

**TOWN OF ORCHARD PARK,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2015
and Independent Auditor's Reports*

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Orchard Park, 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 Orchard Park, New York (the Town), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 Town'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 Town'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 remaining aggregate fund information of the Town, as of December 31, 2015, 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 stated in Note 1, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of funding progress–other post employment benefits plan, schedules of the Town's proportionate share of net pension liability and the schedules of the Town's pension contributions 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 combining balance sheet - nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds 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 combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds 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 May 5, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Buffalo, New York
May 5, 2016

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

As management of the Town of Orchard Park, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2015. Certain data from the prior year has been reclassified to conform with the current year presentation. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$70,546,999 (*net position*). Of this amount, \$13,375,818 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,210,032 during the year ended December 31, 2015.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$24,041,793, an increase of \$5,903,931 in comparison with the prior year's fund balance of \$18,137,862. The increase was due primarily to proceeds from the issuance of bonds exceeding current year capital expenditures.
- At the end of the current fiscal year, *unassigned fund* balance for the General Fund was \$5,472,452, or 77.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 59.9 percent of the General Fund's total fund balance of \$9,129,282 at December 31, 2015.
- The Town's total bonded indebtedness increased by \$5,685,000 during the current year as a result of scheduled principal payments of \$675,000 offset by the issuance of serial bonds of \$6,360,000.

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 of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*. Over time, increases and 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 only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Public Safety, Highway, Sewer Districts, Water Districts, Garbage and Refuse and Capital Projects Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

The fiduciary fund statement can be found on page 20 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 21-46 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s budgetary comparison schedules for each major fund with legally adopted budget, the Town’s progress in funding its obligation to provide other postemployment benefits and the Town’s net pension liability. Required Supplementary Information and a related note to the required supplementary information can be found on pages 47-58 of this report.

Supplemental statements and schedules including the combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information on pages 59-60.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$70,546,999 at the close of the 2015 fiscal year.

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

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2015	2014 (as restated)
Current assets	\$ 25,290,644	\$ 25,872,066
Noncurrent assets	63,632,166	62,998,389
Total assets	<u>88,922,810</u>	<u>88,870,455</u>
Deferred outflows of resources	<u>1,624,627</u>	<u>1,467,482</u>
Current liabilities	1,342,329	7,848,474
Noncurrent liabilities	18,658,109	13,152,496
Total liabilities	<u>20,000,438</u>	<u>21,000,970</u>
Net position		
Net investment in capital assets	54,717,321	53,551,790
Restricted	2,453,860	2,221,188
Unrestricted	13,375,818	13,563,989
Total net position	<u>\$ 70,546,999</u>	<u>\$ 69,336,967</u>

The largest portion of the Town’s net position (77.6 percent) reflect its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these

assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town’s net position (3.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (18.9 percent) may be used to meet the Town’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2015 and December 31, 2014.

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

	<u>Governmental Activities</u>	
	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
		(as restated)
Program revenues:		
Charges for services	\$ 1,870,259	\$ 1,679,524
Operating grants and contributions	717,075	216,298
Capital grants and contributions	-	857,681
General revenues	<u>20,562,422</u>	<u>22,185,364</u>
Total revenues	<u>23,149,756</u>	<u>24,938,867</u>
Program expenses	21,939,724	22,463,210
Change in net position	1,210,032	2,475,657
Net position—beginning	69,336,967	66,630,688
Restatement	<u>-</u>	<u>230,622</u>
Net position—ending	<u>\$ 70,546,999</u>	<u>\$ 69,336,967</u>

Overall revenues of the primary government decreased by 7.2 percent from the prior year, due primarily to a decrease in infrastructure assets dedicated to the Town from developers and a decrease in capital grants received. Total expenses decreased by 2.3 percent compared to the year ended December 31, 2014, which is primarily attributed to the effect of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* had on 2015 activity. During 2015, the Town recognized its’ proportionate share of the New York State Employee Retirement System net pension asset, which reduced employee benefit expenses recognized on the government-wide statements.

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

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2015	2014	Dollars	Percent (%)
Charges for services	\$ 1,870,259	\$ 1,679,524	\$ 190,735	11.4
Operating grants and contributions	717,075	216,298	500,777	231.5
Capital grants and contributions	-	857,681	(857,681)	(100.0)
Property and other taxes	18,093,448	17,661,347	432,101	2.4
Use of money and property	56,577	76,835	(20,258)	(26.4)
Miscellaneous	1,319,618	3,418,833	(2,099,215)	(61.4)
State support (unrestricted)	1,092,779	1,028,349	64,430	6.3
Total general revenues, net	<u>\$ 23,149,756</u>	<u>\$ 24,938,867</u>	<u>\$ (1,789,111)</u>	<u>(7.2)</u>

The Town's 78.2 percent of total revenues, and charges for services of \$1,870,259, or 8.1 percent of total revenues. For the year ended December 31, 2014, the Town's largest sources of revenues were taxes of \$17,661,347, or 70.8 percent of total revenues, and miscellaneous revenue of \$3,418,833, or 13.7 percent of total revenues.

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

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2015	2014	Dollars	Percent (%)
General government support	\$ 3,925,467	\$ 3,933,316	\$ (7,849)	(0.2)
Education	9,349	16,059	(6,710)	(41.8)
Public safety	5,702,964	5,575,970	126,994	2.3
Health	5,339	6,463	(1,124)	(17.4)
Transportation	4,728,300	5,386,427	(658,127)	(12.2)
Economic assistance and opportunity	401	409	(8)	(2.0)
Culture and recreation	1,866,844	2,020,410	(153,566)	(7.6)
Home and community services	5,403,081	5,260,850	142,231	2.7
Interest and other fiscal charges	297,979	263,306	34,673	13.2
Total program expenses	<u>\$ 21,939,724</u>	<u>\$ 22,463,210</u>	<u>\$ (523,486)</u>	<u>(2.3)</u>

The Town's most significant expense items for the year ended December 31, 2015 were public safety of \$5,702,964, or 26.0 percent of total expenses, and home and community services of \$5,403,081, or 24.6 percent of total expenses. For the year ended December 31, 2014, the most significant expense items were public safety of \$5,575,970, or 24.8 percent of total expenses, and transportation of \$5,386,427, or 24.0 percent of total expenses.

Financial Analysis of Governmental Funds

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

which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Board.

At December 31, 2015, the Town's governmental funds reported combined fund balances of \$24,041,793, an increase of \$5,903,931 in comparison with the prior year. Approximately 22.8% of this amount \$5,470,452 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form—\$415,994, 2) restricted for particular purposes—\$2,585,354, 3) committed for particular purposes—\$5,769,972, or 4) assigned for particular purposes—\$9,800,021.

Table 5—Components of Fund Balance—Major Funds

	December 31,	
	2015	2014
General Fund		
Nonspendable	\$ 83,208	\$ 126,973
Restricted	1,420,182	1,431,931
Committed	881,026	859,387
Assigned	1,274,414	1,278,195
Unassigned	<u>5,470,452</u>	<u>5,396,313</u>
Total General Fund	<u>\$ 9,129,282</u>	<u>\$ 9,092,799</u>
Public Safety Fund		
Nonspendable	\$ 238,950	\$ 249,044
Restricted	330,157	261,284
Committed	103,702	-
Assigned	<u>288,994</u>	<u>110,963</u>
Total Public Safety Fund	<u>\$ 961,803</u>	<u>\$ 621,291</u>
Highway Fund		
Nonspendable	\$ 75,669	\$ 91,938
Restricted	636,603	520,749
Assigned	<u>605,576</u>	<u>597,697</u>
Total Highway Fund	<u>\$ 1,317,848</u>	<u>\$ 1,210,384</u>
Sewer Districts Fund		
Assigned	<u>\$ 3,179,146</u>	<u>\$ 3,256,459</u>
Total Sewer Districts Fund	<u>\$ 3,179,146</u>	<u>\$ 3,256,459</u>
Water Districts Fund		
Nonspendable	\$ 5,429	\$ 9,505
Restricted	49,502	7,224
Assigned	<u>1,623,238</u>	<u>1,682,871</u>
Total Water Districts Fund	<u>\$ 1,678,169</u>	<u>\$ 1,699,600</u>

(continued)

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
		(concluded)
Garbage and Refuse Fund		
Nonspendable	\$ 2,125	\$ 2,508
Restricted	17,416	-
Committed	82,818	-
Assigned	<u>1,093,621</u>	<u>1,214,988</u>
Total Garbage and Refuse Fund	<u>\$ 1,195,980</u>	<u>\$ 1,217,496</u>
Capital Projects Fund		
Committed	\$ 4,702,426	\$ -
Unassigned	<u>-</u>	<u>(626,427)</u>
Total Capital Projects Fund	<u>\$ 4,702,426</u>	<u>\$ (626,427)</u>

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,470,452, while total fund balance increased to \$9,129,282. 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 fund expenditures and transfers out. Unassigned fund balance represents 77.4 percent of total General Fund expenditures and transfers out, while total fund balance represents 129.2 percent of that same amount.

