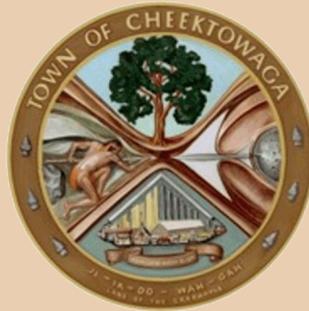


*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*



T O W N O F

C H E E K T O W A G A

E R I E C O U N T Y , N E W Y O R K

*FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2012*

MARY F. HOLTZ, SUPERVISOR

COUNCILMEMBERS

PATRICIA A. JAWOROWICZ  
STANLEY J. KAZNOWSKI, III  
GERALD P. KAMINSKI

JAMES P. ROGOWSKI  
CHARLES C. MARKEL  
ANGELA M. WOZNAK



# TOWN OF CHEEKTOWAGA, NEW YORK

## Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2012

Prepared by:

Town of Cheektowaga  
Office of the Supervisor

Mary F. Holtz

Supervisor



**TOWN OF CHEEKTOWAGA, NEW YORK**  
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**Year Ended December 31, 2012**

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# INTRODUCTORY SECTION



# The Town of Cheektowaga



CHEEKTOWAGA TOWN HALL  
3301 BROADWAY  
CHEEKTOWAGA, NEW YORK 14227  
(716) 686-3465  
mholtz@tocny.org

MARY F. HOLTZ  
Town Supervisor

June 19, 2013

To the Citizens of the Town of Cheektowaga:

The comprehensive annual financial report of the Town of Cheektowaga, New York (the "Town") for the fiscal year ended December 31, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included in this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established by the Town. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements

The Town's financial statements have been audited by Drescher & Malecki LLP. They have issued an unmodified opinion thereon. The independent auditors' report is located at the front of the financial section of this report.

The management's discussion and analysis (the "MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements of the Town was also a part of the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

### ***Profile of the Town***

The Town is one of the several suburbs of Buffalo, New York. The Town is one of the largest towns in New York State and is centrally located within the region, which is commonly referred to as Western New York. The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law with authority vested by those statutes.

The Town provides a full range of services. These services include police protection; sewage utility; sanitation and recycling; construction and maintenance of highways, roads and infrastructure; culture and recreation; community development and general administrative services. The Cheektowaga Economic Development Corporation has been included in the financial statements of the Town as the Town Board is able to exercise significant control over its activities. Other units of government, which operate within the boundaries of the Town, are the Villages of Sloan, Depew and Williamsville. In addition, portions, or the total, of eight school districts provide public education within the Town. None of these entities have met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

### ***Local economy***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the Town operates.

The region has many positive attributes. The area boasts to house one of the seven natural wonders of the world, Niagara Falls, which attracts thousands of tourists each year. We have a national league football and hockey team, a prominent theater district in downtown Buffalo that has recently undergone extensive improvements, a renowned philharmonic orchestra, and numerous other cultural and social activities. The Town of Cheektowaga is located close to Lake Erie, with numerous public beaches and docks available to residents and visitors. The Lake Erie waterfront also has vast development possibilities, which currently are being discussed by local officials. We are located a short distance from major metropolis areas, including Toronto, Canada, representing the center of Canadian commerce, industry and population, Cleveland, Ohio and Pittsburgh, Pennsylvania.

The Town has a solid financial footing and hosts a regional shopping hub that continually lures additional retail opportunities. Throughout the year, the Town stood steadfast in its financial operations; the Town successfully completed negotiating new contracts with the remaining three of our five unions whose contracts were expired since 2009. These new contracts include the end of legacy health insurance and contributions toward health insurance by all members of the unions. The wage increases of 2.0% continue to be some of the lowest in the area.

Positive factors which have helped or are anticipated to help the local economy include:

1. Buffalo Niagara International Airport – Travelers paid the second-highest airfare in the nation several years ago. Over the last several years, airport fares have been driven down by powerhouse budget carriers such as Southwest Airlines, Jet Blue, and AirTran. Today, this airport is the hub for a huge travel market stretching deep into Upstate New York and Southern Ontario.

2. The Town continues to be a hub of commercial and residential development in Western New York. During 2012, the Town issued 2,016 building permits with a construction value of slightly more than \$52.7 million.
3. There were some existing Town businesses that decided to expand their facilities. Niagara Transformer and Wendt Corporation both added to their facilities for a cost of \$4.08 million. Other major developments within Town included continued development of hotels by the airport with plans for Towne Place Suites and Hampton Inn totaling \$13.3 million. Also, development by the Galleria Mall is strong with Macy's expanding and a Longhorn Steakhouse going in across the street from the mall.
4. The Town has continued its work on the 27,000 square foot addition and extensive renovations to the existing police/court facility. The Phase 1 addition portion of the project was completed in summer 2012. The renovation of the existing building in phase 2 is expected to be completed in spring/summer 2013.

### ***Long-term financial planning***

The General Fund's unassigned fund balance of \$9,423,835 represents approximately 20 percent of its annual operating budget. The fund balance of the General Fund decreased by \$2,680,007 from 2011. This fund balance is viewed by management as a fiscally sound position. The Council believes this level of fund balance is adequate and it intends to maintain current levels.

As part of its strategic plan, the Town has set some goals and objectives in order to move forward and make the Town a better place to live. A few of these goals are as follows:

1. Economic Development – The Town Board recognized the fact that we need to do more to not only attract new business to Town and create more jobs and opportunities, but we must also work with our existing businesses to keep them here.
2. As a member of the Erie County Industrial Development Agency, the Town has strongly emphasized the needs of our community. There has been a new emphasis on reaching out to businesses by the ECIDA and passage of "The Reuse Policy" allows for loans and assistance to older structures which should help our community. Other than the City of Buffalo, more businesses in Cheektowaga have been assisted by the ECIDA than any other community.
3. The Town has taken action to deal with unsafe and abandoned structures to eliminate eyesores and hazardous situations. The Town has demolished 10 vacant buildings in 2012 and a total of 36 have been demolished since May 2008.
4. During 2012, through our Community Development Office, the Town has rehabilitated and brought up to housing code standards 43 housing units for a total investment of \$1.25 million. Additionally, rehabilitation work on another 15 houses was either begun or approved through the Community Development Office. The housing rehabilitation program and the Town's code enforcement efforts are important elements of the Town's commitment to stabilize and preserve its neighborhoods.

### ***Major initiatives***

There are a number of positive items to report in the area of service accomplishments and revenue enhancement / cost reduction:

1. To aid the planning of future development in the Town, we are currently working on updating the Town's Master Plan. The plan is partially funded with a \$100,000 Quality Communities Grant from the State of New York. This master plan will be a key tool through the next decade and beyond related to land use, town development and green space.
2. Our Youth and Recreation Department continues its commitment to family oriented programs, customer service and community partnerships. In 2012, they offered a total of 116 programs, services and events to an estimated 78,000 youths and adults. The department brought in approximately \$900,000 in total revenues.
3. The Town received \$718,800 in grant monies from the United States Department of Energy. These monies were used to help replace two building roofs and purchase 658 solar panels for installation on four Town buildings. The Town anticipates saving \$625,000 in utility costs over the 25 year life of the system.
4. The Town purchased 34,000 garbage totes for approximately \$1.5 million and distributed those totes to all the property owners throughout the Town. This program has been met with many positive responses from the residents.

Through innovative ideas and continual efforts of our Town employees, we remain an active and financially stable Town.

### ***Financial policies***

The Town has developed a Capital Plan for future capital projects within the Town. Management has decided to fund some of these projects out of current fund balances in the General and Sewer funds. These amounts have been reserved in the fund balances of each of those funds.

### ***Awards and acknowledgements***

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twenty-first consecutive year that the Town has received this prestigious award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

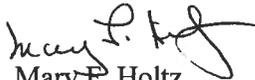
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the accounting department. I would like to express my appreciation to all who assisted and contributed to its preparation.

In closing, I also wish to thank the Town Board for their leadership and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Sincerely,

  
Mary P. Holtz  
Supervisor  
Chief Fiscal Officer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Cheektowaga  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director



