction/ Highway Equipment	2011/2024	4.00%	440,000	-	50,000	390,000
Water Fund:						
Water Meters	2011/2026	4.00%	580,000	-	55,000	525,000
Sewer Fund:						
Water Storage Facility	2011/2026	4.00%	700,000	-	65,000	635,000
Pump Station	2011/2026	4.00%	275,000	-	25,000	250,000
Drainage	2011/2026	4.00%	1,015,000	-	95,000	920,000
Sewer Phase I Project	2011/2020	Various	750,000	-	180,000	570,000
Sewer Phase II Project	2012/2021	Various	920,000	-	175,000	745,000
Total governmental activities			<u>\$ 7,095,000</u>	<u>\$ -</u>	<u>\$ 1,015,000</u>	<u>\$ 6,080,000</u>

**Capital Leases**—The Town has entered into a lease agreements as a lessee for financing the acquisition of various items. During fiscal year ended December 31, 2016, the Town initiated a lease of two dump trucks which were recorded in the Highway Fund. The assets acquired through the Town’s capital lease were capitalized at \$300,000 with \$114,674 accumulated depreciation as of December 31, 2017. Additionally, during the year ended December 31, 2017, the Town initiated a lease for an excavator. This lease has been recorded in the Capital Projects Fund. The assets acquired through the Town’s capital lease were capitalized at \$174,398 with \$36,797 accumulated depreciation as of December 31, 2017.

Maturities of the capital lease liability are estimated as follows:

Year Ending December 31,	Capital Leases
2018	\$ 102,341
2019	102,341
2020	102,341
2021	36,797
Total minimum lease payments	343,820
Total portion representing interest	(20,893)
Present value of minimum lease payments	<u>\$ 322,927</u>

**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 \$105,300 reported as the landfill post-closure costs liability at December 31, 2017 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 2017.

**Compensated Absences**—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds of which the employees’ payroll is recorded provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2017, for governmental activities is \$365,486. 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 \$11,914, of the total sick liability, along with 100% of the vacation liability, or \$127,204, totaling \$139,118. Management believes that funds will be available to meet such payments as they come due.

**OPEB Obligation**—As explained in Note 8, 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 \$5,420,718 at December 31, 2017.

**Net Pension Liability**—The Town reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$901,684 in the governmental activities. Typically, the General Fund has been used to liquidate this liability within the governmental funds. Refer to Note 7 for additional information related to the Town’s net pension liability.

A maturity schedule of the Town’s indebtedness is presented below:

Year ending December 31,	Serial Bonds	Capital Lease	Landfill			Net Pension Liability	Total
			Post-Closure Costs	Compensated Absences	OPEB Obligation		
2018	\$ 1,030,000	\$ 92,960	\$ 8,100	\$ 139,118	\$ -	\$ -	\$ 1,270,178
2019	1,050,000	95,678	-	-	-	-	1,145,678
2020	975,000	98,476	-	-	-	-	1,073,476
2021	665,000	35,813	-	-	-	-	700,813
2022	485,000	-	-	-	-	-	485,000
2023 and thereafter	<u>1,875,000</u>	<u>-</u>	<u>97,200</u>	<u>226,368</u>	<u>5,420,718</u>	<u>901,684</u>	<u>8,520,970</u>
Total	<u>\$ 6,080,000</u>	<u>\$ 322,927</u>	<u>\$ 105,300</u>	<u>\$ 365,486</u>	<u>\$ 5,420,718</u>	<u>\$ 901,684</u>	<u>\$ 13,196,115</u>

Interest requirements on serial bonds payable are as follows:

Year ending December 31,	Serial Bonds	Capital Leases	Total Interest
2018	\$ 237,964	\$ 9,381	\$ 247,345
2019	196,536	6,663	203,199
2020	153,366	3,865	157,231
2021	107,857	985	108,842
2022	84,700	-	84,700
2023-2027	145,500	-	145,500
Total	<u>\$ 925,923</u>	<u>\$ 20,894</u>	<u>\$ 946,817</u>