The total fund balance of the Town's General Fund increased by \$36,483 during the current fiscal year. During the annual budget process, the Town anticipated utilizing \$1,270,000 of fund balance for 2016 operations.

The Town's Public Safety Fund ending fund balance was \$961,803. During the year ended December 31, 2015, the Public Safety Fund fund balance increased \$340,512 primarily due to the funding of restricted, committed and assigned purposes.

The Town's Highway Fund ending fund balance was \$1,317,848. Approximately 15.8 percent, \$208,100, of this amount is reported as fund balance assigned for specific (Highway Fund) use. During the year ended December 31, 2015, the Highway Fund fund balance increased \$107,464 primarily due to Federal Emergency Management Assistance aid received in 2015 that relates to expenditures incurred during a November 2014 winter storm and conservative spending.

The Town's Sewer Districts Fund ending fund balance was \$3,179,146. \$2,439,290 is reported as fund balance assigned for specific (Sewer Districts Fund) use and \$739,856 is assigned to funding next year's budget. During the year ended December 31, 2015, the Sewer Districts Fund fund balance decreased \$77,313 mainly due to budgeted use of fund balance.

The Town's Water Districts Fund ending fund balance was \$1,678,169. \$1,419,358, of this amount is reported as fund balance assigned for specific (Water Districts Fund) use. During the year ended December 31, 2015, the Water Districts Fund fund balance decreased \$21,431 mainly due to budgeted use of fund balance.

The Town's Garbage and Refuse Fund ending fund balance was \$1,195,980. \$1,008,621, of this amount is reported as fund balance assigned for specific (Garbage and Refuse Fund) use and \$85,000 is assigned

to funding next year's budget. During the year ended December 31, 2015, the Garbage and Refuse Fund fund balance decreased \$21,516 mainly due to budgeted use of fund balance.

The Town's Capital Projects Fund ending fund balance of \$4,702,426. During the year ended December 31, 2015, the Capital Projects Fund fund balance increased \$5,328,853 mainly due to proceeds from the issuance of long-term debt exceeding current year capital expenditures.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2015 is presented in Table 6 below:

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 6,463,860	6,501,757	\$ 7,104,454	\$ 602,697
Expenditures and other financing uses	7,742,055	7,894,654	7,067,971	826,683
Excess (deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,278,195)</u>	<u>\$ (1,392,897)</u>	<u>\$ 36,483</u>	<u>\$ 1,429,380</u>

Original budget compared to final budget—During the year there was a net increase in appropriations between the original and final amended budget due to supplemental appropriations for various unanticipated departmental expenditures. These amendments were supported by various revenues received in excess of expectations and an additional \$114,702 appropriation of fund balance.

Final budget compared to actual results—Budgeted revenues and appropriations varied from actual revenues, expenditures and other financing sources (uses) as follows:

Total revenues exceeded the final budget by \$602,697. The major contributors to this positive revenue variance were sales tax revenues and state aid. Sales tax revenues are based on a proportional share of taxable sales within Erie County. State aid was more than anticipated mainly due to an increase in mortgage tax received.

Total expenditures and transfers out were less than the final budget by \$826,683. The most significant contributor was in general government support. General government savings were achieved in personnel costs along with less than anticipated unallocated insurances costs. Additionally, transfers out were less than anticipated.

Capital Asset and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2015 amounted to \$63,632,166 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, works of art and historical treasurers, infrastructure, buildings and building improvements, vehicles and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Town’s capital asset policy.

Capital assets, net of depreciation for the governmental activities for the years ended December 31, 2015 and December 31, 2014 is presented below in Table 7.

Table 7—Summary of Capital Assets (Net of Depreciation)

	December 31,	
	2015	2014
Land	\$ 5,664,812	\$ 5,564,812
Works of art and historical treasures	50,700	50,700
Construction in progress	1,224,260	4,041,142
Land improvements	1,510,951	1,622,893
Buildings	4,448,810	4,609,431
Building improvements	3,066,039	2,825,358
Machinery and equipment	3,954,632	3,243,541
Infrastructure	<u>43,711,962</u>	<u>41,040,512</u>
Total	<u>\$ 63,632,166</u>	<u>\$ 62,998,389</u>

The Town’s infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town’s capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—At December 31, 2015, the Town had total bonded debt outstanding of \$11,150,000 as compared to \$5,465,000 in the prior year. This debt is backed by the full faith and credit of the government.

New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year valuation. The current debt-limitation for the Town is \$186,074,612, which is significantly in excess of the Town’s outstanding general obligation debt.

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

A summary of the Town’s long-term liabilities at December 31, 2015 and December 31, 2014 is presented on the following page in Table 8.

Table 8—Summary of Long-Term Liabilities

	December 31,	
	2015	2014
		(as restated)
Serial bonds	\$ 11,150,000	\$ 5,465,000
Compensated absences	3,932,943	3,944,154
OPEB obligation	2,686,044	2,506,482
Net pension liability	889,122	1,236,860
Total	<u>\$ 18,658,109</u>	<u>\$ 13,152,496</u>

Economic Factors and Next Year’s Budgets and Rates

Key economic factors include:

- The unemployment rate, not seasonally adjusted, for the Town during December 2015 was 3.9 percent. This is favorable to New York’s unemployment rate of 4.8 and favorable to the national unemployment rate of 5.0 percent.
- Increases in healthcare and retirement costs.

These factors were considered in preparing the Town’s budget for 2016.

The Town’s 2016 budget includes the appropriation of \$1,270,000 of fund balance in the General Fund. The budget also includes a combined General Fund/Public Safety Fund tax rate of \$3.38 and Highway Fund tax rate of \$2.74 (per \$1,000 of assessed valuation), as compared to the 2015 tax rates of \$3.37 and \$2.71.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor’s Office, Town of Orchard Park, 4295 S. Buffalo Road, Orchard Park, New York 14127.

BASIC FINANCIAL STATEMENTS

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

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 17,416,146
Restricted cash and cash equivalents	4,671,599
Receivables	203,954
Intergovernmental receivables	2,582,951
Prepaid items	415,994
Capital assets not being depreciated	6,939,772
Capital assets, net of accumulated depreciation	<u>56,692,394</u>
Total assets	<u>88,922,810</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	<u>1,624,627</u>
Total deferred outflows of resources	<u>1,624,627</u>
 LIABILITIES	
Accounts payable	880,861
Accrued liabilities	396,321
Retainages payable	45,016
Unearned revenue	20,131
Non-current liabilities:	
Due within one year	1,733,234
Due within more than one year	<u>16,924,875</u>
Total liabilities	<u>20,000,438</u>
 NET POSITION	
Net investment in capital assets	54,717,321
Restricted for:	
Capital improvements	665,115
Tax stabilization	655,900
Debt	767,536
Other	365,309
Unrestricted	<u>13,375,818</u>
Total net position	<u>\$ 70,546,999</u>

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

TOWN OF ORCHARD PARK, NEW YORK
Statement of Activities
December 31, 2015

Function/Program	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Government Governmental Activities
Primary Government:					
Governmental activities:					
General government support	\$ 3,925,467	\$ 144,400	\$ 20,780	\$ -	\$ (3,760,287)
Education	9,349	-	-	-	(9,349)
Public safety	5,702,964	808,994	186,830	-	(4,707,140)
Health	5,339	-	-	-	(5,339)
Transportation	4,728,300	87,106	509,465	-	(4,131,729)
Economic assistance and opportunity	401	-	-	-	(401)
Culture and recreation	1,866,844	588,625	-	-	(1,278,219)
Home and community services	5,403,081	241,134	-	-	(5,161,947)
Interest and other fiscal charges	297,979	-	-	-	(297,979)
Total primary government	\$ 21,939,724	\$ 1,870,259	\$ 717,075	\$ -	(19,352,390)
General revenues:					
					13,282,828
					4,502,336
					308,284
					56,577
					1,319,618
					1,092,779
					<u>20,562,422</u>
					1,210,032
					<u>69,336,967</u>
					<u>\$ 70,546,999</u>