**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Town Officials**  
**Year Ended December 31, 2012**

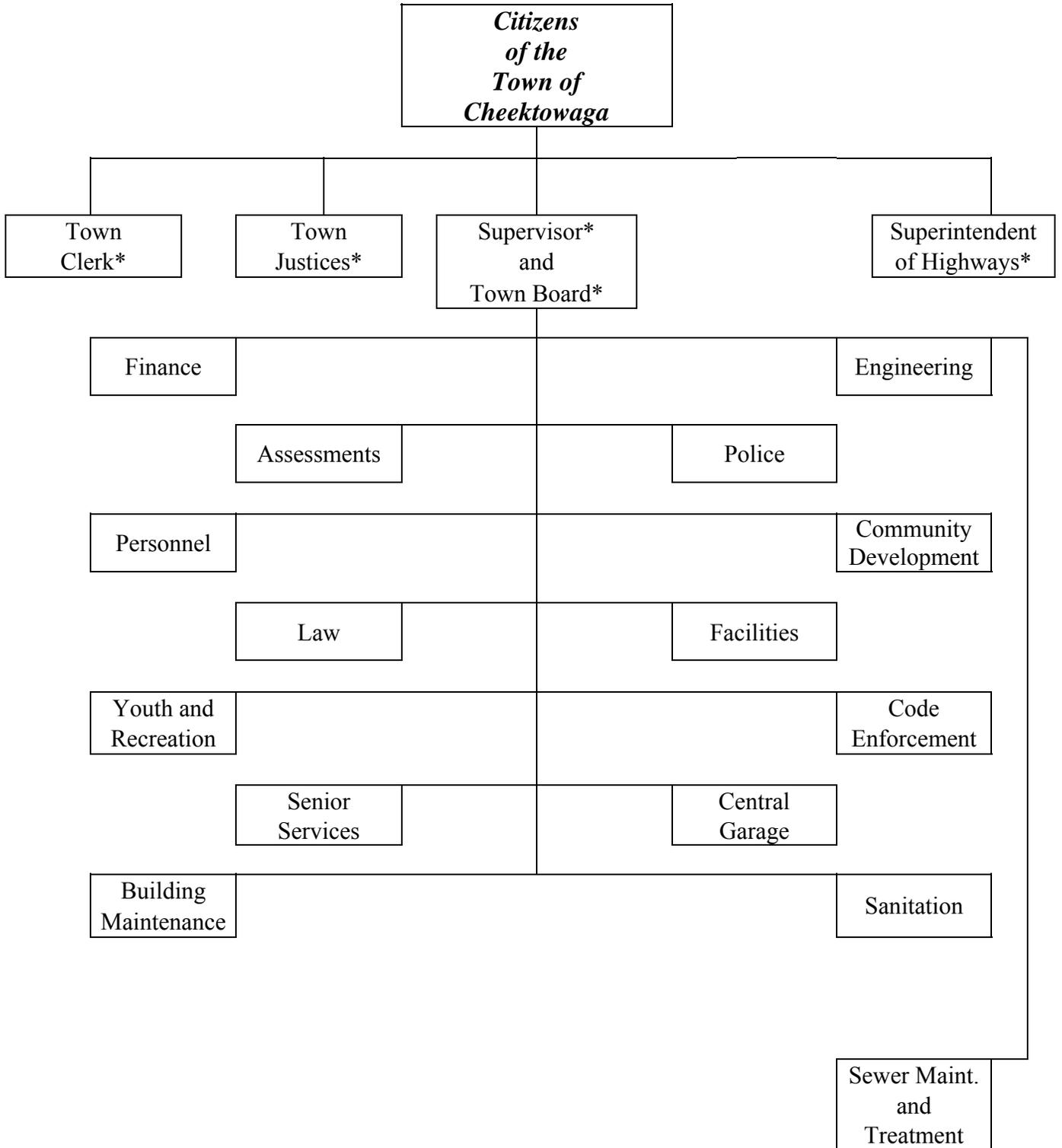
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<b>Name:</b>	<b>Title:</b>
<b>Elected:</b>	
Mary F. Holtz	Supervisor
Patricia A. Jaworowicz	Councilmember
James P. Rogowski	Councilmember
Charles C. Markel	Councilmember
Stanley J. Kaznowski III	Councilmember
Gerald P. Kaminski	Councilmember
Angela M. Wozniak	Councilmember
Dennis Delano	Town Justice
Paul Piotrowski	Town Justice
Mark D. Wegner	Superintendent of Highways
Alice Magierski	Town Clerk/Receiver of Taxes
<b>Appointed:</b>	
Jeneen McSkimming	Town Assessor
Kevin Schenk	Town Attorney
Brian M. Krause	Director of Administration and Finance
<b>Civil Service:</b>	
William Pugh	Town Engineer
David J. Zack	Police Chief



# TOWN OF CHEEKTOWAGA

## ORGANIZATIONAL CHART



\* Represents an independently elected official.



## FINANCIAL SECTION



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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable Town Board  
Town of Cheektowaga, New York

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Cheektowaga, New York (the "Town") as of and for the year ended December 31, 2012, 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 did not audit the financial statements of the Cheektowaga Economic Development Corporation, which is the Town's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the

Town of Cheektowaga, New York, as of December 31, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Highway, Sewer, and Consolidated Garbage District Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis as listed in the foregoing table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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 and individual fund statements and supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



June 19, 2013

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2012**

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As management of the Town of Cheektowaga, 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, 2012. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$48,114,478 (net position). This consists of \$61,713,677 net investment in capital assets and \$4,499,352 restricted for specific purposes, offset by an unrestricted net deficit of \$18,098,551.
- ◆ The Town's Governmental Activities net position decreased \$6,309,931 during the year ended December 31, 2012.
- ◆ At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,256,593, a decrease of \$11,024,044 in comparison with the prior year. Excluding the Capital Projects Fund unassigned fund deficit of \$24,266,514, the Town had unrestricted fund balances of \$38,463,905; the remainder is subject to external restrictions (restricted) or is not available for spending (nonspendable).
- ◆ The General Fund reported a net decrease in fund balance this year of \$2,839,527. At December 31, 2012, unassigned fund balance for the General Fund was \$9,423,835, or 19.6 percent of 2013 General Fund appropriations.
- ◆ The Town's total bonded debt decreased by \$1,965,000 during the current year. This decrease was due to principal payments.

**Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

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

The government-wide financial statements can be found on pages 20-21 of this report.

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

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

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

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

The Town adopts an annual appropriated budget for General, Highway, Sewer, Consolidated Garbage, Town Outside Village, Debt Service, Lighting, Master Drainage and Water Hydrant funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The financial statements for governmental funds can be found on pages 22-29 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 statement because the resources of those funds are *not* available to support the Town’s own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund statement of net position can be found on page 30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-54 of this report.

**Other information.** The financial statements include a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

The supplemental financial statements can be found following the notes to the financial statements on pages 55-63 of this report. The Statistical Section can be found at pages 64-84 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$48,114,478 at the close of the 2012 fiscal year, as compared to \$54,424,409 at the close of the 2011 fiscal year.

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

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
Current assets	\$ 68,761,153	\$ 72,740,450
Capital assets	<u>95,955,778</u>	<u>86,132,460</u>
Total assets	<u>164,716,931</u>	<u>158,872,910</u>
Current liabilities	41,326,186	41,593,794
Noncurrent liabilities	<u>68,059,399</u>	<u>62,854,707</u>
Total liabilities	<u>109,385,585</u>	<u>104,448,501</u>
Deferred inflows of resources	<u>7,216,868</u>	<u>-</u>
Net investment in capital assets	61,713,677	57,296,433
Restricted	4,499,352	3,698,861
Unrestricted	<u>(18,098,551)</u>	<u>(6,570,885)</u>
Total net position	<u>\$ 48,114,478</u>	<u>\$ 54,424,409</u>

The largest portion of the Town’s net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$4,499,352, represents resources that are subject to external restrictions on how they may be used. The final portion of net position, \$18,098,551, is considered to be an unrestricted net deficit.

Total net position decreased \$6,309,931 from prior year. The decrease in net position can be primarily attributed to increased expenses related to the Town's other postemployment benefits ("OPEB") costs and increases in employee benefits, as well as significant risk financing expenses within general government support. Additionally, most revenues remained at prior year levels, with the exception of a decrease in both operating and capital grants and contributions from the year ended December 31, 2011.

Table 2, presented below, shows the changes in net position for the years ended December 31, 2012 and December 31, 2011.

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

	<b>Year Ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<u>                    </u>	<u>                    </u>
Program revenues:		
Charges for services	\$ 3,911,864	\$ 3,860,704
Operating grants and contributions	2,072,168	2,489,086
Capital grants and contributions	961,167	1,510,051
General revenues:		
Property taxes	64,852,392	64,571,903
Non-property tax items	9,741,760	9,383,152
Interest earnings	406,892	387,965
Sale of property and compensation for loss	148,661	251,296
Miscellaneous	425,029	996,379
Unrestricted state aid	<u>1,730,175</u>	<u>1,640,486</u>
Total revenues	<u>84,250,108</u>	<u>85,091,022</u>
Program expenses	<u>90,560,039</u>	<u>86,592,054</u>
Change in net position	(6,309,931)	(1,501,032)
Net position—beginning	<u>54,424,409</u>	<u>55,925,441</u>
Net position—ending	<u>\$ 48,114,478</u>	<u>\$ 54,424,409</u>

Overall revenues decreased by 1.0 percent due primarily to decreased operating and capital grants and contributions, coupled by decreases in miscellaneous revenues. Total program expenses increased 4.6 percent from the year ended December 31, 2011 due primarily to increased general government support and home and community services costs, due to rising OPEB, employee benefit costs and risk financing expenses. These increases were partially offset by savings realized in culture and recreation and public safety from a concerted effort by the Town to control costs and decreased utility expenses.

A summary of sources of revenues for the years ended December 31, 2012 and December 31, 2011 is presented below in Table 3:

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

	<b>Year Ended December 31,</b>		<b>Increase/(decrease)</b>	
	<b>2012</b>	<b>2011</b>	<b>Dollars</b>	<b>Percent</b>
Charges for services	\$ 3,911,864	\$ 3,860,704	\$ 51,160	1.3
Operating grants and contributions	2,072,168	2,489,086	(416,918)	(16.7)
Capital grants and contributions	961,167	1,510,051	(548,884)	(36.3)
Property and other taxes	74,594,152	73,955,055	639,097	0.9
Interest earnings	406,892	387,965	18,927	4.9
Miscellaneous	573,690	1,247,675	(673,985)	(54.0)
Unrestricted state aid	1,730,175	1,640,486	89,689	5.5
Total revenues, net	<u>\$ 84,250,108</u>	<u>\$ 85,091,022</u>	<u>\$ (840,914)</u>	(1.0)

As presented in Table 3, the Town's most significant source of revenues is property and other taxes, which accounts for \$74,594,152, or 88.5 percent of total revenues, for the year ended December 31, 2012 and \$73,955,055, or 86.9 percent of total revenues, for the year ended December 31, 2011. The next largest source of revenue for the year ended December 31, 2012 was charges for services of \$3,911,864, or 4.6 percent of total revenues, comparable to \$3,860,704, or 4.5 percent of total revenues for the year ended December 31, 2011.