### 13. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 32,896,819
Related debt:		
Serial bonds	(6,080,000)	
Capital leases	(322,927)	
Unspent debt proceeds	108,543	
Bond anticipation notes payable	<u>(1,165,000)</u>	<u>(7,459,384)</u>
Net investment in capital assets		<u>\$ 25,437,435</u>

- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. The Town reported no restricted net position as of December 31, 2017.
- **Unrestricted Net Position**—This category represents the 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, 2017 includes:

- **Prepaid Items**—Represents amounts prepaid to the New York State and Local Employees’ Retirement System that are applicable to future accounting periods. The General, Highway, Water District, and Sewer District reported \$43,734, \$20,274, \$8,765, and \$15,759, respectively, for a total nonspendable fund balance of \$88,532.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. At December 31, 2017 the Town reported no restricted fund balance.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. At December 31, 2017, the Town reported no committed fund balance.

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, 2017 include:

	Encumbrances	Subsequent Years' Expenditures	Specific Use	Total Assigned
General Fund	\$ 71,515	\$ 800,000	\$ -	\$ 871,515
Highway Fund	50,737	350,000	366,844	767,581
Water District Fund	-	-	232,297	232,297
Sewer District Fund	50,342	150,000	21,213	221,555
Fire Protection District Fund	23,287	50,000	388,306	461,593
Refuse District Fund	-	50,000	605,208	655,208
Nonmajor Funds	-	-	10,827	10,827
Total	<u>\$ 195,881</u>	<u>\$ 1,400,000</u>	<u>\$ 1,624,695</u>	<u>\$ 3,220,576</u>

- **Assigned to Encumbrances**—Represents funds accumulated for commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2018 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment’s purpose relates to each fund’s operations and represents amounts within funds that are not restricted or committed.

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 the 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 funds 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.

#### 14. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The outstanding balance between the funds

result from payments made on behalf of the other fund or temporary advances. All of these balances are expected to be collected/paid within the subsequent year. The composition of interfund balances as of December 31, 2017 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$ 170,354	\$ -
Capital Projects Fund	-	116,610
Agency Fund	-	53,744
Total	<u>\$ 170,354</u>	<u>\$ 170,354</u>

Transfers are used primarily to pay debt service expenditures and to move various fund revenues that the Town must account for in other funds in accordance with budgetary authorizations.

The Town made the following transfers during the year ended December 31, 2017:

	Transfers in				Total
	General Fund	Highway Fund	Sewer District Fund	Capital Projects Fund	
Transfers out:					
General Fund	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Highway Fund	-	-	-	25,000	25,000
Sewer District Fund	-	-	-	25,000	25,000
Capital Projects Fund	470	32,105	33,227	-	65,802
Total	<u>\$ 470</u>	<u>\$ 32,105</u>	<u>\$ 33,227</u>	<u>\$ 85,000</u>	<u>\$ 150,802</u>

## 15. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended December 31, 2017 is presented below:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<b>ASSETS</b>				
Cash	\$ 128,080	\$ 3,358,482	\$ 3,326,895	\$ 159,667
Due from other funds	-	2,931,198	2,931,198	-
LOSAP assets	2,488,237	112,661	-	2,600,898
Total assets	<u>\$ 2,616,317</u>	<u>\$ 6,402,341</u>	<u>\$ 6,258,093</u>	<u>\$ 2,760,565</u>
<b>LIABILITIES</b>				
Agency liabilities	\$ 87,242	\$ 1,710,273	\$ 1,691,592	\$ 105,923
Due to other funds	40,838	86,051	73,145	53,744
Amounts held for LOSAP	2,488,237	112,661	-	2,600,898
Total liabilities	<u>\$ 2,616,317</u>	<u>\$ 1,908,985</u>	<u>\$ 1,764,737</u>	<u>\$ 2,760,565</u>

## 16. LABOR RELATIONS

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, 2017.

## 17. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2017, the Town reported no significant encumbrances.

## 18. CONTINGENCIES

**Litigation**—The Town is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Town. 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 operations.