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

TOWN OF ORCHARD PARK, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2015

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Public Safety	Highway	Sewer Districts	Water Districts	Garbage and Refuse			
ASSETS									
Cash and cash equivalents	\$ 6,188,167	\$ 513,770	\$ 607,810	\$ 3,221,788	\$ 1,635,179	\$ 1,321,185	\$ 2,201,565	\$ 1,726,682	\$ 17,416,146
Restricted cash and cash equivalents	1,420,182	330,157	636,603	-	49,502	-	2,103,661	131,494	4,671,599
Receivables	86,348	44,138	7,604	-	2,909	14,418	-	48,537	203,954
Intergovernmental receivables	1,581,852	1,490	154,804	-	-	-	844,805	-	2,582,951
Prepaid items	83,208	238,950	75,669	-	5,429	2,125	-	10,613	415,994
Total assets	<u>\$ 9,359,757</u>	<u>\$ 1,128,505</u>	<u>\$ 1,482,490</u>	<u>\$ 3,221,788</u>	<u>\$ 1,693,019</u>	<u>\$ 1,337,728</u>	<u>\$ 5,150,031</u>	<u>\$ 1,917,326</u>	<u>\$ 25,290,644</u>
LIABILITIES									
Accounts payable	\$ 158,045	\$ 47,125	\$ 34,738	\$ 42,642	\$ 7,867	\$ 111,330	\$ 447,605	\$ 31,509	\$ 880,861
Accrued liabilities	52,299	119,577	129,904	-	6,983	30,418	-	8,678	347,859
Unearned revenue	20,131	-	-	-	-	-	-	-	20,131
Total liabilities	<u>230,475</u>	<u>166,702</u>	<u>164,642</u>	<u>42,642</u>	<u>14,850</u>	<u>141,748</u>	<u>447,605</u>	<u>40,187</u>	<u>1,248,851</u>
FUND BALANCES									
Nonspendable	83,208	238,950	75,669	-	5,429	2,125	-	10,613	415,994
Restricted	1,420,182	330,157	636,603	-	49,502	17,416	-	131,494	2,585,354
Committed	881,026	103,702	-	-	-	82,818	4,702,426	-	5,769,972
Assigned	1,274,414	288,994	605,576	3,179,146	1,623,238	1,093,621	-	1,735,032	9,800,021
Unassigned	5,470,452	-	-	-	-	-	-	-	5,470,452
Total fund balances	<u>9,129,282</u>	<u>961,803</u>	<u>1,317,848</u>	<u>3,179,146</u>	<u>1,678,169</u>	<u>1,195,980</u>	<u>4,702,426</u>	<u>1,877,139</u>	<u>24,041,793</u>
Total liabilities and fund balances	<u>\$ 9,359,757</u>	<u>\$ 1,128,505</u>	<u>\$ 1,482,490</u>	<u>\$ 3,221,788</u>	<u>\$ 1,693,019</u>	<u>\$ 1,337,728</u>	<u>\$ 5,150,031</u>	<u>\$ 1,917,326</u>	<u>\$ 25,290,644</u>

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

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

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

Total fund balances—governmental funds (page 16)	\$	24,041,793
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$118,766,069 and the accumulated depreciation is \$55,133,903.		63,632,166
Deferred outflows 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	\$ 1,238,442	
Deferred outflows related to experience and investment earnings	<u>386,185</u>	<u>1,624,627</u>
To recognize interest accrual on long-term debt. Net accrued interest for general obligation bonds are not reported in the funds.		(48,462)
To recognize retainage payable on outstanding capital projects not recorded in the fund financial statements.		(45,016)
Long-term liabilities, including bonds payable, compensated absences, other post-employment benefit obligation ("OPEB") and net pension liability are not due and payable in the current period and, therefore are not reported in the funds:		
Serial bonds	\$ (11,150,000)	
Compensated absences	(3,932,943)	
OPEB obligation	(2,686,044)	
Net pension liability	<u>(889,122)</u>	<u>(18,658,109)</u>
Net position of governmental activities	\$	<u>70,546,999</u>

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

TOWN OF ORCHARD PARK, NEW YORK
Statement of Revenues, Expenditures, and Changes in
Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2015

	Special Revenue						Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Public Safety	Highway	Sewer Districts	Water Districts	Garbage and Refuse			
REVENUES									
Real property taxes	\$ 433,447	\$ 5,144,973	\$ 3,762,279	\$ 785,542	\$ 992,697	\$ 1,581,902	\$ -	\$ 333,451	\$ 13,034,291
Real property tax items	248,537	-	-	-	-	-	-	-	248,537
Non property tax items	4,350,112	-	-	-	-	-	-	460,508	4,810,620
Departmental income	576,332	147,483	-	35,983	13,387	107,193	-	327,919	1,208,297
Intergovernmental charges	75,400	-	87,106	-	-	-	-	-	162,506
Use of money and property	44,580	2,329	1,109	2,769	1,436	1,141	2,423	790	56,577
Licenses and permits	40,023	-	-	-	-	-	-	1,000	41,023
Fines and forfeitures	-	332,858	-	-	-	-	-	-	332,858
Miscellaneous	143,019	27,124	158,661	741	42,656	-	750	75,484	448,435
Interfund revenues	-	-	-	-	6,575	-	-	-	6,575
State aid	1,124,361	83,127	247,629	5,190	-	-	-	1,070	1,461,377
Federal aid	37,746	77,777	214,173	15,570	-	-	-	3,211	348,477
Total revenues	7,073,557	5,815,671	4,470,957	845,795	1,056,751	1,690,236	3,173	1,203,433	22,159,573
EXPENDITURES									
Current:									
General government support	2,526,665	201,272	42,158	-	-	-	-	19,552	2,789,647
Education	-	7,004	-	-	-	-	-	-	7,004
Public safety	40,375	3,973,117	-	-	-	-	-	261,315	4,274,807
Health	-	-	-	-	-	-	-	4,000	4,000
Transportation	113,813	-	2,774,531	-	-	-	-	301,888	3,190,232
Economic assistance and opportunity	300	-	-	-	-	-	-	-	300
Culture and recreation	1,261,026	-	-	-	-	-	-	-	1,261,026
Home and community services	98,447	-	-	725,939	459,060	1,764,554	-	179,301	3,227,301
Employee benefits	1,646,980	2,366,431	901,787	68,673	64,936	-	-	226,498	5,275,305
Debt service:									
Principal	-	-	-	-	-	-	-	675,000	675,000
Interest	18,600	-	37,050	-	12,903	-	-	209,244	277,797
Capital outlay	-	-	-	-	-	-	1,633,223	-	1,633,223
Total expenditures	5,706,206	6,547,824	3,755,526	794,612	536,899	1,764,554	1,633,223	1,876,798	22,615,642
Excess (deficiency) of revenues over expenditures	1,367,351	(732,153)	715,431	51,183	519,852	(74,318)	(1,630,050)	(673,365)	(456,069)
OTHER FINANCING SOURCES (USES)									
Transfers in	30,897	1,072,665	-	-	-	179,048	1,918,745	884,244	4,085,599
Transfers out	(1,361,765)	-	(607,967)	(128,496)	(541,283)	(126,246)	(1,319,842)	-	(4,085,599)
Serial bond proceeds	-	-	-	-	-	-	6,360,000	-	6,360,000
Total other financing sources (uses)	(1,330,868)	1,072,665	(607,967)	(128,496)	(541,283)	52,802	6,958,903	884,244	6,360,000
Net change in fund balances (deficit)	36,483	340,512	107,464	(77,313)	(21,431)	(21,516)	5,328,853	210,879	5,903,931
Fund balances (deficit)—beginning	9,092,799	621,291	1,210,384	3,256,459	1,699,600	1,217,496	(626,427)	1,666,260	18,137,862
Fund balances—ending	\$ 9,129,282	\$ 961,803	\$ 1,317,848	\$ 3,179,146	\$ 1,678,169	\$ 1,195,980	\$ 4,702,426	\$ 1,877,139	\$ 24,041,793

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

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

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

Net change in fund balances (deficit)—total governmental funds (page 18) \$ 5,903,931

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 4,251,500	
Loss on disposition of capital assets	(86,117)	
Depreciation expense	<u>(3,531,606)</u>	633,777

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

Town pension contributions	\$ 1,238,442	
Cost of benefits earned net of employee contributions	<u>(733,559)</u>	504,883

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 the related items is as follows:

Proceeds of serial bonds	\$ (6,360,000)	
Repayment of serial bonds	675,000	
Change in accrued interest expense	(20,182)	
Change in retainages payable	40,974	
Change in compensated absences	11,211	
Change in OPEB obligation	<u>(179,562)</u>	<u>(5,832,559)</u>

Change in net position of governmental activities \$ 1,210,032

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

TOWN OF ORCHARD PARK, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 1,434,344
Accounts receivable	<u>365</u>
Total assets	<u>\$ 1,434,709</u>
LIABILITIES	
Agency liabilities	<u>\$ 1,434,709</u>
Total liabilities	<u>\$ 1,434,709</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

Independently elected officials of the Town include:

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

Units of local government which operate within the boundaries of the Town are the County of Erie, the Village of Orchard Park and the Orchard Park Fire Commission. Public education is provided by three independent school districts within 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation – Fund Financial Statements

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

The Town reports the following major governmental funds:

- *General Fund*—this is the principal operating fund of the Town and accounts for all financial resources of the general government, except those accounted for in another fund. The principal source of revenue is non-property tax items.
- *Public Safety Fund*—this is used to record all revenues and expenditures related to public safety throughout the Town. Major revenue sources include real property taxes and fines and forfeitures.
- *Highway Fund*—this is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. Major revenue sources include real property taxes and State aid.
- *Sewer Districts Fund*—this is used to record all revenues and expenditures related to operation and maintenance of the Town's sewer districts. Major revenue sources consist primarily of real property taxes.
- *Water Districts Fund*—this is used to record all revenues and expenditures related to operation and maintenance of the Town's water districts. Major revenue sources consist primarily of real property taxes.
- *Garbage and Refuse Fund*—this is used to record all activity related to the garbage pickup and recycling within the Town. The principal source of revenue for the Garbage and Refuse Fund is real property taxes.
- *Capital Projects Fund*—this fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the Town reports the following fund type:

- *Agency Fund*—This fund is used to account for assets held by the Town as an agent for individuals, private organizations, and/or other governmental units.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances

to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Measurement Focus and Basis of Accounting

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

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

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

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

The 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, cash equivalents, and investments 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. New York State law governs the Town’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. The Town had no investments at December 31, 2015; however, when the Town does have investments they are recorded at fair value based on quoted market value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represents amounts to support fund balance restrictions and unspent proceeds of debt.