During the year ended December 31, 2012, property and other taxes increased \$639,097 from the year ended December 31, 2011. This allowed the Town to absorb the impact of decreased capital grant contributions than prior year; these revenues root from various increased federal and state aid. Additionally, miscellaneous revenues decreased \$673,985 from the year ended December 31, 2011, mainly due to decreased asset forfeitures.

A summary of program expenses for the years ended December 31, 2012 and December 31, 2011 is presented below in Table 4:

**Table 4 – Summary of Program Expenses**

	<b>Year Ended December 31,</b>		<b>Increase/(decrease)</b>	
	<b>2012</b>	<b>2011</b>	<b>Dollars</b>	<b>Percent</b>
General government support	\$ 14,386,681	\$ 11,638,466	\$ 2,748,215	23.6
Public safety	25,295,847	25,901,940	(606,093)	(2.3)
Transportation	12,318,808	11,561,944	756,864	6.5
Economic assistance and opportunity	13,285	15,631	(2,346)	(15.0)
Culture and recreation	6,267,114	7,880,239	(1,613,125)	(20.5)
Home and community services	31,490,859	28,864,364	2,626,495	9.1
Interest and other fiscal charges	787,445	729,470	57,975	7.9
Total program expenses	<u>\$ 90,560,039</u>	<u>\$ 86,592,054</u>	<u>\$ 3,967,985</u>	4.6

The Town's significant expense items for the year ended December 31, 2012 were home and community services of \$31,490,859 or 34.8 percent of total expenses (primarily sewer, lighting, and sanitation services), public safety of \$25,295,847 or 27.9 percent of total expenses (primarily police services), general government support of \$14,386,681 or 15.9 percent of total expenses and transportation of \$12,318,808 or 13.6 percent of total expenses (primarily highway and road services). Similarly, for the

year ended December 31, 2011 significant expenses were home and community services of \$28,864,364 or 33.3 percent of total expenses, public safety of \$25,901,940 or 29.9 percent of total expenses, general government support of \$11,638,466 or 13.4 percent of total expenses and transportation of \$11,561,944 or 13.4 percent of total expenses.

General government support expenses during the year ended December 31, 2012 increased \$2,748,215 from the year ended December 31, 2011, largely from a significant increase in judgments and claims costs, as well as increases employee benefit and OPEB costs. The Town was able to realize some cost savings in public safety and culture and recreation, but these decreases were outpaced by rising expenses elsewhere. Additionally, home and community services increased \$2,626,495, due to increased payments for services and rising employee benefit costs.

### Financial Analysis of the Town’s Funds

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

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

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$20,256,593, a decrease of \$11,024,044 in comparison with the prior year. Excluding the Capital Projects Fund unassigned fund deficit of \$24,266,514, the Town had fund balances of \$38,463,905 which were considered unrestricted; however, amounts within unrestricted fund balance have been set aside (assigned) for various purposes, including encumbrances, capital projects, equipment purchases, pollution remediation, building demolition and next year’s budget. The remainder of fund balance is *restricted* or *nonspendable* to indicate that it is not available for new spending because it has already been committed for self-insurance, to pay debt service and for prepaid items.

The total unassigned fund deficit of the Town is \$14,842,679. The Town also reports certain nonspendables, restrictions and assignments to indicate that funds are not available for spending because they have already been committed for 1) prepaid items, 2) payment of debt, 3) insurance, 4) equipment and capital improvements, 5) pollution remediation, 6) building demolition, 7) future budgets, 8) to liquidate contracts and purchase orders of the prior period, or 9) specific purposes.

A summary of the Town’s major funds’ fund balance is provided in Table 5 below.

**Table 5—Major Funds’ Fund Balance**

	<u>General</u>	<u>Highway</u>	<u>Sewer</u>
Net change in fund balances	\$ (2,839,527)	\$ 941,087	\$ (731,730)
Unassigned or assigned to the fund’s specific use	9,423,835	3,626,146	2,044,444
Total fund balance (deficit)	19,411,554	6,426,753	5,693,500
Percentage unassigned or assigned to specific use	48.5%	56.4%	35.9%

	<u>Consolidated Garbage</u>	<u>Community Development</u>	<u>Capital Projects</u>
Net change in fund balances	\$ (1,369,152)	\$ 96,320	\$ (6,899,793)
Unassigned or assigned to the fund's specific use	1,403,018	184,730	(24,266,514)
Total fund balance (deficit)	3,392,671	185,470	(22,014,368)
Percentage unassigned or assigned to specific use	41.4%	99.6%	n/a

The General Fund is the chief operating fund of the Town. Total ending fund balance was \$19,411,554. Approximately 48.6 percent, \$9,423,835, of this amount is unassigned fund balance. The General Fund fund balance decreased \$2,839,527 as a result of this year's activity. Overall General Fund revenues for the year ended December 31, 2012 were marginally higher in comparison to the year ended December 31, 2011, increasing 0.5 percent, \$220,304. This increase was largely the result of increased other property and non-property tax items revenue received within the fund, up \$777,149. These increases in revenue were mostly offset by decreased departmental income, use of money and property from interest earnings, state and federal aid, miscellaneous revenues, and fines and forfeitures. Total expenditures for the year ended December 31, 2012 increased \$5,171,445 from December 31, 2011. During the year ended December 31, 2012, the General Fund experienced a significant increase in risk financing costs from the year December 31, 2011. This increase, coupled by an increase in employee benefits due to rising health insurance and retirement costs, accounts for the large increase in General Fund expenditures. 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. Unassigned fund balance represents 20.5 percent of total General Fund expenditures, while total fund balance represents 42.3 percent of that same amount.

The Town's Highway Fund ending fund balance was \$6,426,753. Approximately 56.4 percent, \$3,626,146, of this amount is reported as fund balance assigned for specific (Highway Fund) use. During the year ended December 31, 2012 the Highway Fund fund balance increased \$941,087, largely from favorable sale tax receipts and controlling transportation costs within the fund.

The Town's Sewer Fund ending fund balance was \$5,693,500. Approximately 35.9 percent, \$2,044,444, of this amount is fund balance assigned for specific (Sewer Fund) use. Fund balance within the Sewer Fund decreased by \$731,730 in the current year mainly from increased costs of providing services.

The Town's Consolidated Garbage Fund ending fund balance was \$3,392,671. Approximately 41.4 percent, \$1,403,018, of this amount is fund balance assigned for specific (Consolidated Garbage Fund) use. The Town Consolidated Garbage Fund decreased by \$1,369,152, mainly due to increasing personnel costs.

The Town's Community Development Fund ending fund balance was \$185,470. Nearly 99.6 percent, \$184,730, of this amount is fund balance assigned for specific (Community Development Fund) use. During the year ended December 31, 2012 the Community Development Fund fund balance increased by \$96,320.

The Town's Capital Projects Fund ending fund balance was in a deficit position, \$(22,014,368). This deficit is expected to be remedied through the future issuance of long-term debt. During the year ended December 31, 2012, the Capital Projects Fund's deficit increased by \$6,899,793 due to continued capital improvement expenditures at the Town Hall/Court complex.

## General Fund Budgetary Highlights

During the year there was a \$4,348,110 net increase in General Fund appropriations between the original and final amended budget. This increase was largely due to \$1,655,974 and \$1,727,019 in supplemental appropriations for general government support and employee benefits, respectively, mainly for risk financing activities. This increase in appropriations was partially offset by an increase in budgeted revenues and transfers in of \$874,297.

These supplemental appropriations were primarily supported by expenditures falling under the original budget and from a variety of favorable revenues variances.

General Fund actual expenditures were \$3,696,982 less than final amended budget appropriations. Following are the main components of the variance:

- ◆ Employee benefits expenditures were \$2,690,178 less than anticipated largely due to less retirement, insurance and retirees' hospitalization expenditures than forecasted with the budget.
- ◆ Culture and recreation expenditures were \$371,742 less than anticipated due to unexpected savings in personnel and utility costs.
- ◆ General government support expenditures were \$315,576 less than budgeted due to less risk financing activities costs than anticipated.
- ◆ Public safety expenditures were \$280,668 less than budgeted due to less police department payroll and general equipment costs than projected.

## Capital Assets and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental funds as of December 31, 2012, amounted to \$95,955,778 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, vehicles and equipment.

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

Capital assets net of depreciation for the governmental activities at the years ended December 31, 2012 and 2011 are presented below.

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

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 6,781,714	\$ 6,781,714
Construction in progress	18,354,197	14,817,960
Buildings	10,176,390	10,570,929
Permanent fixtures	8,233,995	5,684,682
Machinery and equipment	11,003,118	10,747,464
Infrastructure	41,406,364	37,529,711
Total	<u>\$95,955,778</u>	<u>\$86,132,460</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 4 of this report.

**Debt.** At December 31, 2012, the Town had total long-term bonds outstanding of \$7,415,000 as compared to \$9,380,000 in the prior year. During the year ended December 31, 2012, the made scheduled payments of \$1,965,000. 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 \$275,740,309, 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.

### **Financial Positions, Economic Factors, Next Year's Budgets and Rates**

The unemployment rate for the Buffalo-Niagara statistical area, which includes the Town, was 8.4 percent, which is an increase from a rate of 7.9 percent a year ago. This compares with the New York State average of 8.2 percent and the national average of 7.8 percent in December 2012.

- ◆ Inflationary trends in the region compare favorably to national indices.
- ◆ Retirement and healthcare costs are anticipated to continue to increase as rates operate above inflation.

All of these factors are considered in preparing the Town's budget for 2013.