**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. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

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

## 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 6, 2018, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Funding Progress—Other Postemployment Benefits Plan**  
**Year Ended December 31, 2017**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability ("AAL")</b>	<b>Unfunded AAL ("UAAL")</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
As of December 31, 2017	\$ -	\$ 7,929,975	\$ 7,929,975	-	\$ 1,802,084	440.0%
As of December 31, 2016	-	7,058,153	7,058,153	-	1,686,988	418.4%
As of December 31, 2015	-	6,061,686	6,061,686	-	1,606,568	377.3%

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

	<b>Year Ended December 31,</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0095962%	0.0090245%	0.0091969%	0.0091969%
Town's proportionate share of the net pension liability	<u>\$ 901,684</u>	<u>\$ 1,448,460</u>	<u>\$ 310,693</u>	<u>\$ 415,594</u>
Town's covered-employee payroll	\$ 2,479,120	\$ 2,387,129	\$ 2,289,275	\$ 2,311,349
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.4%	60.7%	13.6%	18.0%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%	97.2%

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

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

	<b>Year Ended December 31,</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contributions	\$ 367,953	\$ 408,027	\$ 362,351	\$ 431,822
Contributions in relation to the contractually required contribution	(367,953)	(408,027)	(362,351)	(431,822)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,426,625	\$ 2,475,783	\$ 2,371,496	\$ 2,375,965
Contributions as a percentage of covered-employee payroll	15.2%	16.5%	15.3%	18.2%

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended December 31, 2017**

	<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	\$ 20,243	\$ 3,243
Non-property tax items	2,816,224	2,816,224	2,822,669	6,445
Departmental income	193,500	193,500	204,266	10,766
Use of money and property	-	-	1,471	1,471
Licenses and permits	112,800	112,800	135,318	22,518
Fines and forfeitures	175,000	175,000	137,044	(37,956)
Sale of property and compensation for loss	10,000	10,000	33,619	23,619
Miscellaneous	60,000	60,000	305,099	245,099
State aid	380,227	495,152	520,049	24,897
Total revenues	<u>3,764,751</u>	<u>3,879,676</u>	<u>4,179,778</u>	<u>300,102</u>
<b>EXPENDITURES</b>				
Current:				
General government support	1,238,779	1,248,894	1,177,070	71,824
Public safety	502,643	502,257	446,621	55,636
Health	26,149	1,149	1,123	26
Transportation	275,902	270,862	260,382	10,480
Economic assistance and opportunity	52,175	72,507	41,138	31,369
Culture and recreation	1,006,191	985,291	865,239	120,052
Home and community services	111,989	486,965	428,675	58,290
Employee benefits	785,200	639,700	620,814	18,886
Debt service:				
Interest and other fiscal charges	87,419	87,419	86,285	1,134
Total expenditures	<u>4,086,447</u>	<u>4,295,044</u>	<u>3,927,347</u>	<u>367,697</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	470	470
Transfers out	(370,000)	(395,000)	(395,000)	-
Total other financing sources (uses)	<u>(370,000)</u>	<u>(395,000)</u>	<u>(394,530)</u>	<u>470</u>
Excess (deficiency) of revenues over expenditure	<u>(691,696)</u>	<u>(810,368)</u>	<u>(142,099)</u>	<u>668,269</u>
Fund balances—beginning	<u>1,442,017</u>	<u>1,442,017</u>	<u>1,442,017</u>	-
Fund balances—ending	<u>\$ 750,321</u>	<u>\$ 631,649</u>	<u>\$ 1,299,918</u>	<u>\$ 668,269</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Non-property tax items	\$ 2,027,127	\$ 2,027,127	\$ 1,841,349	\$ (185,778)
Intergovernmental charges	160,000	160,000	159,415	(585)
Use of money and property	-	-	271	271
Licenses and permits	10,000	10,000	6,750	(3,250)
Sale of property and compensation for loss	39,558	102,318	96,099	(6,219)
State aid	<u>85,592</u>	<u>119,968</u>	<u>120,108</u>	<u>140</u>
Total revenues	<u>2,322,277</u>	<u>2,419,413</u>	<u>2,223,992</u>	<u>(195,421)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	5,500	7,010	6,177	833
Transportation	1,907,288	2,004,424	1,701,439	302,985
Employee benefits	490,500	490,500	433,552	56,948
Debt service:				
Interest and other fiscal charges	<u>36,705</u>	<u>35,195</u>	<u>34,309</u>	<u>886</u>
Total expenditures	<u>2,439,993</u>	<u>2,537,129</u>	<u>2,175,477</u>	<u>361,652</u>
Excess (deficiency) of revenues over expenditures	<u>(117,716)</u>	<u>(117,716)</u>	<u>48,515</u>	<u>166,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	32,105	32,105
Transfers out	<u>(143,190)</u>	<u>(143,190)</u>	<u>(143,190)</u>	<u>-</u>
Total other financing sources (uses)	<u>(143,190)</u>	<u>(143,190)</u>	<u>(111,085)</u>	<u>32,105</u>
Net change in fund balances *	(260,906)	(260,906)	(62,570)	198,336
Fund balances—beginning	<u>850,425</u>	<u>850,425</u>	<u>850,425</u>	<u>-</u>
Fund balances—ending	<u>\$ 589,519</u>	<u>\$ 589,519</u>	<u>\$ 787,855</u>	<u>\$ 198,336</u>