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 when purchased.

Capital Assets—Capital assets, which include property, buildings, building improvements, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. 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 market value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land, works of art and historical treasures and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated and intangible assets amortized using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Land Improvements	20
Infrastructure:	
Dams and Drainage Systems	30
Water and Sewer Systems	50
Traffic Control Systems	30
Bridges and Culverts	30
Roads	10
Machinery and Equipment:	
Office Equipment and Furniture	10
Heavy Equipment	15
Other	5
Vehicles	10
Computers	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 police vehicle included as part of *expenditures—public safety*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Retainages Payable—Represents expenditures incurred by the Town related to construction contracts that have not been paid as of December 31, 2015.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2015, the Town has one item that qualifies for reporting in this category. This item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town's proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town's contributions and its proportionate share of the total contributions 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, 2015 the Town does not have any items that qualify for reporting in this category.

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

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

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by 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 authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditure/Expenses

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

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

For 2015, tax payments were due January 1st to February 18th without penalty; February 18th to March 2nd a 1.5% penalty; March 3rd to 16th a 3.0% penalty; March 17th to 31st a 4.5% penalty; April 1st to 15th a 6.0% penalty; April 16th to 30th a 7.5% penalty; and 1.5% added each month thereafter.

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

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

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

The compensated absences liability for the Town at December 31, 2015 totaled \$3,932,943 and is reported in the government-wide financial statements.

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

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

Other

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

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

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending December 31, 2018. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Fund Balances—Certain districts within the Sewer Districts and Water Districts funds are in a deficit position at December 31, 2015. It is anticipated that these deficits will be remedied through future real property taxes. Additionally, certain projects within the Capital Projects Fund are in a

deficit position at December 31, 2015. It is anticipated that these deficits will be remedied through grant funding, interfund transfers and proceeds from future bond issuances.

Legal Compliance – Budgets

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

- Prior to September 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20th.
- Formal annual budgetary accounts are employed as a management control device for the General, Special Revenue, and Debt Service Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

2. RESTATEMENT OF NET POSITION

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

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

Net position—December 31, 2014, as previously stated	\$ 69,106,345
GASB Statements No. 68 and No. 71 implementation:	
Beginning system liability—Police and Fire Retirement System	(411,351)
Beginning system liability—Employees' Retirement System	(825,509)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:	
Police and Fire Retirement System	675,366
Employees' Retirement System	792,116
Net position—December 31, 2014, as restated	<u>\$ 69,336,967</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Total cash and cash equivalents at December 31, 2015 are shown below:

	Governmental Funds	Fiduciary Funds	Total
Petty Cash (uncollateralized)	\$ 1,025	\$ -	\$ 1,025
Deposits	<u>22,086,720</u>	<u>1,434,344</u>	<u>23,521,064</u>
Total	<u>\$ 22,087,745</u>	<u>\$ 1,434,344</u>	<u>\$ 23,522,089</u>

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

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 496,853	\$ 496,830
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>23,085,712</u>	<u>23,024,234</u>
Total	<u>\$ 23,582,565</u>	<u>\$ 23,521,064</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, 2015, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports amounts to support restricted fund balance and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2015, the Town reported \$4,671,599 of cash and cash equivalents as restricted.

Investments—The Town had no investments at December 31, 2015.

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

4. RECEIVABLES

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

Receivables—Primarily represents amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Other miscellaneous items are also included. Amounts due to the Town at December 31, 2015 are:

General Fund:		
Various Town departments	\$	86,348
Public Safety Fund:		
BOCES		44,138
Highway Fund:		
Fuel charges		7,604
Water Fund:		
Miscellaneous		2,909
Garbage and Refuse Fund:		
Compost sales		14,418
Other governmental funds:		
Town Outside Village Fund:		
Various Town departments	\$	18,012
Miscellaneous		29,855
Lighting Fund:		
Miscellaneous		670
		<u>48,537</u>
		<u>\$ 203,954</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2015 are:

General Fund:		
Erie County - sales tax	\$	1,580,947
Miscellaneous		905
		<u>\$ 1,581,852</u>
Public Safety Fund:		
Local Fire District		1,490
Highway Fund:		
NYS Department of Transportation		154,804
Capital Projects Fund:		
State aid	\$	133,172
Federal aid		711,633
		<u>844,805</u>
Total governmental funds		<u>\$ 2,582,951</u>

5. CAPITAL ASSETS

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

	Balance 1/1/2015	Increases and Reclassifications	Decreases and Reclassifications	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	\$ 5,564,812	\$ 100,000	\$ -	\$ 5,664,812
Works of art and historical treasures	50,700	-	-	50,700
Construction in progress	<u>4,041,142</u>	<u>1,111,314</u>	<u>3,928,196</u>	<u>1,224,260</u>
Total capital assets, not being depreciated	<u>9,656,654</u>	<u>1,211,314</u>	<u>3,928,196</u>	<u>6,939,772</u>
Capital assets, being depreciated:				
Land improvements	2,797,005	-	-	2,797,005
Buildings	8,031,059	-	-	8,031,059
Building improvements	3,914,525	450,683	-	4,365,208
Machinery and equipment	8,401,978	1,266,709	460,281	9,208,406
Infrastructure	<u>82,195,047</u>	<u>5,250,990</u>	<u>21,418</u>	<u>87,424,619</u>
Total capital assets, being depreciated	<u>105,339,614</u>	<u>6,968,382</u>	<u>481,699</u>	<u>111,826,297</u>
Less accumulated depreciation for:				
Land improvements	1,174,112	111,942	-	1,286,054
Buildings	3,421,628	160,621	-	3,582,249
Building improvements	1,089,167	210,002	-	1,299,169
Machinery and equipment	5,158,437	490,919	395,582	5,253,774
Infrastructure	<u>41,154,535</u>	<u>2,558,122</u>	<u>-</u>	<u>43,712,657</u>
Total accumulated depreciation	<u>51,997,879</u>	<u>3,531,606</u>	<u>395,582</u>	<u>55,133,903</u>
Total capital assets, being depreciated, net	<u>53,341,735</u>	<u>3,436,776</u>	<u>86,117</u>	<u>56,692,394</u>
Governmental activities capital assets, net	<u>\$ 62,998,389</u>	<u>\$ 4,648,090</u>	<u>\$ 4,014,313</u>	<u>\$ 63,632,166</u>

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

Governmental activities:	
General support	\$ 243,972
Public safety	104,864
Transportation	1,658,007
Culture and recreation	226,117
Home and community services	<u>1,298,646</u>
Total depreciation expense, governmental activities	<u>\$ 3,531,606</u>

Capital outlay within the capital projects fund was charged to the following functions:

General support	\$ 410,643
Transportation	566,414
Culture and recreation	139,681
Home and community services	<u>507,980</u>
Total capital outlay	<u>\$ 1,624,718</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at Town as of December 31, 2015, were as follows:

	General Fund	Public Safety Fund	Highway Fund	Water Districts Fund	Garbage and Refuse Fund	Other Governmental Funds	Total Governmental Funds
Salary and employeee benefits	\$ 52,299	\$ 110,082	\$ 129,904	\$ 6,983	\$ 2,058	\$ 8,678	\$ 310,004
Accrued workers compensation	<u>-</u>	<u>9,495</u>	<u>-</u>	<u>-</u>	<u>28,360</u>	<u>-</u>	<u>37,855</u>
Total	<u>\$ 52,299</u>	<u>\$ 119,577</u>	<u>\$ 129,904</u>	<u>\$ 6,983</u>	<u>\$ 30,418</u>	<u>\$ 8,678</u>	<u>\$ 347,859</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The Town participates in the New York State and Local Police and Fire Retirement System (“PFRS”) and the New York State and Local Employees’ Retirement System (“ERS”), which are collectively referred to as the New York State and Local 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 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 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 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The

Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

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

	PFRS	ERS
	March 31, 2015	March 31, 2015
Measurement date		
Net pension liability	\$ 271,981	\$ 617,141
Town's portion of the Plan's total net pension liability	0.0988090%	0.0182681%

For the year ended December 31, 2015, the Town recognized pension expenses of \$631,736 and \$590,974, respectively, for PFRS and ERS. At December 31, 2015, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	PFRS	ERS
Differences between expected and actual experiences	\$ 32,799	\$ 19,755
Net difference between projected and actual earnings on pension plan investments	91,313	107,189
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	5,270	129,859
Town contributions subsequent to the measurement date	656,614	581,828
Total	<u>\$ 785,996</u>	<u>\$ 838,631</u>

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

Year Ending December 31,	PFRS	ERS
2016	\$ 30,442	\$ 64,201
2017	30,442	64,201
2018	30,442	64,201
2019	30,442	64,200
2020	7,614	-

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

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

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

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

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

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

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 below presents the Town’s proportionate share of the net pension liabilities calculated using the discount rate of 7.5%, as well as what the Town’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current assumption.