The Town's 2013 budget includes the appropriation of \$4,000,000 of fund balance in the General Fund. The 2013 budget also includes a General Fund tax rate increase of 3.13 percent.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Supervisor's Office, Town of Cheektowaga, 3301 Broadway St., Cheektowaga, NY 14227.

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# BASIC FINANCIAL STATEMENTS



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# TOWN OF CHEEKTOWAGA, NEW YORK

## Statement of Net Position

December 31, 2012

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Cheektowaga E.D.C. (March 31, 2012)</u>
<b>ASSETS</b>		
Cash	\$ 47,751,190	\$ 1,190,626
Restricted cash	4,494,339	-
Accounts receivable	643,407	180,004
Loans receivable	7,037,141	686,423
Due from other governments	7,396,174	-
Prepays	1,438,902	-
Capital assets not being depreciated	25,135,911	-
Capital assets net of accumulated depreciation	<u>70,819,867</u>	<u>-</u>
Total assets	<u>164,716,931</u>	<u>2,057,053</u>
<b>LIABILITIES</b>		
Accounts payable	5,157,322	15,564
Accrued liabilities	8,224,380	-
Due to other governments	2,251,200	1,747
Bond anticipation notes payable	25,475,000	-
Unearned revenue	218,284	-
Noncurrent liabilities:		
Due within one year	3,093,269	-
Due in more than one year	<u>64,966,130</u>	<u>-</u>
Total liabilities	<u>109,385,585</u>	<u>17,311</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Golf course lease	339,247	
Loans receivable	<u>6,877,621</u>	<u>-</u>
Total deferred inflows of resources	<u>7,216,868</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	61,713,677	-
Restricted for:		
Insurance	261,272	-
Capital projects	2,252,146	-
Debt service	1,985,934	-
Unrestricted	<u>(18,098,551)</u>	<u>2,039,742</u>
Total net position	<u>\$ 48,114,478</u>	<u>\$ 2,039,742</u>

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

# TOWN OF CHEEKTOWAGA, NEW YORK

## Statement of Activities

For the Year Ended December 31, 2012

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
					<u>Governmental Activities</u>	<u>Cheektowaga E.D.C. (March 31,2012)</u>
<b>Primary government:</b>						
Governmental activities:						
General government support	\$ 14,386,681	\$ 910,089	\$ 29,276	\$ -	\$ (13,447,316)	\$ -
Public safety	25,295,847	1,124,592	266,912	499,797	(23,404,546)	-
Transportation	12,318,808	297,883	13,000	426,751	(11,581,174)	-
Economic assistance and opportunity	13,285	-	-	-	(13,285)	-
Culture and recreation	6,267,114	963,711	65,030	-	(5,238,373)	-
Home and community services	31,490,859	615,589	1,697,950	34,619	(29,142,701)	-
Interest and other fiscal charges	787,445	-	-	-	(787,445)	-
Total primary government	<u>\$ 90,560,039</u>	<u>\$ 3,911,864</u>	<u>\$ 2,072,168</u>	<u>\$ 961,167</u>	<u>(83,614,840)</u>	<u>-</u>
<b>Component unit:</b>						
Cheektowaga E.D.C.	\$ 61,862	\$ -	\$ -	\$ -	-	(61,862)
Total component unit	<u>\$ 61,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(61,862)</u>
General revenues:						
Property taxes					64,852,392	-
Non-property taxes:						
Sales tax					8,752,254	-
Franchise tax					989,506	-
Interest earnings					406,892	25,049
Sale of property and compensation for loss					148,661	-
Miscellaneous					425,029	11,090
Unrestricted state aid					1,730,175	-
Total general revenues					<u>77,304,909</u>	<u>36,139</u>
Change in net position					(6,309,931)	(25,723)
Net position—beginning					<u>54,424,409</u>	<u>2,065,465</u>
Net position—ending					<u>\$ 48,114,478</u>	<u>\$ 2,039,742</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**

**Balance Sheet—Governmental Funds**

**December 31, 2012**

	Special Revenue					Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Highway	Sewer	Consolidated Garbage	Community Development			
<b>ASSETS</b>								
Cash	\$ 25,856,959	\$ 4,086,094	\$ 7,072,533	\$ 5,274,592	\$ 241,759	\$ 109,337	\$ 5,109,916	\$ 47,751,190
Restricted cash	261,272	-	-	-	-	2,252,146	1,980,921	4,494,339
Accounts receivable	615,720	38	7,025	19,021	-	-	1,603	643,407
Loans receivable	159,520	-	-	-	6,877,621	-	-	7,037,141
Due from other funds	1,859,732	118,640	17,121	26,877	-	715,414	12,101	2,749,885
Due from other governments	1,276,917	3,358,794	322,239	167,179	474,070	1,181,882	615,093	7,396,174
Prepaid items	1,181,218	153,431	89,466	89,653	740	-	45,342	1,559,850
Total assets	<u>\$ 31,211,338</u>	<u>\$ 7,716,997</u>	<u>\$ 7,508,384</u>	<u>\$ 5,577,322</u>	<u>\$ 7,594,190</u>	<u>\$ 4,258,779</u>	<u>\$ 7,764,976</u>	<u>\$ 71,631,986</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,386,117	\$ 292,051	\$ 724,336	\$ 1,577,266	\$ 119,864	\$ 708,029	\$ 349,659	\$ 5,157,322
Accrued liabilities	7,672,238	235,834	84,174	131,544	-	-	23,524	8,147,314
Due to other funds	542,448	744,318	302,698	457,024	410,699	90,118	202,580	2,749,885
Due to other governments	1,481,930	18,041	703,676	18,817	536	-	28,200	2,251,200
Unearned revenue	218,284	-	-	-	-	-	-	218,284
Bond anticipation notes payable	-	-	-	-	-	25,475,000	-	25,475,000
Total liabilities	<u>11,301,017</u>	<u>1,290,244</u>	<u>1,814,884</u>	<u>2,184,651</u>	<u>531,099</u>	<u>26,273,147</u>	<u>603,963</u>	<u>43,999,005</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Golf course lease	339,247	-	-	-	-	-	-	339,247
Loans receivable	159,520	-	-	-	6,877,621	-	-	7,037,141
Total deferred inflows of resources	<u>498,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,877,621</u>	<u>-</u>	<u>-</u>	<u>7,376,388</u>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	1,181,218	153,431	89,466	89,653	740	-	45,342	1,559,850
Restricted	261,272	-	-	-	-	2,252,146	1,985,934	4,499,352
Assigned	8,545,229	6,273,322	5,604,034	3,303,018	184,730	-	5,129,737	29,040,070
Unassigned	9,423,835	-	-	-	-	(24,266,514)	-	(14,842,679)
Total fund balances (deficit)	<u>19,411,554</u>	<u>6,426,753</u>	<u>5,693,500</u>	<u>3,392,671</u>	<u>185,470</u>	<u>(22,014,368)</u>	<u>7,161,013</u>	<u>20,256,593</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,211,338</u>	<u>\$ 7,716,997</u>	<u>\$ 7,508,384</u>	<u>\$ 5,577,322</u>	<u>\$ 7,594,190</u>	<u>\$ 4,258,779</u>	<u>\$ 7,764,976</u>	<u>\$ 71,631,986</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2012**

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Amounts reported for governmental activities in the statement of net position (page 20) are different from those reported in the balance sheet for governmental funds (page 22) because:

Total fund balances—governmental funds		\$ 20,256,593
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$159,289,629 and the accumulated depreciation is \$63,333,851.		95,955,778
Certain accrued revenues reported in the statement of net position are received after the availability period for recognition of revenue in the governmental funds.		159,520
Bond issuance premiums are reported as revenues in the governmental funds. The issuance premium is \$158,333 and accumulated amortization is \$63,773.		(94,559)
Net accrued interest for bonds and notes is not reported in the balance sheet for governmental funds.		(103,455)
Long-term liabilities, including bonds payable, capital leases, claims and judgements, other post-employment obligation and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(7,415,000)	
Capital leases	(3,509,688)	
Landfill obligation	(2,280,000)	
Compensated absences	(12,229,251)	
Other postemployment benefits	<u>(42,625,460)</u>	<u>(68,059,399)</u>
Total net position—governmental activities		<u>\$ 48,114,478</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds**  
**For the Year Ended December 31, 2012**