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

**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—Water District Fund**  
**Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Departmental income	\$ 1,414,723	\$ 1,414,723	\$ 1,300,904	\$ (113,819)
Use of money and property	-	-	208	208
Sale of property and compensation for loss	8,250	8,250	5,047	(3,203)
Total revenues	<u>1,422,973</u>	<u>1,422,973</u>	<u>1,306,159</u>	<u>(116,814)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	5,000	5,000	2,018	2,982
Home and community services	1,162,419	1,162,419	1,017,582	144,837
Employee benefits	183,700	183,700	147,685	36,015
Debt service:				
Principal	55,000	55,000	55,000	-
Interest and other fiscal charges	20,725	20,725	20,725	-
Total expenditures	<u>1,426,844</u>	<u>1,426,844</u>	<u>1,243,010</u>	<u>183,834</u>
Net change in fund balances*	(3,871)	(3,871)	63,149	67,020
Fund balances—beginning	177,913	177,913	177,913	-
Fund balances—ending	<u>\$ 174,042</u>	<u>\$ 174,042</u>	<u>\$ 241,062</u>	<u>\$ 67,020</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, 2017**

	<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 and tax items	\$ 1,064,155	\$ 1,064,155	\$ 1,064,156	\$ 1
Departmental income	634,500	634,500	591,227	(43,273)
Use of money and property	46,704	46,704	47,775	1,071
Sale of property and compensation for loss	2,000	2,000	1,750	(250)
Total revenues	<u>1,747,359</u>	<u>1,747,359</u>	<u>1,704,908</u>	<u>(42,451)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	5,200	5,990	5,432	558
Home and community services	940,406	996,350	771,223	225,127
Employee benefits	281,300	281,300	270,277	11,023
Debt Service:				
Interest and other fiscal charges	154,307	150,007	146,034	3,973
Total expenditures	<u>1,381,213</u>	<u>1,433,647</u>	<u>1,192,966</u>	<u>240,681</u>
Excess (deficiency) of revenues over expenditures	<u>366,146</u>	<u>313,712</u>	<u>511,942</u>	<u>198,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	33,227	33,227
Transfers out	(597,500)	(601,800)	(601,797)	3
Total other financing sources (uses)	<u>(597,500)</u>	<u>(601,800)</u>	<u>(568,570)</u>	<u>33,230</u>
Net change in fund balances*	(231,354)	(288,088)	(56,628)	231,460
Fund balances—beginning	<u>293,942</u>	<u>293,942</u>	<u>293,942</u>	<u>-</u>
Fund balances—ending	<u>\$ 62,588</u>	<u>\$ 5,854</u>	<u>\$ 237,314</u>	<u>\$ 231,460</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 Protection District Fund**  
**Year Ended December 31, 2017**