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 3,621,289	\$ 271,981	\$ (2,534,940)
Employer's proportionate share of the net pension liability/(asset)—ERS	4,113,509	617,141	(2,334,661)

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

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

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description—In addition to providing pension benefits, the Town provides health insurance coverage and/or payment for fractional values of unused sick leave to eligible retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post-employment benefits is shared between the Town and the retired employee. Substantially all of the Town’s employees may become eligible for these benefits if they reach normal retirement age while working for the Town. The cost of retiree health care benefits is recognized as an expenditure/payable as claims are paid.

Funding Policy—The Town is obligated to pay such benefits as a result of union contracts and Town Board rules and regulation for nonunion employees. Health care benefits are provided through insurance companies whose premiums are based on the benefits paid during the year.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. Town governmental activities contributed \$747,031 for the fiscal year ended December 31, 2015.

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

The components of the Town’s annual OPEB cost for the past two years, the amount actually contributed to the plan, and the changes in the Town’s net OPEB obligation is presented below:

	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Annual required contribution ("ARC")	\$ 971,282	\$ 892,886
Interest on net OPEB obligation	100,260	96,605
Adjustment to ARC	<u>(144,949)</u>	<u>(139,666)</u>
Annual OPEB costs (expense)	926,593	849,825
Contributions made	<u>(747,031)</u>	<u>(758,443)</u>
Increase in net OPEB obligation	179,562	91,382
Net OPEB obligation—beginning	<u>2,506,482</u>	<u>2,415,100</u>
Net OPEB obligation—ending	<u>\$ 2,686,044</u>	<u>\$ 2,506,482</u>

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$11,399,659.

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

Funding Status and Funding Progress—As of December 31, 2015, calculations were based on plan data as of January 1, 2014 and financial data as of December 31, 2015. The accrued liability for benefits was \$11,399,659, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,236,764, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 138.40%. The total postemployment health insurance cost was \$737,031 for the year ended December 31, 2015.

The schedule of the Town's contributions is presented below:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage Contributed
2015	\$ 926,593	\$ 747,031	80.6%
2014	849,825	758,443	89.2%
2013	893,353	668,914	74.9%

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

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

In the December 31, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a measurement date of December 31, 2015. The investment rate of return is 4.00%, the inflation rate is 2.25% and the rate of compensation increase is 3.00%. The healthcare cost trend rate assumed for the next fiscal year is 7.75%, 6.00% and 11.00% for pre-65 medical, post-65 medical and prescription drugs, respectively. The ultimate trend rate is 3.89% in which 2075 is the fiscal year in which the health care cost trend rate reaches the ultimate trend rate. The RP-2014 Mortality Table for males and females is used for mortality rates. The rates of decrement due to disability are assumed to be 0%. The rates of decrement due to turnover are based on the experience under the New York State ERS and the New York State PFRS. Upon retirement it is assumed that 100% of future retirees eligible for coverage will elect post-employment health care benefits. Current Elected retirees were assumed to continue participation in their current plans.

Current CSEA Blue Collar, Current CSEA White Collar, PBA and Non Union retirees were assumed to elect the LMHF Encompass 65 HMO plan upon reaching age 65. Actuarial assumptions do not anticipate post-retirement benefit increases. It is assumed that 75% of future retirees are assumed to elect spousal coverage upon retirement with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar basis, therefore the remaining amortization period at December 31, 2015 was twenty-two years. The amortization period status is open.

9. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. From 2004 through May 2010, the Town was self-insured for risks relating to workers' compensations insurance. The Town currently utilizes the NYS Insurance Fund except for previous cases outstanding. Workers' compensation insurance coverage is limited to \$1 million per accident. The Town reports all of its workers compensation costs in the fund relative to the employee who incurs expenses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Town purchases commercial insurance to cover other potential risks. Employee medical benefits are provided through the purchase of insurance. 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 insurance coverage in the past three fiscal years.

The general liability insurance policies of the Town are limited to \$1 million per occurrence and \$3 million in the aggregate. The Town carries an umbrella liability policy that adds coverage of \$20 million per occurrence and an aggregate limit of \$20 million over the underlying primary policies. The Town carries real and personal property insurance with a blanket limit of \$22,585,866 on a replacement cost basis. The deductibles applicable to the Town include \$500 for auto physical damage, \$10,000 for equipment, \$50,000 for general liability, \$25,000 for public officials and law enforcement, and \$20,000 for property coverage.

At December 31, 2015, the amount of workers compensation liabilities relating to the period in which the Town was self-insured was \$37,856. Changes in the reported liability since December 31, 2014 resulted from the following:

	Beginning Liability	Current Year Claims	Claims Payments Net of Recoveries and Changes in Estimates	Ending Liability
2015	\$ 52,126	\$ -	\$ 14,270	\$ 37,856
2014	80,191	-	28,065	52,126
2013	104,599	-	25,408	80,191

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The following is a summary of the Town’s short-term debt for the fiscal year ended December 31, 2015:

Description	Interest Rate	Maturity Date	Balance 1/1/2015	Issues	Redemptions	Balance 12/31/2015
Capital Projects Fund:						
Highways & Road Improvements	1.00%	10/22/2015	\$ 2,455,000	\$ -	\$ 2,455,000	\$ -
Town Municipal Center	1.00%	10/22/2015	660,000	-	660,000	-
Brush Mountain Park	1.00%	10/22/2015	190,000	-	190,000	-
Retaining Walls	1.00%	10/22/2015	25,000	-	25,000	-
Drainage System	1.00%	10/22/2015	985,000	-	985,000	-
Forest Drive Bridge	1.00%	10/22/2015	965,000	-	965,000	-
Water Distribution System	1.00%	10/22/2015	1,290,000	-	1,290,000	-
Highways & Road Improvements	1.00%	10/22/2015	285,000	-	285,000	-
			<u>\$ 6,855,000</u>	<u>\$ -</u>	<u>\$ 6,855,000</u>	<u>\$ -</u>

11. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include serial bonds, compensated absences, other post-employment benefits plan 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, 2015 follows:

	Balance 1/1/2015	Additions	Payments	Balance 12/31/2015	Due Within One Year
Serial bonds	\$ 5,465,000	\$ 6,360,000	\$ 675,000	\$ 11,150,000	\$ 1,125,000
Compensated absences	3,944,154	715,760	726,971	3,932,943	608,234
OPEB obligation	2,506,482	926,593	747,031	2,686,044	-
Net pension liability*	1,236,860	-	347,738	889,122	-
Total	<u>\$ 13,152,496</u>	<u>\$ 8,002,353</u>	<u>\$ 2,496,740</u>	<u>\$ 18,658,109</u>	<u>\$ 1,733,234</u>

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

Serial Bonds—The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities of seven to twenty-seven years.

A summary of additions and reductions for the year ended December 31, 2015 is shown below:

Purpose	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015
General Fund Serial Bonds:							
Municipal Renovations	\$ 640,000	2.0-3.0%	2015/2035	\$ -	\$ 640,000	\$ -	\$ 640,000
Town-wide Drainage	97,000	2.0-3.5%	2015/2042	-	970,000	-	970,000
Total General Fund				<u>-</u>	<u>1,610,000</u>	<u>-</u>	<u>1,610,000</u>
Highway Fund Serial Bonds:							
Baker Road	\$ 2,600,000	3.6-3.9%	2005/2020	\$ 1,290,000	\$ -	\$ 195,000	\$ 1,095,000
Baker Bridge	500,000	3.6-3.9%	2005/2020	245,000	-	35,000	210,000
South Lane	800,000	3.6-3.9%	2005/2020	395,000	-	60,000	335,000
2010 Roads Project	2,280,000	2.0-2.8%	2015/2025	-	2,280,000	-	2,280,000
2012 Roads Project	270,000	2.0-2.8%	2015/2027	-	270,000	-	270,000
Forest Ave Bridge	930,000	2.0-3.0%	2015/2032	-	930,000	-	930,000
Total Highway Fund				<u>1,930,000</u>	<u>3,480,000</u>	<u>290,000</u>	<u>5,120,000</u>
Water Districts Fund Serial Bonds:							
District Wide Water Improvements	3,695,280	3.5-4.0%	2007/2022	2,516,920	-	274,120	2,242,800
Waterline Betterment	249,120	3.5-4.0%	2007/2022	169,680	-	18,480	151,200
Water Distribution	1,270,000	2.0-3.5%	2015/2042	-	1,270,000	-	1,270,000
Total Water Districts Fund				<u>2,686,600</u>	<u>1,270,000</u>	<u>292,600</u>	<u>3,664,000</u>
Garbage and Refuse Fund Serial Bonds:							
Composting Facility Development	1,245,600	3.5-4.0%	2007/2022	848,400	-	92,400	756,000
Total Garbage and Refuse Fund				<u>848,400</u>	<u>-</u>	<u>92,400</u>	<u>756,000</u>
Total governmental activities				<u>\$ 5,465,000</u>	<u>\$ 6,360,000</u>	<u>\$ 675,000</u>	<u>\$ 11,150,000</u>