	<u>Special Revenue</u>					<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Consolidated Garbage</u>	<u>Community Development</u>			
<b>REVENUES</b>								
Real property taxes	\$ 36,887,299	\$ 3,391,112	\$ 10,874,267	\$ 8,633,219	\$ -	\$ -	\$ 3,526,005	\$ 63,311,902
Other property tax items	1,251,515	64,908	-	219,350	-	-	4,716	1,540,489
Non property tax items	1,504,295	6,835,975	-	-	-	-	1,401,490	9,741,760
Departmental income	1,347,957	1,000	-	132,554	-	-	-	1,481,511
Intergovernmental charges	-	296,883	323,515	-	-	-	-	620,398
Use of money and property	139,415	11,942	30,156	22,334	-	5,458	197,587	406,892
Licenses and permits	31,165	-	-	-	-	-	585,188	616,353
Fines and forfeitures	1,034,083	-	-	-	-	-	-	1,034,083
Sale of property and compensation for loss	56,273	81,225	11,163	-	-	-	-	148,661
Miscellaneous	8,015	41,653	8,967	84,104	-	177,493	103,920	424,152
State aid	1,269,795	820,898	-	-	275,000	831,845	-	3,197,538
Federal aid	362,941	13,000	6,000	17,000	1,037,009	129,322	700	1,565,972
Total revenues	<u>43,892,753</u>	<u>11,558,596</u>	<u>11,254,068</u>	<u>9,108,561</u>	<u>1,312,009</u>	<u>1,144,118</u>	<u>5,819,606</u>	<u>84,089,711</u>
<b>EXPENDITURES</b>								
Current:								
General government support	9,974,363	-	-	-	-	639,034	-	10,613,397
Public safety	15,568,406	-	-	-	-	5,218,187	1,079,908	21,866,501
Transportation	232,088	6,210,018	-	-	-	4,114,443	-	10,556,549
Economic assistance and opportunity	9,443	-	-	-	-	-	-	9,443
Culture and recreation	4,999,880	-	-	-	-	-	423,324	5,423,204
Home and community services	-	5,745	8,800,409	7,977,364	1,215,689	2,034,141	2,820,608	22,853,956
Employee benefits	15,079,869	1,883,562	1,476,942	1,630,325	-	-	677,772	20,748,470
Debt service:								
Principal—serial bonds	-	-	-	-	-	-	1,965,000	1,965,000
Principal—capital leases	-	-	-	-	-	-	380,212	380,212
Interest	-	-	-	-	-	-	697,023	697,023
Total expenditures	<u>45,864,049</u>	<u>8,099,325</u>	<u>10,277,351</u>	<u>9,607,689</u>	<u>1,215,689</u>	<u>12,005,805</u>	<u>8,043,847</u>	<u>95,113,755</u>
Excess (deficiency) of revenues over expenditures	<u>(1,971,296)</u>	<u>3,459,271</u>	<u>976,717</u>	<u>(499,128)</u>	<u>96,320</u>	<u>(10,861,687)</u>	<u>(2,224,241)</u>	<u>(11,024,044)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	2,582,383	-	-	-	-	3,967,105	3,777,247	10,326,735
Transfers out	<u>(3,450,614)</u>	<u>(2,518,184)</u>	<u>(1,708,447)</u>	<u>(870,024)</u>	<u>-</u>	<u>(5,211)</u>	<u>(1,774,255)</u>	<u>(10,326,735)</u>
Total other financing (uses) sources	<u>(868,231)</u>	<u>(2,518,184)</u>	<u>(1,708,447)</u>	<u>(870,024)</u>	<u>-</u>	<u>3,961,894</u>	<u>2,002,992</u>	<u>-</u>
Net change in fund balances	(2,839,527)	941,087	(731,730)	(1,369,152)	96,320	(6,899,793)	(221,249)	(11,024,044)
Fund balances (deficit)—beginning	<u>22,251,081</u>	<u>5,485,666</u>	<u>6,425,230</u>	<u>4,761,823</u>	<u>89,150</u>	<u>(15,114,575)</u>	<u>7,382,262</u>	<u>31,280,637</u>
Fund balances (deficit)—ending	<u>\$ 19,411,554</u>	<u>\$ 6,426,753</u>	<u>\$ 5,693,500</u>	<u>\$ 3,392,671</u>	<u>\$ 185,470</u>	<u>\$ (22,014,368)</u>	<u>\$ 7,161,013</u>	<u>\$ 20,256,593</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2012**

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Amounts reported for governmental activities in the statement of activities (page 21) are different because:

Net change in fund balances—total governmental funds (page 24) \$ (11,024,044)

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Capital asset additions were \$14,384,344, with related depreciation expense of \$4,535,514. This is the amount by which capital asset additions exceeded depreciation in the current

Capital asset additions	14,384,344	
Depreciation expense	<u>(4,535,514)</u>	9,848,830

Loss on disposition of assets that is recorded in the statement of activities but not in the statement for governmental funds. (25,512)

Certain revenue in the governmental funds is not recognized because it is not available soon enough after year-end to pay for the current period's expenditures. However, on the statement of activities, this is recognized as revenue regardless of when it is collected. 159,520

The governmental funds report the repayment of bond principal as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Net repayment of serial bonds	1,965,000	
Payment on capital lease	380,212	
Net change in accrued expense	<u>25,520</u>	2,370,732

In the statement of activities, certain operating expenses—other post-employment benefit obligations, compensated absences (vacation & sick leave) and judgments and claims—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). This amount is the net effect of these differences in the treatment of such items.

Change in landfill obligation	720,000	
Change in compensated absences	(1,121,979)	
Change in OPEB obligation	<u>(7,147,925)</u>	(7,549,904)

Premiums and other related debt items that are recorded on the statement for governmental funds but not in the statement of activities. (89,553)

Change in net position of governmental activities \$ (6,309,931)

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

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**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 36,804,534	\$ 36,804,534	\$ 36,887,299	\$ 82,765
Other property tax items	945,000	945,000	1,251,515	306,515
Non property tax items	1,344,789	1,344,789	1,504,295	159,506
Departmental income	1,144,500	1,149,658	1,347,957	198,299
Use of money and property	159,000	159,000	139,415	(19,585)
Licenses and permits	26,200	26,200	31,165	4,965
Fines and forfeitures	1,100,000	1,100,000	1,034,083	(65,917)
Sale of property and compensation for loss	22,250	57,250	56,273	(977)
Miscellaneous	40,000	44,932	8,015	(36,917)
State aid	1,008,640	1,116,999	1,269,795	152,796
Federal aid	76,500	342,965	362,941	19,976
Total revenues	<u>42,671,413</u>	<u>43,091,327</u>	<u>43,892,753</u>	<u>801,426</u>
<b>EXPENDITURES</b>				
General government support	8,633,965	10,289,939	9,974,363	315,576
Public safety	15,596,890	15,849,074	15,568,406	280,668
Transportation	268,549	268,549	232,088	36,461
Economic assistance and opportunity	11,800	11,800	9,443	2,357
Culture and recreation	5,332,564	5,371,622	4,999,880	371,742
Employee benefits	16,043,028	17,770,047	15,079,869	2,690,178
Total expenditures	<u>45,886,796</u>	<u>49,561,031</u>	<u>45,864,049</u>	<u>3,696,982</u>
Excess (deficiency) of revenues over expenditures	<u>(3,215,383)</u>	<u>(6,469,704)</u>	<u>(1,971,296)</u>	<u>4,498,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,128,000	2,582,383	2,582,383	-
Transfers out	<u>(3,134,450)</u>	<u>(3,808,325)</u>	<u>(3,450,614)</u>	<u>357,711</u>
Total other financing sources (uses)	<u>(1,006,450)</u>	<u>(1,225,942)</u>	<u>(868,231)</u>	<u>357,711</u>
Net change in fund balance*	(4,221,833)	(7,695,646)	(2,839,527)	4,856,119
Fund balance—beginning	<u>22,251,081</u>	<u>22,251,081</u>	<u>22,251,081</u>	<u>-</u>
Fund balance—ending	<u>\$ 18,029,248</u>	<u>\$ 14,555,435</u>	<u>\$ 19,411,554</u>	<u>\$ 4,856,119</u>

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

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

# TOWN OF CHEEKTOWAGA, NEW YORK

## Statement of Revenues, Expenditures and Changes in Fund Balances—

### Budget and Actual—Highway Fund

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUE</b>				
Real property taxes	\$ 3,391,112	\$ 3,391,112	\$ 3,391,112	\$ -
Other property tax items	60,000	60,000	64,908	4,908
Non property tax items	6,083,721	6,083,721	6,835,975	752,254
Departmental income	-	-	1,000	1,000
Intergovernmental charges	240,000	240,000	296,883	56,883
Use of money and property	20,000	20,000	11,942	(8,058)
Sale of property and compensation for loss	3,000	71,796	81,225	9,429
Miscellaneous	5,000	5,000	41,653	36,653
State aid	775,000	775,000	820,898	45,898
Federal aid	10,000	10,000	13,000	3,000
Total revenues	10,587,833	10,656,629	11,558,596	901,967
<b>EXPENDITURES</b>				
Transportation	6,428,230	6,833,614	6,210,018	623,596
Home and community services	6,000	6,000	5,745	255
Employee benefits	2,856,581	2,112,263	1,883,562	228,701
Total expenditures	9,290,811	8,951,877	8,099,325	852,552
Excess of revenues over expenditures	1,297,022	1,704,752	3,459,271	1,754,519
<b>OTHER FINANCING USES</b>				
Transfers out	(2,269,000)	(2,676,730)	(2,518,184)	158,546
Total other financing uses	(2,269,000)	(2,676,730)	(2,518,184)	158,546
Net change in fund balance*	(971,978)	(971,978)	941,087	1,913,065
Fund balance—beginning	5,485,666	5,485,666	5,485,666	-
Fund balance—ending	\$ 4,513,688	\$ 4,513,688	\$ 6,426,753	\$ 1,913,065

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

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Sewer Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 10,873,918	\$ 10,873,918	\$ 10,874,267	\$ 349
Intergovernmental charges	354,400	354,400	323,515	(30,885)
Use of money and property	60,100	60,100	30,156	(29,944)
Sale of property and compensation for loss	-	-	11,163	11,163
Miscellaneous	4,000	4,000	8,967	4,967
Federal aid	4,000	4,000	6,000	2,000
Total revenues	<u>11,296,418</u>	<u>11,296,418</u>	<u>11,254,068</u>	<u>(42,350)</u>
<b>EXPENDITURES</b>				
Home and community services	9,395,223	9,396,423	8,800,409	596,014
Employee benefits	2,063,435	1,759,537	1,476,942	282,595
Total expenditures	<u>11,458,658</u>	<u>11,155,960</u>	<u>10,277,351</u>	<u>878,609</u>
Excess (deficiency) of revenues over expenditures	<u>(162,240)</u>	<u>140,458</u>	<u>976,717</u>	<u>836,259</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(706,000)	(2,008,698)	(1,708,447)	300,251
Total other financing uses	<u>(706,000)</u>	<u>(2,008,698)</u>	<u>(1,708,447)</u>	<u>300,251</u>
Net change in fund balance*	(868,240)	(1,868,240)	(731,730)	1,136,510
Fund balance—beginning	<u>6,425,230</u>	<u>6,425,230</u>	<u>6,425,230</u>	<u>-</u>
Fund balance—ending	<u>\$ 5,556,990</u>	<u>\$ 4,556,990</u>	<u>\$ 5,693,500</u>	<u>\$ 1,136,510</u>