	<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 and tax items	\$ 1,540,000	\$ 1,540,000	\$ 1,540,000	\$ -
Use of money and property	-	-	208	208
Sale of property and compensation for loss	-	-	12,547	12,547
Total revenues	<u>1,540,000</u>	<u>1,540,000</u>	<u>1,552,755</u>	<u>12,755</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,428,287	1,428,287	1,394,319	33,968
Employee benefits	135,000	135,000	61,614	73,386
Total expenditures	<u>1,563,287</u>	<u>1,563,287</u>	<u>1,455,933</u>	<u>107,354</u>
Net change in fund balances*	(23,287)	(23,287)	96,822	120,109
Fund balances—beginning	<u>364,771</u>	<u>364,771</u>	<u>364,771</u>	<u>-</u>
Fund balances—ending	<u>\$ 341,484</u>	<u>\$ 341,484</u>	<u>\$ 461,593</u>	<u>\$ 120,109</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—Refuse District Fund**  
**Year Ended December 31, 2017**

	<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	\$ 920,000	\$ 920,000	\$ 920,000	\$ -
Use of money and property	-	-	474	474
Total revenues	<u>920,000</u>	<u>920,000</u>	<u>920,474</u>	<u>474</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	<u>945,000</u>	<u>945,000</u>	<u>914,936</u>	<u>30,064</u>
Total expenditures	<u>945,000</u>	<u>945,000</u>	<u>914,936</u>	<u>30,064</u>
Net change in fund balances*	(25,000)	(25,000)	5,538	30,538
Fund balances—beginning	<u>649,670</u>	<u>649,670</u>	<u>649,670</u>	<u>-</u>
Fund balances—ending	<u>\$ 624,670</u>	<u>\$ 624,670</u>	<u>\$ 655,208</u>	<u>\$ 30,538</u>

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

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, 2017**

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**1. BUDGETARY INFORMATION**

*Budgetary Basis of Accounting*—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through 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 balance as expenditures until the period in which the 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.

## SUPPLEMENTARY INFORMATION



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**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2017**

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	<b>Special Revenue</b>		<b>Total</b>
	<b>Lighting District</b>	<b>Community Development</b>	<b>Nonmajor Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,185	\$ -	\$ 13,185
Restricted cash and cash equivalents	-	3,133	3,133
Total assets	\$ 13,185	\$ 3,133	\$ 16,318
<b>LIABILITIES</b>			
Accounts payable	\$ 2,358	\$ 3,133	\$ 5,491
Total liabilities	2,358	3,133	5,491
<b>FUND BALANCES</b>			
Assigned	10,827	-	10,827
Total fund balances	10,827	-	10,827
Total liabilities and fund balances	\$ 13,185	\$ 3,133	\$ 16,318

**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances—Nonmajor Governmental Funds**  
**Year Ended December 31, 2017**

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	<b>Special Revenue</b>		<b>Total</b>
	<b>Lighting District</b>	<b>Community Development</b>	<b>Nonmajor Funds</b>
<b>REVENUES</b>			
Real property taxes	\$ 27,000	\$ -	\$ 27,000
Federal aid	-	97,664	97,664
Total revenues	27,000	97,664	124,664
<b>EXPENDITURES</b>			
Current:			
Transportation	23,481	-	23,481
Home and community services	-	97,664	97,664
Total expenditures	23,481	97,664	121,145
Net change in fund balances	3,519	-	3,519
Fund balances—beginning	7,308	-	7,308
Fund balances—ending	\$ 10,827	\$ -	\$ 10,827

**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Balance Sheet—Capital Projects Fund—By Project**  
**December 31, 2017**