The annual requirements to amortize all bonded debt outstanding (by fund responsible for repayment of such debt) as of December 31, 2015 are as follows:

Year Ending December 31,	Principal				
	General Fund	Highway Fund	Water Districts	Refuse and Garbage District	Total
2016	\$ 50,000	\$ 580,000	\$ 384,600	\$ 110,400	\$ 1,125,000
2017	50,000	595,000	380,800	109,200	1,135,000
2018	50,000	610,000	377,000	108,000	1,145,000
2019	50,000	630,000	377,000	108,000	1,165,000
2020	50,000	650,000	377,000	108,000	1,185,000
2021-2025	295,000	1,570,000	857,600	212,400	2,935,000
2026-2030	330,000	350,000	215,000	-	895,000
2031-2035	395,000	135,000	255,000	-	785,000
2036-2040	235,000	-	300,000	-	535,000
2041-2042	105,000	-	140,000	-	245,000
Total	<u>\$ 1,610,000</u>	<u>\$ 5,120,000</u>	<u>\$ 3,664,000</u>	<u>\$ 756,000</u>	<u>\$ 11,150,000</u>

Year Ending December 31,	Interest				
	General Fund	Highway Fund	Water Districts	Refuse and Garbage District	Total
2016	\$ 45,519	\$ 144,415	\$ 133,327	\$ 30,496	\$ 353,757
2017	45,291	128,763	120,576	26,494	321,124
2018	44,291	110,863	107,342	22,536	285,032
2019	43,291	92,281	92,962	18,216	246,750
2020	42,041	71,566	74,987	12,816	201,410
2021-2025	188,006	202,688	198,155	12,720	601,569
2026-2030	145,544	49,475	130,450	-	325,469
2031-2035	92,594	6,000	96,400	-	194,994
2036-2040	41,581	-	54,125	-	95,706
2041-2042	5,483	-	7,193	-	12,676
Total	<u>\$ 693,641</u>	<u>\$ 806,051</u>	<u>\$ 1,015,517</u>	<u>\$ 123,278</u>	<u>\$ 2,638,487</u>

Compensated Absences—As explained in Note 1, the Town records the value of governmental fund type 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 throughout the year. Payments by the Town to liquidate compensated absences are typically from the funds in which the individuals are employed. These operating funds include General, Public Safety, Highway, Sewer, Water, Town Outside Village and Garbage and Refuse funds. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. The value recorded at December 31, 2015, for governmental activities is \$3,932,943. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$608,234 will become due within one year.

OPEB Obligation—As explained in Note 8, the Town records the value of other postemployment benefits. Payments by the Town to liquidate other postemployment benefits are typically from the funds in which the individuals are employed. These operating funds include General, Public Safety, Highway, Sewer Districts, Water Districts, Town Outside Village and Garbage and Refuse funds.

Net Pension Liability—The Town reported a liability of \$889,122 and \$1,236,860 for the years ended December 31, 2015 and 2014, respectively, for its proportionate share of the net pension liability for the Police and Fire Retirement System and the Employee Retirement System. Refer to Note 7 for additional information related to the Town’s net pension liability.

There is a statutory debt limit applicable to towns within New York State. The Town is in compliance with this debt limit.

12. NET POSITION AND FUND BALANCE

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

- **Net investment in capital assets**—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), net of total indebtedness to net investment in capital assets:

Capital assets, net of accumulated depreciation		\$ 63,632,166
Less: Serial bonds	\$ (11,150,000)	
Add: unspent bond anticipation notes and serial bonds proceeds	<u>2,235,155</u>	<u>(8,914,845)</u>
Net investment in capital assets		<u>\$ 54,717,321</u>

- **Restricted net position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position are consistent with restricted fund balance balances at December 31, 2015, with the exception of amounts representing unspent debt proceeds included in net investment in capital assets, and are disclosed on the following page.
- **Unrestricted net position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by Town at December 31, 2015 include:

- **Prepaid items**—Represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.

In the fund financial statements, restricted fund balances have constraints placed on the use of resources and are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance maintained by the Town at December 31, 2015 include:

	General Fund	Public Safety Fund	Highway Fund	Water Districts Fund	Garbage and Refuse Fund	Other Governmental Funds	Total Governmental Funds
Cemetery	\$ 18,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,763
Senior center	1,272	-	-	-	-	-	1,272
Tax stabilization	655,900	-	-	-	-	-	655,900
Capital improvements	665,115	-	-	-	-	-	665,115
Town historian	5,931	-	-	-	-	-	5,931
Historic survey	9,186	-	-	-	-	-	9,186
DWI program	-	203,762	-	-	-	-	203,762
D.A.R.E. program	-	38,905	-	-	-	-	38,905
Equipment	-	41,780	-	-	-	-	41,780
Vehicles	-	45,710	-	-	-	-	45,710
Debt service	64,015	-	636,603	49,502	17,416	131,494	899,030
Total restricted fund balance	<u>\$ 1,420,182</u>	<u>\$ 330,157</u>	<u>\$ 636,603</u>	<u>\$ 49,502</u>	<u>\$ 17,416</u>	<u>\$ 131,494</u>	<u>\$ 2,585,354</u>

- ***Restricted for cemetery***—Represents funds restricted for maintenance of the Town’s cemetery.
- ***Restricted for senior center***—Represents donated funds to be used for projects at the senior center.
- ***Restricted for tax stabilization***—Represents funds restricted by the Town Board in accordance with general municipal law section 6-e to be used for future unanticipated events.
- ***Restricted capital improvements***—Represents funds to be used for the construction, reconstruction and or acquisition of buildings.
- ***Restricted for town historian***—Represents donated funds collected to be used for town historian and related projects.
- ***Restricted for historic survey***—Represents the unspent proceeds of a grant, which are restricted to purposes allowable under grant guidelines.
- ***Restricted for DWI program***—Represents State funding to be used for the Town’s DWI program.
- ***Restricted for D.A.R.E. program***—Represents donated funds to be used for the Town’s drug awareness program.
- ***Restricted for equipment***—Represents funds accumulated to be used towards the purchase of police department equipment.
- ***Restricted for vehicles***—Represents funds accumulated to be used towards the purchase of police department vehicles.

- **Restricted for debt service**—Represents unspent debt proceeds, premiums on debt and interest earned on investment of idle funds during the project construction period which and amounts approved by Town Board resolution restricted for the reduction of future debt service requirements in the Highway Fund.

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. As of December 31, 2015, the Town has committed the following:

	General Fund	Public Safety Fund	Garbage and Refuse Fund	Capital Projects Fund	Total
Capital improvements	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Insurance deductibles	381,026	-	-	-	381,026
Equipment	-	103,702	82,818	-	186,520
Capital projects	-	-	-	4,702,426	4,702,426
Total committed fund balance	<u>\$ 881,026</u>	<u>\$ 103,702</u>	<u>\$ 82,818</u>	<u>\$ 4,702,426</u>	<u>\$ 5,769,972</u>

- **Committed for capital improvements and capital projects**—Represents funds that the Town Board has authorized to be used for future capital projects.
- **Committed for insurance deductibles**—Represents funds to be used for insurance deductibles. The Town is insured for risk of loss; however, these funds are to cover deductibles required in certain policies.
- **Committed for equipment**—Represents accumulated to be used towards the purchase of police and refuse department equipment.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Town at December 31, 2015 and include:

	Subsequent Year's Expenditures	Encumbrances	Retirement Costing	Specific Use	Total Governmental Funds
General Fund	\$ 1,270,000	\$ 4,414	\$ -	\$ -	\$ 1,274,414
Public Safety Fund	-	88,994	200,000	-	288,994
Highway Fund	340,000	57,476	-	208,100	605,576
Sewer Districts Fund	739,856	-	-	2,439,290	3,179,146
Water Districts Fund	203,880	-	-	1,419,358	1,623,238
Garbage and Refuse fund	85,000	-	-	1,008,621	1,093,621
Other Governmental Funds	58,000	780	-	1,676,252	1,735,032
Total	<u>\$ 2,696,736</u>	<u>\$ 151,664</u>	<u>\$ 200,000</u>	<u>\$ 6,751,621</u>	<u>\$ 9,800,021</u>

- **Assigned to subsequent year’s expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2016 fiscal year.
- **Assigned to encumbrances**—Represents funds set aside for future purchases.