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

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Consolidated Garbage Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 8,633,219	\$ 8,633,219	\$ 8,633,219	\$ -
Other property tax items	210,000	210,000	219,350	9,350
Departmental income	118,000	118,000	132,554	14,554
Use of money and property	35,000	35,000	22,334	(12,666)
Miscellaneous	15,000	15,000	84,104	69,104
Federal aid	12,000	12,000	17,000	5,000
Total revenues	<u>9,023,219</u>	<u>9,023,219</u>	<u>9,108,561</u>	<u>85,342</u>
<b>EXPENDITURES</b>				
Home and community services	6,831,656	8,344,700	7,977,364	367,336
Employee benefits	<u>2,453,393</u>	<u>1,996,369</u>	<u>1,630,325</u>	<u>366,044</u>
Total expenditures	<u>9,285,049</u>	<u>10,341,069</u>	<u>9,607,689</u>	<u>733,380</u>
Excess (deficiency) of revenues over expenditures	<u>(261,830)</u>	<u>(1,317,850)</u>	<u>(499,128)</u>	<u>818,722</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(413,000)</u>	<u>(870,024)</u>	<u>(870,024)</u>	<u>-</u>
Total other financing uses	<u>(413,000)</u>	<u>(870,024)</u>	<u>(870,024)</u>	<u>-</u>
Net change in fund balance*	(674,830)	(2,187,874)	(1,369,152)	818,722
Fund balance—beginning	<u>4,761,823</u>	<u>4,761,823</u>	<u>4,761,823</u>	<u>-</u>
Fund balance—ending	<u>\$ 4,086,993</u>	<u>\$ 2,573,949</u>	<u>\$ 3,392,671</u>	<u>\$ 818,722</u>

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

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

**TOWN OF CHEEKTOWAGA, NEW YORK**

**Statement of Net Position—Fiduciary Fund**

**December 31, 2012**

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**ASSETS**

Cash	\$	272,175
Accounts receivable		29,342
Due from other governments		<u>490</u>
Total assets	\$	<u>302,007</u>

**LIABILITIES**

Amounts held in custody for others	\$	299,906
Due to other governments		<u>2,101</u>
Total liabilities	\$	<u>302,007</u>

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

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**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The financial statements of the Town of Cheektowaga, New York (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. 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.

*Financial 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 seven-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
Councilmen (6)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town are the County of Erie, the Villages of Depew, Sloan, and Williamsville. Public education is provided by eight independent school districts within the Town.

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

***Discretely Presented Component Unit***—The component unit column in the basic financial statements includes the financial data of the Town’s discretely presented component unit. The unit is reported in a separate column to emphasize that it is legally separate from the Town.

**Cheektowaga Economic Development Corporation**—The Cheektowaga Economic Development Corporation (the “E.D.C.”) was formed June 10, 1983 pursuant to resolution of the Town Board, as a quasi-public local development corporation under the New York State Not-for Profit Corporation Law. The members of the governing board of the E.D.C. are appointed by the Town Board. The Town Board is able to impose its will on the E.D.C.; however the E.D.C. does not provide services to the primary government. Additional detailed information concerning the E.D.C. may be found in the E.D.C.’s annual financial report. This report may be obtained by writing to the Cheektowaga Economic Development Corporation, 275 Alexander Street, Cheektowaga, New York, 14211.

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

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

As discussed earlier, the Town has one discretely presented component unit. While the Cheektowaga E.D.C. is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

The Town considers the following governmental funds as major funds:

- ◆ *General Fund*—This is the principal operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- ◆ *Highway Fund*—This is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The principal sources of revenue for the Highway Fund are real property taxes and sales tax.
- ◆ *Sewer Fund*—This is used to record all revenues and expenditures related to operation and maintenance of the sewer district. The principal source of revenue for the Sewer Fund is real property taxes.
- ◆ *Consolidated Garbage Fund*—This fund is used to record all activity related to the garbage pickup and recycling within the Town. The principal source of revenue for the Consolidated Garbage Fund is real property taxes.
- ◆ *Community Development Fund*—This is used to record all activity related to the Federal Housing and Urban Development Community Development program. The principal source of revenue for the Community Development Fund is Community Development Block Grants.

- ◆ *Capital Projects Fund*—This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The principal sources of revenue and financing for the Capital Projects Fund are Federal and State grants, bond proceeds and transfers in.

Additionally, the Town reports the following fiduciary fund type that is used to account for assets held by the Town in a custodial capacity:

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfer in the business-type 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 and fiduciary fund 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 *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, 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.

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.

### ***Budgets and Budgetary Accounting***

Annual budgets for all governmental funds, except the Community Development Fund, Special Purpose Fund and the Capital Projects fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as a measure of budgetary control in all governmental funds, under which purchase orders, certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year's budget.

The Community Development Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the grant/project's inception and lapse upon completion/ termination of the grant/project.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to set aside that portion of the applicable appropriation, is employed as an extension of budgetary control in all governmental funds.

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

***Cash and Cash Equivalents***—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days from the original date of purchase.

***Restricted Cash***—Restricted cash represents unspent proceeds from serial bonds and bond anticipation notes, as well as amounts restricted to support fund balance.

***Investments***—The Town had no investments at December 31, 2012; however, when the Town does have investments it is Town policy to record them at quoted market value.

***Prepaid Items***—Certain payments to the New York State retirement systems and to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements on the consumption method.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are incurred.

Property, plant, and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Permanent fixtures	15-20
Machinery and equipment	
Automobiles	3-6
Computer software and equipment	5
Equipment	7-20
Heavy equipment	12
Office equipment and furniture	20
Infrastructure	
Bridges	30
Drainage	100
Highways	15
Storm sewer	40
Sewer and water systems	40
Traffic signals	15

***Deferred Outflows 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.

***Deferred Inflows of Resources***—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: golf course lease, special assessments loans receivable and revolving loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Net Position Cash 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 and proprietary 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—net position to have been depleted before unrestricted—net position is applied.

***Fund Balance Flow Assumptions***—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have

been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

### ***Revenues and Expenditures***

***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 those 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 program revenues.

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

Tax payments are due January 1 to February 15 without penalty; February 16 to 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 17 a 6% penalty; April 18 to May 1 a 7.5% penalty. Once May 2, the 7.5% penalty fee is added to the levy forming the base of the tax then due. Thereafter, interest is added to the base at the rate of 1.5% per month on the 1<sup>st</sup> of each month, making 18.78% in all when unpaid taxes are sold in November.

The tax roll is returned to the Erie County Commissioner of Finance after May 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items 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 Receiver of Taxes, independent of Town operations.

***Compensated Absences***—The Town labor agreements and Town Board rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences (“compensatory time”). Upon retirement,

certain eligible employees qualify for paid hospitalization insurance premiums and payment for fractional values of unused sick leave and vacation. These payments are budgeted annually without accrual.

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

**Post-Employment Benefits**—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in 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, liabilities, deferred inflows/outflows of resources 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, 2012, the Town implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Town also elected to early implement the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources, certain items that were previously reported as assets and liabilities. GASB Statements No. 63 and 65 did not have a material impact on the Town’s financial position or results from operations.

Additionally, during the year ended December 31, 2012, the Town completed the process of evaluating the impact that will result from adopting GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession November 30, 1989 FASB and AICPA Pronouncements*; and No. 64, *Derivative Employer Plans; Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. GASB Statements No. 57, 60, 62 and 64 did not have a material impact on the Town’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 15 and No. 34*; and No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, effective for the year ending December 31, 2013; No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; No. 69, *Government Combinations and Disposals of Government Operations*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending December 31, 2014; and No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for the year ending December 31, 2015. The Town is therefore unable to disclose the impact that adopting GASB Statements No. 61, 66, 67, 68, 69 and 70 will have on its financial position and results of operations.

## *Stewardship, Compliance and Accountability*

***Budgets and Budgetary Accounting***—The Town’s annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- ◆ Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.
- ◆ The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- ◆ Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20<sup>th</sup>.
- ◆ During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval. For the year ended December 31, 2012, supplemental appropriations of \$7,106,056 were approved in the governmental funds.
- ◆ Individual governmental fund comparisons of budgetary and actual data at the legal level of control established by the adopted budget (i.e., minimally the department level and account level) are not presented in this report for those funds with annual appropriated budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.
- ◆ Annual budgets for governmental funds, except the special grants fund and capital projects fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Encumbrances outstanding at year-end are accounted for on the lapsing method, which reappropriated encumbrances in the subsequent years’ budget. Accordingly, the Town assigns fund balance for all encumbrances it intends to honor in the subsequent period.
- ◆ The Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead appropriations are approved through a Town Board resolution at the project’s inception and lapse upon termination of the project.
- ◆ Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

At December 31, 2012, the Town’s Capital Projects Fund was in a deficit position of \$(22,014,368). Management anticipates that this deficit will be remedied through the future issuance of long-term debt.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government.

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

Cash at December 31, 2012 consisted of:

	Governmental Activities	Fiduciary Fund	Balance
Petty cash (uncollateralized)	\$ 7,000	\$ -	\$ 7,000
Deposits	<u>52,238,529</u>	<u>272,175</u>	<u>52,510,704</u>
Total	<u>\$52,245,529</u>	<u>\$ 272,175</u>	<u>\$ 52,517,704</u>

**Deposits**—All deposits are carried at fair value.

The following is a summary of deposits:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 2,001,292	\$ 2,001,292
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>50,816,330</u>	<u>50,509,412</u>
Total	<u>\$ 52,817,622</u>	<u>\$ 52,510,704</u>

**Custodial Credit Risk**—In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. For investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2012, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name and all of the Town's restricted cash in the form of investments was registered in the Town's name.