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				Clescent Pump Station	Jagow Pump Station	Highway Equipment Installation	
	Fairmont Park Improvement	Niagara Riverwalk Trail	Box Culverts Lemke Rd & Errick Rd	Generator Replacement	Replacement	Purchase	Total Capital Projects Fund
<b>ASSETS</b>							
Restricted cash and cash equivalents	\$ -	\$ -	\$ 44,665	\$ 30,758	\$ 33,120	\$ -	\$ 108,543
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,665</u>	<u>\$ 30,758</u>	<u>\$ 33,120</u>	<u>\$ -</u>	<u>\$ 108,543</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 29,565	\$ -	\$ -	\$ -	\$ -	\$ 29,565
Due to other funds	30,961	85,649	-	-	-	-	116,610
Bond anticipation notes payable	<u>190,000</u>	<u>-</u>	<u>450,000</u>	<u>215,000</u>	<u>310,000</u>	<u>-</u>	<u>1,165,000</u>
Total liabilities	<u>220,961</u>	<u>115,214</u>	<u>450,000</u>	<u>215,000</u>	<u>310,000</u>	<u>-</u>	<u>1,311,175</u>
<b>FUND BALANCES (DEFICITS)</b>							
Unassigned	<u>(220,961)</u>	<u>(115,214)</u>	<u>(405,335)</u>	<u>(184,242)</u>	<u>(276,880)</u>	<u>-</u>	<u>(1,202,632)</u>
Total fund balances (deficits)	<u>(220,961)</u>	<u>(115,214)</u>	<u>(405,335)</u>	<u>(184,242)</u>	<u>(276,880)</u>	<u>-</u>	<u>(1,202,632)</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,665</u>	<u>\$ 30,758</u>	<u>\$ 33,120</u>	<u>\$ -</u>	<u>\$ 108,543</u>

**TOWN OF WHEATFIELD, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)**  
**Capital Projects Fund—By Project**  
**Year Ended December 31, 2017**

	Fairmont Park Improvement	Niagara Riverwalk Trail	Box Culverts Lemke Rd & Errick Rd	Clescent Pump Station Generator Replacement	Jagow Pump Station Replacement	Highway Equipment Installment Purchase	Total Capital Projects Fund
<b>REVENUES</b>							
Miscellaneous	\$ 1,633	\$ -	\$ 3,867	\$ 1,854	\$ 2,665	\$ -	\$ 10,019
State aid	193,466	85,562	-	-	-	-	279,028
Total revenues	<u>195,099</u>	<u>85,562</u>	<u>3,867</u>	<u>1,854</u>	<u>2,665</u>	<u>-</u>	<u>289,047</u>
<b>EXPENDITURES</b>							
Capital outlay:	<u>34,707</u>	<u>134,185</u>	<u>2,862</u>	<u>43,578</u>	<u>273,963</u>	<u>174,398</u>	<u>663,693</u>
Total expenditures	<u>34,707</u>	<u>134,185</u>	<u>2,862</u>	<u>43,578</u>	<u>273,963</u>	<u>174,398</u>	<u>663,693</u>
Excess (deficiency) of revenues over expenditures	<u>160,392</u>	<u>(48,623)</u>	<u>1,005</u>	<u>(41,724)</u>	<u>(271,298)</u>	<u>(174,398)</u>	<u>(374,646)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	35,000	-	25,000	10,000	15,000	-	85,000
Transfers out	(470)	-	(32,105)	(13,366)	(19,861)	-	(65,802)
Proceeds from capital lease	-	-	-	-	-	174,398	174,398
Total other financing sources (uses)	<u>34,530</u>	<u>-</u>	<u>(7,105)</u>	<u>(3,366)</u>	<u>(4,861)</u>	<u>174,398</u>	<u>193,596</u>
Net change in fund balances (deficits)	194,922	(48,623)	(6,100)	(45,090)	(276,159)	-	(181,050)
Fund balances (deficits)—beginning	(415,883)	(66,591)	(399,235)	(139,152)	(721)	-	(1,021,582)
Fund balances (deficits)—ending	<u>\$ (220,961)</u>	<u>\$ (115,214)</u>	<u>\$ (405,335)</u>	<u>\$ (184,242)</u>	<u>\$ (276,880)</u>	<u>\$ -</u>	<u>\$ (1,202,632)</u>

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Certified Public Accountants

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

Honorable Town Board  
Town of 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 6, 2018 (which report includes an emphasis of matter paragraph regarding the restatement of net position).

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control 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. 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.

## **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*.

## **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*

August 6, 2018

**TOWN OF WHEATFIELD, NEW YORK**  
**Schedule of Findings**  
**Year Ended December 31, 2017**

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No findings were reported.

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