- *Assigned to retirement costing*—Represents funds set aside for future police retirement buyouts.
- *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.

Unassigned fund balance represents the residual classification of the government’s General Fund surplus.

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

13. INTERFUND TRANSFERS

The transfers were made by the Town to provide funding for bond principal and interest payments, for public safety operations and for specific capital projects. Interfund transfers as of the year ended December 31, 2015 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 30,897	\$ 1,361,765
Public Safety	1,072,665	-
Highway	-	607,967
Sewer Districts	-	128,496
Water Districts	-	541,283
Garbage and Refuse	179,048	126,246
Capital Projects	1,918,745	1,319,842
Other governmental funds	884,244	-
Total	<u>\$ 4,085,599</u>	<u>\$ 4,085,599</u>

14. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of changes in assets and liabilities for the year ended December 31, 2015:

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2015</u>
ASSETS				
Cash and cash equivalents	\$ 1,512,991	\$ 11,608,224	\$ 11,686,871	\$ 1,434,344
Accounts receivable	-	365	-	365
Total assets	<u>\$ 1,512,991</u>	<u>\$ 11,608,589</u>	<u>\$ 11,686,871</u>	<u>\$ 1,434,709</u>
LIABILITIES				
Agency liabilities	\$ 1,512,991	\$ 11,608,589	\$ 11,686,871	\$ 1,434,709
Total liabilities	<u>\$ 1,512,991</u>	<u>\$ 11,608,589</u>	<u>\$ 11,686,871</u>	<u>\$ 1,434,709</u>

15. LABOR RELATIONS

Town employees are represented by three bargaining units with the balance governed by Town Board rules and regulations. Negotiated contracts were in place through December 31, 2015 for the Police Benevolent Association. The CSEA White Collar and CSEA Blue Collar had unsettled contracts and were in negotiations as of December 31, 2015. Subsequent to year end, the CSEA White Collar contract was settled through December 31, 2019.

16. 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, 2015, there were no significant encumbrances. The Town recorded encumbrances of \$4,414, \$88,994, \$57,476 and \$780 in the General Fund, Public Safety Fund, Highway Fund and Other Governmental Funds, respectively.

17. CONTINGENCIES

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

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

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2016 which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles other than the settlement of the CSEA White Collar contract referred to above.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ("AAL") (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2015	\$ -	\$ 11,399,659	\$ 11,399,659	0.0%	\$ 8,236,764	138.4%
December 31, 2014	-	10,434,917	10,434,917	0.0%	8,600,767	121.3%
December 31, 2013	-	10,175,401	10,175,401	0.0%	8,555,231	118.9%

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

	Year Ended December 31,	
	2015	2014
Measurement date	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.098809%	0.098809%
Town's proportionate share of the net pension liability (asset)	<u>\$ 271,981</u>	<u>\$ 411,351</u>
Town's covered-employee payroll	\$ 2,879,532	\$ 2,847,272
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.45%	14.45%
Plan fiduciary net position as a percentage of the total pension liability	111.5%	100.7%

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

	Year Ended December 31,	
	2015	2014
Contractually required contribution	\$ 900,488	\$ 908,666
Contributions in relation to the contractually required contribution	(900,488)	(908,666)
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 2,879,532	\$ 2,847,272
Contributions as a percentage of covered-employee payroll	31.3%	31.9%

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

	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Measurement date	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.0182681%	0.0182681%
Town's proportionate share of the net pension liability (asset)	<u>\$ 617,141</u>	<u>\$ 825,509</u>
Town's covered-employee payroll	\$ 5,096,005	\$ 5,204,918
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.11%	15.86%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	97.2%

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

	Year Ended December 31,	
	2015	2014
Contractually required contribution	\$ 1,056,156	\$ 1,065,746
Contributions in relation to the contractually required contribution	(1,056,156)	(1,065,746)
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 5,096,005	\$ 5,204,918
Contributions as a percentage of covered-employee payroll	20.7%	20.5%

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 432,487	\$ 432,487	\$ 433,447	\$ 960
Real property tax items	225,542	225,542	248,537	22,995
Non property tax items	4,147,207	4,147,207	4,350,112	202,905
Departmental income	510,000	510,000	576,332	66,332
Intergovernmental charges	75,000	75,000	75,400	400
Use of money and property	49,500	49,500	44,580	(4,920)
Licenses and permits	35,100	35,100	40,023	4,923
Miscellaneous	60,500	67,500	143,019	75,519
State aid	927,524	927,524	1,124,361	196,837
Federal aid	1,000	1,000	37,746	36,746
Total revenues	<u>6,463,860</u>	<u>6,470,860</u>	<u>7,073,557</u>	<u>602,697</u>
EXPENDITURES				
Current:				
General government support	2,845,416	2,829,870	2,526,665	303,205
Public safety	41,169	41,169	40,375	794
Transportation	133,205	133,205	113,813	19,392
Economic assistance and opportunity	300	300	300	-
Culture and recreation	1,342,930	1,342,931	1,261,026	81,905
Home and community services	86,188	103,312	98,447	4,865
Employee benefits	1,578,067	1,664,387	1,646,980	17,407
Debt service:				
Interest	30,000	30,000	18,600	11,400
Total expenditures	<u>6,057,275</u>	<u>6,145,174</u>	<u>5,706,206</u>	<u>438,968</u>
Excess of revenues over expenditures	<u>406,585</u>	<u>325,686</u>	<u>1,367,351</u>	<u>1,041,665</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	30,897	30,897	-
Transfers out	(1,684,780)	(1,749,480)	(1,361,765)	387,715
Total other financing sources (uses)	<u>(1,684,780)</u>	<u>(1,718,583)</u>	<u>(1,330,868)</u>	<u>387,715</u>
Net change in fund balances*	(1,278,195)	(1,392,897)	36,483	1,429,380
Fund balances - beginning	9,092,799	9,092,799	9,092,799	-
Fund balances - ending	<u>\$ 7,814,604</u>	<u>\$ 7,699,902</u>	<u>\$ 9,129,282</u>	<u>\$ 1,429,380</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 ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Public Safety Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 5,144,973	\$ 5,144,973	\$ 5,144,973	\$ -
Departmental income	108,250	108,250	147,483	39,233
Use of money and property	-	-	2,329	2,329
Fines and forfeitures	300,000	300,000	332,858	32,858
Miscellaneous	-	2,675	27,124	24,449
State aid	28,250	46,250	83,127	36,877
Federal aid	-	-	77,777	77,777
Total revenues	<u>5,581,473</u>	<u>5,602,148</u>	<u>5,815,671</u>	<u>213,523</u>
EXPENDITURES				
Current:				
General government support	184,351	203,351	201,272	2,079
Education	2,000	7,004	7,004	-
Public safety	4,502,660	4,413,070	3,973,117	439,953
Employee benefits	2,249,460	2,375,126	2,366,431	8,695
Total expenditures	<u>6,938,471</u>	<u>6,998,551</u>	<u>6,547,824</u>	<u>450,727</u>
Deficiency of revenues over expenditures	<u>(1,356,998)</u>	<u>(1,396,403)</u>	<u>(732,153)</u>	<u>664,250</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,349,780	1,385,380	1,072,665	(312,715)
Transfers out	(43,745)	(43,745)	-	43,745
Total other financing sources (uses)	<u>1,306,035</u>	<u>1,341,635</u>	<u>1,072,665</u>	<u>(268,970)</u>
Net change in fund balances	(50,963)	(54,768)	340,512	395,280
Fund balances - beginning	<u>621,291</u>	<u>621,291</u>	<u>621,291</u>	<u>-</u>
Fund balances - ending	<u>\$ 570,328</u>	<u>\$ 566,523</u>	<u>\$ 961,803</u>	<u>\$ 395,280</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 3,762,279	\$ 3,762,279	\$ 3,762,279	\$ -
Intergovernmental charges	99,402	99,402	87,106	(12,296)
Use of money and property	2,000	2,000	1,109	(891)
Miscellaneous	5,000	5,000	158,661	153,661
State aid	154,529	176,238	247,629	71,391
Federal aid	-	207,097	214,173	7,076
Total revenues	<u>4,023,210</u>	<u>4,252,016</u>	<u>4,470,957</u>	<u>218,941</u>
EXPENDITURES				
Current:				
General government support	55,400	55,400	42,158	13,242
Transportation	2,743,531	2,957,589	2,774,531	183,058
Employee benefits	922,060	922,060	901,787	20,273
Debt service:				
Interest	49,000	49,000	37,050	11,950
Total expenditures	<u>3,769,991</u>	<u>3,984,049</u>	<u>3,755,526</u>	<u>228,523</u>
Excess of revenues over expenditures	<u>253,219</u>	<u>267,967</u>	<u>715,431</u>	<u>447,464</u>
OTHER FINANCING USES				
Transfers out	(593,219)	(607,967)	(607,967)	-
Total other financing uses	<u>(593,219)</u>	<u>(607,967)</u>	<u>(607,967)</u>	<u>-</u>
Net change in fund balances*	(340,000)	(340,000)	107,464	447,464
Fund balances - beginning	<u>1,210,384</u>	<u>1,210,384</u>	<u>1,210,384</u>	<u>-</u>
Fund balances - ending	<u>\$ 870,384</u>	<u>\$ 870,384</u>	<u>\$ 1,317,848</u>	<u>\$ 447,464</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 ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Sewer Districts Fund
Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 785,542	\$ 785,542	\$ 785,542	\$ -
Departmental income	8,253	8,253	35,983	27,730
Use of money and property	-	-	2,769	2,769
Miscellaneous	-	-	741	741
State aid	-	-	5,190	5,190
Federal aid	-	-	15,570	15,570
Total revenues	<u>793,795</u>	<u>793,795</u>	<u>845,795</u>	<u>52,000</u>
EXPENDITURES				
Current:				
Home and community services	1,299,461	1,299,461	725,939	573,522
Employee benefits	<u>110,183</u>	<u>110,183</u>	<u>68,673</u>	<u>41,510</u>
Total expenditures	<u>1,409,644</u>	<u>1,409,644</u>	<u>794,612</u>	<u>615,032</u>
Excess (deficiency) of revenues over expenditures	<u>(615,849)</u>	<u>(615,849)</u>	<u>51,183</u>	<u>667,032</u>
OTHER FINANCING USES				
Transfers out	<u>(128,496)</u>	<u>(128,496)</u>	<u>(128,496)</u>	<u>-</u>
Total other financing uses	<u>(128,496)</u>	<u>(128,496)</u>	<u>(128,496)</u>	<u>-</u>
Net change in fund balances*	(744,345)	(744,345)	(77,313)	667,032
Fund balances - beginning	<u>3,256,459</u>	<u>3,256,459</u>	<u>3,256,459</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,512,114</u>	<u>\$ 2,512,114</u>	<u>\$ 3,179,146</u>	<u>\$ 667,032</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 ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Water Districts Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 998,982	\$ 998,982	\$ 992,697	\$ (6,285)
Departmental income	100	390	13,387	12,997
Use of money and property	-	-	1,436	1,436
Miscellaneous	-	-	42,656	42,656
Interfund revenues	-	-	6,575	6,575
Total revenues	<u>999,082</u>	<u>999,372</u>	<u>1,056,751</u>	<u>57,379</u>
EXPENDITURES				
Current:				
Home and community services	557,491	544,659	459,060	85,599
Employee benefits	104,188	104,188	64,936	39,252
Debt service:				
Interest	-	13,122	12,903	219
Total expenditures	<u>661,679</u>	<u>661,969</u>	<u>536,899</u>	<u>125,070</u>
Excess of revenues over expenditures	<u>337,403</u>	<u>337,403</u>	<u>519,852</u>	<u>182,449</u>
OTHER FINANCING USES				
Transfers out	<u>(541,283)</u>	<u>(541,283)</u>	<u>(541,283)</u>	<u>-</u>
Total other financing uses	<u>(541,283)</u>	<u>(541,283)</u>	<u>(541,283)</u>	<u>-</u>
Net change in fund balances*	(203,880)	(203,880)	(21,431)	182,449
Fund balances - beginning	<u>1,699,600</u>	<u>1,699,600</u>	<u>1,699,600</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,495,720</u>	<u>\$ 1,495,720</u>	<u>\$ 1,678,169</u>	<u>\$ 182,449</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 ORCHARD PARK, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balances—Budget and Actual—Garbage and Refuse Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 1,581,902	\$ 1,581,902	\$ 1,581,902	\$ -
Departmental income	95,000	100,400	107,193	6,793
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>1,141</u>	<u>(3,859)</u>
Total revenues	<u>1,681,902</u>	<u>1,687,302</u>	<u>1,690,236</u>	<u>2,934</u>
EXPENDITURES				
Current:				
Home and community services	<u>1,620,656</u>	<u>1,764,870</u>	<u>1,764,554</u>	<u>316</u>
Total expenditures	<u>1,620,656</u>	<u>1,764,870</u>	<u>1,764,554</u>	<u>316</u>
Excess of revenues over expenditures	<u>61,246</u>	<u>(77,568)</u>	<u>(74,318)</u>	<u>3,250</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	179,048	179,048
Transfers out	<u>(146,246)</u>	<u>(146,246)</u>	<u>(126,246)</u>	<u>20,000</u>
Total other financing sources (uses)	<u>(146,246)</u>	<u>(146,246)</u>	<u>52,802</u>	<u>199,048</u>
Net change in fund balances*	(85,000)	(223,814)	(21,516)	202,298
Fund balances - beginning	<u>1,217,496</u>	<u>1,217,496</u>	<u>1,217,496</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,132,496</u>	<u>\$ 993,682</u>	<u>\$ 1,195,980</u>	<u>\$ 202,298</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 ORCHARD PARK, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2015