At December 31, 2012, the Town had no investments.

**Restricted Cash**—The Town reports unspent proceeds from serial bonds and bond anticipation notes as restricted cash and cash equivalents. At December 31, 2012, the Town reported \$4,494,339 of restricted cash and cash equivalents within its governmental activities.

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

**Cheektowaga Economic Development Corporation**—The Corporation considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2012, the Corporation had \$1,190,626 in deposits.

### 3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2012:

*Accounts Receivable*—represents franchise fees receivable and insurance deposits; other miscellaneous items are also included. Accounts receivable for the Town at December 31, 2012 are shown in the table below:

General Fund:		
Franchise fees	\$ 495,634	
Insurance deposits	103,379	
Other	<u>16,707</u>	\$ 615,720
Highway Fund		38
Sewer Fund		7,025
Consolidated Garbage Fund		19,021
Other governmental funds		<u>1,603</u>
Total		<u>\$ 643,407</u>

*Due from Other Governments*—represents amounts due from other units of government, such as Federal, New York State, County of Erie, other local governments and amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes, etc.) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Amounts due the Town at December 31, 2012 are:

General Fund:		
Federal aid—NSP	\$ 475,968	
Federal aid—prescription drug subsidy	85,000	
State aid	10,468	
Due from Erie County	242,928	
Town Clerk and Tax Receiver	260,016	
Fines and forfeitures	164,623	
Miscellaneous	<u>37,914</u>	\$ 1,276,917
Highway Fund:		
Sales tax due from Erie County	3,345,794	
Federal aid—prescription drug subsidy	<u>13,000</u>	3,358,794
Sewer Fund:		
N.F.T.A sewer billing	316,239	
Federal aid—prescription drug subsidy	<u>6,000</u>	322,239
Consolidated Garbage Fund:		
Federal aid—prescription drug subsidy	17,000	
Miscellaneous	<u>150,179</u>	167,179
Community Development Fund:		
Community Development Block Grant		474,070
Capital Projects Fund:		
New York State aid	1,089,013	
Due from Erie County	<u>92,869</u>	1,181,882
Other governmental funds		
Town clerk fees and other		615,093

**Loans Receivable**—Loans receivable within the Community Development Fund consist of loans which were made by the Community Development Office of the Town through implementation of the Community Development Block Grant program. The funds received from repayments of such loans will be used towards future Community Development Block Grant expenditures and the related programs implemented through such grant. The balance outstanding at December 31, 2012 is \$6,877,621.

Loans receivable within the General Fund represent special assessments due from certain residents for curbing work. The Town has funded the amounts necessary to perform the work and recorded a corresponding receivable from Town residents. The balance at December 31, 2012 is \$159,520 and is expected to be repaid over the next five years through special assessments on the residents' tax levy.

**Discretely Presented Component Unit**

**Cheektowaga Economic Development Corporation**—Loans receivable of the Town's component unit, the Cheektowaga E.D.C, totaled \$686,423, of which \$555,888 is secured by collateral security mortgages or security interest in specific equipment and assets. Such collateralized notes are term notes payable between 5 and 9 years with interest in the range of 2.6% to 5.0%. A note totaling \$130,535 is unsecured, bears interest at 2% and is payable on demand.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets, not being depreciated:				
Land	\$ 6,781,714	\$ -	\$ -	\$ 6,781,714
Construction in progress	<u>14,817,960</u>	<u>5,337,756</u>	<u>(1,801,519)</u>	<u>18,354,197</u>
Total capital assets, not being depreciated	<u>21,599,674</u>	<u>5,337,756</u>	<u>(1,801,519)</u>	<u>25,135,911</u>
Capital assets, being depreciated:				
Buildings	19,071,135	-	-	19,071,135
Permanent fixtures	10,601,328	2,994,359	-	13,595,687
Machinery and equipment	27,132,460	1,909,709	(523,291)	28,518,878
Infrastructure	<u>67,023,979</u>	<u>5,944,039</u>	<u>-</u>	<u>72,968,018</u>
Total capital assets, being depreciated	<u>123,828,902</u>	<u>10,848,107</u>	<u>(523,291)</u>	<u>134,153,718</u>
Less accumulated depreciation for:				
Buildings	(8,500,206)	(394,539)	-	(8,894,745)
Permanent fixtures	(4,916,646)	(445,046)	-	(5,361,692)
Machinery and equipment	(16,384,996)	(1,628,543)	497,779	(17,515,760)
Infrastructure	<u>(29,494,268)</u>	<u>(2,067,386)</u>	<u>-</u>	<u>(31,561,654)</u>
Total accumulated depreciation	<u>(59,296,116)</u>	<u>(4,535,514)</u>	<u>497,779</u>	<u>(63,333,851)</u>
Total capital assets, being depreciated, net	<u>64,532,786</u>	<u>6,312,593</u>	<u>(25,512)</u>	<u>70,819,867</u>
Governmental activities capital assets, net	<u>\$ 86,132,460</u>	<u>\$ 11,650,349</u>	<u>\$ (1,827,031)</u>	<u>\$ 95,955,778</u>

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

Governmental activities:	
General government support	\$ 436,137
Public safety	377,405
Transportation	1,432,222
Culture and recreation	791,849
Home and community service	<u>1,497,901</u>
Total governmental activities depreciation expense	<u>\$ 4,535,514</u>

The component unit of the Town, the Cheektowaga E.D.C., does not own land, buildings, equipment or infrastructure. Therefore, no amounts are included within its balance sheet.

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds of the Town as of December 31, 2012, were as follows:

	General Fund	Highway Fund	Sewer Fund	Consolidated Garbage Fund	Other Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 2,019,735	\$ 235,834	\$ 84,174	\$ 131,544	\$ 23,524	\$ 2,494,811
Judgments and claims - current	<u>5,652,503</u>	-	-	-	-	<u>5,652,503</u>
Total	<u>\$ 7,672,238</u>	<u>\$ 235,834</u>	<u>\$ 84,174</u>	<u>\$ 131,544</u>	<u>\$ 23,524</u>	<u>\$ 8,147,314</u>

## 6. PENSION PLANS

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

**Funding Policy**—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute three and one-half percent (3.5%) of their annual salary until March 31, 2013, after which the contribution percentage will be based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the New York State Local Retirement System’s fiscal year ending March 31.

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2012	\$3,331,364	\$2,799,248
2011	\$2,914,523	\$2,409,787
2010	2,014,105	2,031,397

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

## 7. 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 through a single-employer plan. Substantially all of the Town’s full-time employees may become eligible for these benefits upon retirement. The value of the employee’s unused compensatory time is used as the basis for the Town’s liability. 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. There were 339 retirees receiving health care benefits at December 31, 2012.

**Funding Policy**—Authorization for the Town to pay retiree health insurance premiums was enacted by through union contracts, which are approved by the Town Board. Retirees that meet the age and years of service requirements are not required to contribute to postretirement healthcare benefits. Additionally, retirees in Management Union groups are not required to contribute to postretirement dental and vision benefits. Spouses receive the same benefits as the retiree. Surviving spouses are permitted to continue coverage at no cost and at the cost of 100% the premium for Management Union groups and non-Management Union groups respectively.

The Town’s annual 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 following table shows 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.

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 12,740,931	\$ 13,908,961
Interest on net OPEB obligation	1,419,101	1,202,441
Adjustment to annual required contribution	<u>(2,051,669)</u>	<u>(1,640,438)</u>
Annual OPEB costs (expense)	12,108,363	13,470,964
Contributions made	<u>(4,960,438)</u>	<u>(4,714,337)</u>
Increase in net OPEB obligation	7,147,925	8,756,627
Net OPEB obligation - beginning of year	<u>35,477,535</u>	<u>26,720,908</u>
Net OPEB obligation - end of year	<u>\$ 42,625,460</u>	<u>\$ 35,477,535</u>

As of January 1, 2012, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$150,408,531.

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, 2012, the Town has had three actuarial valuations performed. Accordingly, information from the study is presented in the Town’s Schedule of Funding Progress and the Schedule of the Town’s Contributions below.

The Town’s Schedule of Funding Progress is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL to Budget Covered Payroll
As of January 1, 2012	\$ -	\$ 150,408,910	\$ 150,408,910	-	\$34,214,531	4.40
As of January 1, 2010	-	145,423,580	145,423,580	-	31,184,968	4.66
As of January 1, 2008	-	128,887,628	128,887,628	-	30,238,917	4.26

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

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage Contributed
2012	\$ 12,108,363	\$ 4,960,438	41.0%
2011	13,908,961	4,714,337	33.9%
2010	12,426,481	4,511,143	36.3%

**Actuarial Methods and Assumptions**—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employee and plan members. The projection of benefits does not incorporate the potential effect of a change in the pattern of cost sharing between the employer and plan members in the future. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date of January 1, 2012 and measurement date of December 31, 2012. The expected investment rate of return on employer’s assets is 4.0%. The rate is based on the projected long-term earning rate of the assets expected to be available to pay benefits. Since the Town does not currently segregate funding for these benefits, the appropriate rate is the expected return on the employer’s assets. The expected inflation rate is 2.75%. The RP-2000 Mortality Table projected to 2020 for males and females is used for mortality rates. The rates of decrement due to disability are assumed to be zero. The assumed rates of increase in health care vary from 4.5% to 8.0% and the administrative fees are assumed to increase at 3.0% per year. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis, therefore the remaining amortization period at December 31, 2012 was twenty-five years.