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Project Fund and the Miscellaneous Special Revenue 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 Miscellaneous Special Revenue Fund does not have an appropriated budget since there are other means to control the use of these resources (e.g., grant awards).

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require approval of the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental 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. The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2015, there were no significant encumbrances.

SUPPLEMENTARY INFORMATION

TOWN OF ORCHARD PARK, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2015

	Special Revenue			Miscellaneous Special Revenue	Debt Service	Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage			
ASSETS						
Cash and cash equivalents	\$ 348,084	\$ 488,130	\$ 50,010	\$ 840,458	\$ -	\$ 1,726,682
Restricted cash and cash equivalents	-	-	-	-	131,494	131,494
Receivables	47,867	670	-	-	-	48,537
Prepaid items	10,613	-	-	-	-	10,613
Total assets	<u>\$ 406,564</u>	<u>\$ 488,800</u>	<u>\$ 50,010</u>	<u>\$ 840,458</u>	<u>\$ 131,494</u>	<u>\$ 1,917,326</u>
LIABILITIES						
Accounts payable	\$ 8,458	\$ 23,051	\$ -	\$ -	\$ -	\$ 31,509
Accrued liabilities	8,678	-	-	-	-	8,678
Total liabilities	<u>17,136</u>	<u>23,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,187</u>
FUND BALANCES						
Nonspendable	10,613	-	-	-	-	10,613
Restricted	-	-	-	-	131,494	131,494
Assigned	378,815	465,749	50,010	840,458	-	1,735,032
Total fund balances	<u>389,428</u>	<u>465,749</u>	<u>50,010</u>	<u>840,458</u>	<u>131,494</u>	<u>1,877,139</u>
Total liabilities and fund balances	<u>\$ 406,564</u>	<u>\$ 488,800</u>	<u>\$ 50,010</u>	<u>\$ 840,458</u>	<u>\$ 131,494</u>	<u>\$ 1,917,326</u>

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

	Special Revenue			Miscellaneous Special Revenue	Debt Service	Total Nonmajor Funds
	Town Outside Village	Lighting	Drainage			
REVENUES						
Real property taxes	\$ -	\$ 312,626	\$ 20,825	\$ -	\$ -	\$ 333,451
Non property tax items	460,508	-	-	-	-	460,508
Departmental income	327,919	-	-	-	-	327,919
Use of money and property	296	398	-	-	96	790
Licenses and permits	1,000	-	-	-	-	1,000
Miscellaneous	20,620	655	-	54,209	-	75,484
State aid	-	1,070	-	-	-	1,070
Federal aid	-	3,211	-	-	-	3,211
Total revenues	810,343	317,960	20,825	54,209	96	1,203,433
EXPENDITURES						
Current:						
General government support	19,552	-	-	-	-	19,552
Public safety	261,315	-	-	-	-	261,315
Health	4,000	-	-	-	-	4,000
Transportation	-	301,888	-	-	-	301,888
Home and community services	91,161	-	-	88,140	-	179,301
Employee benefits	226,498	-	-	-	-	226,498
Debt Service:						
Principal	-	-	-	-	675,000	675,000
Interest	-	-	-	-	209,244	209,244
Total expenditures	602,526	301,888	-	88,140	884,244	1,876,798
Excess (deficiency) of revenues over expenditures	207,817	16,072	20,825	(33,931)	(884,148)	(673,365)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	884,244	884,244
Total other financing sources	-	-	-	-	884,244	884,244
Net change in fund balances	207,817	16,072	20,825	(33,931)	96	210,879
Fund balances - beginning	181,611	449,677	29,185	874,389	131,398	1,666,260
Fund balances - ending	<u>\$ 389,428</u>	<u>\$ 465,749</u>	<u>\$ 50,010</u>	<u>\$ 840,458</u>	<u>\$ 131,494</u>	<u>\$ 1,877,139</u>



**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Orchard Park, 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 Orchard Park, New York (the Town), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 5, 2016.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Buffalo, New York
May 5, 2016

TOWN OF ORCHARD PARK, NEW YORK
Schedule of Findings
Year Ended December 31, 2015

No findings were reported.