## 8. RISK MANAGEMENT

**Insurance**—The Town assumes liability for some risk including, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town is self-insured for workers’ compensation and health insurance. The Town purchases insurance coverage for workers’ compensation claims in excess of \$450,000. The Town also retains risk related to general liability. All other risks of loss are covered through the purchase of commercial insurance. There have been no significant reductions in the levels of commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years. The Town currently reports all of its risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonable estimated. These losses include an estimate of claims that have been incurred but not reported.

**Judgments and Claims**—The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town decided to stop carrying commercial workers’ compensation insurance because of its prohibitive cost and began covering all related claim settlements and judgments out of its resources. Current liabilities are accrued within the General Fund. Total claims, judgments and workers’ compensation insurance expenditures of \$5,652,503 were recorded in the General Fund for the year ended December 31, 2012.

At December 31, 2012, the current liability portion of judgments and claims, including workers’ compensation claims, was \$5,652,503. These are considered to be due and payable at December 31, 2012 and are recorded as a portion of accrued liabilities in the General Fund since they are expected to be liquidated with current financial resources. Changes in the reported liability since December 31, 2010 resulted from the following:

Year Ended December 31,	Liability, Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability, End of Year
2012	\$ 3,606,832	\$10,163,150	\$ 8,117,479	\$ 5,652,503
2011	3,621,496	1,694,835	1,709,499	3,606,832

The Town has claims, excluding workers’ compensation claims, in the range of \$113,204 to \$121,204 which are probable of a future loss. The low end of this range has been included in the Town’s accrued liabilities. The Town has claims in the range of \$86,500 to \$452,440 classified as reasonably possible. At December 31, 2012, a portion of the General Fund fund balance was restricted for the purpose of funding the Town’s future liability and casualty claim liabilities, and is included within the Town’s reserve for insurance totaling \$261,272.

**Landfill Postclosure**—The Town is responsible to perform specified operation and maintenance functions at a landfill site for a period of (30) years. In 1993, the landfill was classified for cleanup by the United States Environmental Protection Agency as Superfund site NYD980507495. The site is being addressed in two stages, an interim remedial measure and a long-term remedial action phase focusing on the cleanup of the entire site. The interim remedial measure was completed in 1995. During 2012, costs related to these functions totaled \$75,637. At December 31, 2012, the liability approximates \$2,280,000 which is based on 100% usage of the landfill. The landfill postclosure care liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

## 9. LEASE OBLIGATIONS

*Capital Leases*—The Town entered into a long-term capital lease for certain energy related equipment and machinery. During the year ended December 31, 2007, an amendment to the amended lease agreement totaling \$1,415,780, of which \$387,745 represents imputed interest costs, was entered into. The present value of the amended lease at December 31, 2012 is \$3,509,688. A \$3,509,688 liability has been recorded within the Town’s governmental activities. The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Assets:	
Machinery and equipment	\$ 5,724,738
Less: Accumulated depreciation	<u>(1,653,903)</u>
Total	<u>\$ 4,070,835</u>

Payments on the original lease commenced January 15, 2005 and are due every six months thereafter (payment dates are January 15 and July 15). Total payments range between \$48,820 and \$279,072 with final payment due January 15, 2022. The implicit rate ranges from 2.35% to 5.5%. The obligation under the lease can be summarized as follows:

Year ended December 31,	<u>Governmental Activities</u>
2013	\$ 558,144
2014	558,144
2015	558,144
2016	558,144
2017	558,144
2018-2022	<u>1,425,239</u>
Total minimum lease payments	4,215,959
Less: Amount representing imputed interest costs	<u>(706,271)</u>
Present value of minimum lease payments	<u>\$ 3,509,688</u>

## 10. SHORT-TERM DEBT

Short-term debt of the Town represents bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with the criteria set forth in Accounting Standards Codification 405, *Liabilities*, because legal steps have not been taken to refinance the notes on a long- term basis.

The following is a summary of changes in short-term debt for the year ended December 31, 2012:

	Issue/ Maturity	Interest Rate	Balance 1/1/2012	Issued	Redeemed	Balance 12/31/2012
<b>Capital Projects Fund:</b>						
<b>General Fund:</b>						
Town Maintenance Building	2011/2012	0.41%	\$ 1,620,000	\$ -	\$ 1,620,000	\$ -
Town Maintenance Building	2012/2013	0.30%	-	1,535,000	-	1,535,000
Police & Court Building	2011/2012	0.41%	13,600,000	-	13,600,000	-
Police & Court Building	2012/2013	0.30%	-	14,835,000	-	14,835,000
<b>Highway Fund:</b>						
Highway Repaving Work	2011/2012	0.41%	1,300,000	-	1,300,000	-
Highway Repaving Work	2012/2013	0.30%	-	1,240,000	-	1,240,000
Sidewalks	2011/2012	0.41%	200,000	-	200,000	-
Sidewalks	2012/2013	0.30%	-	390,000	-	390,000
<b>Special Districts:</b>						
Highway Drainage Work	2011/2012	0.41%	3,705,000	-	3,705,000	-
Highway Drainage Work	2012/2013	0.30%	-	5,670,000	-	5,670,000
Dingens Road Drainage Work	2011/2012	0.41%	955,000	-	955,000	-
Dingens Road Drainage Work	2012/2013	0.30%	-	905,000	-	905,000
Drainage District Drainage Work	2012/2013	0.30%	-	900,000	-	900,000
Total			<u>\$ 21,380,000</u>	<u>\$ 25,475,000</u>	<u>\$ 21,380,000</u>	<u>\$ 25,475,000</u>

## 11. INDEBTEDNESS

A summary of the Town's serial bonds follows:

	Original Issue Amount	Year Issued - Maturity	Interest Rate	Principal Outstanding 1/1/2012	Issued	Redeemed	Principal Outstanding 12/31/2012
<b>General Fund</b>							
Refunding serial bonds	\$ 2,487,855	2003-2014	2.00-3.75	\$ 578,200	\$ -	\$ 216,600	\$ 361,600
Recreational park improvements	500,000	2005-2020	3.75-3.80	324,500	-	33,500	291,000
Various park improvements	200,000	2005-2015	3.75-3.80	92,000	-	20,000	72,000
Pedestrian bridge demolition	50,000	2005-2015	3.75-3.80	23,000	-	5,000	18,000
General Fund refunding bonds	1,978,055	2010-2016	2.25-4.00	<u>1,556,579</u>	<u>-</u>	<u>430,510</u>	<u>1,126,069</u>
				<u>2,574,279</u>	<u>-</u>	<u>705,610</u>	<u>1,868,669</u>
<b>Highway Fund</b>							
Refunding serial bonds	192,826	2003-2013	2.00-3.63	9,200	-	4,600	4,600
Road reconstruction/resurfacing	2,000,000	2005-2020	3.75-3.80	1,297,400	-	134,300	1,163,100
Sidewalk/highway drainage	500,000	2005-2020	3.75-3.80	324,500	-	33,400	291,100
Highway equipment	3,500,000	2006-2016	3.88-4.00	1,900,000	-	350,000	1,550,000
Highway Fund refunding bonds	1,973,953	2010-2016	2.25-4.00	<u>1,492,840</u>	<u>-</u>	<u>483,676</u>	<u>1,009,164</u>
				<u>5,023,940</u>	<u>-</u>	<u>1,005,976</u>	<u>4,017,964</u>

	Original Issue Amount	Year Issued - Maturity	Interest Rate	Principal Outstanding 1/1/2012	Issued	Redeemed	Principal Outstanding 12/31/2012
<b>Special Districts</b>							
Refunding Serial Bonds - Sewer	\$ 39,789	2003-2013	2.00-3.63	8,600	-	4,300	4,300
Refunding Serial Bonds - Drainage	19,813	2003-2013	2.00-3.63	4,200	-	2,100	2,100
Refunding Serial Bonds - Garbage	209,717	2003-2013	2.00-3.63	44,800	-	22,400	22,400
Alpine Sewer EFC Bond	752,825	2004-2034	1.20-5.15	580,000	-	25,000	555,000
Anderson road drainage	1,100,000	2005-2020	3.75-3.80	713,600	-	73,800	639,800
Sewer Fund refunding bonds	357,782	2010-2016	2.25-4.00	281,356	-	75,590	205,766
Drainage Fund refunding bonds	200,210	2010-2014	2.25-4.00	149,225	-	50,224	99,001
				<u>1,781,781</u>	<u>-</u>	<u>253,414</u>	<u>1,528,367</u>
<b>Grand Total</b>				<u>\$ 9,380,000</u>	<u>\$ -</u>	<u>\$ 1,965,000</u>	<u>\$ 7,415,000</u>

**Prior Years' Advanced Refunding**—The Town issued \$4,510,000 in Refunding Serial Bonds, which collectively refund the previously issued Various Purpose Serial - 1997, Public Improvement Bonds - 1999 and Public Improvement Bonds - 2001 bonds. The total net proceeds were used to purchase non-callable, direct obligations of the United States of America, with the remaining cash proceeds from the sale of the bonds, and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the previously issued Various Purpose Serial - 1997, Public Improvement Bonds - 1999 and Public Improvement Bonds - 2001 bonds are considered fully defeased and the liability of those bonds, now equal to \$2,450,000, has been removed from the financial statements.

Additionally, in prior years, the Town advanced refunded \$2,750,000 of serial bonds that were originally issued in 1993 and 1994 for various purposes. The bond proceeds were placed in an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the 1993 and 1994 Bonds. As a result, the 1993 and 1994 Bonds were considered to be defeased, and the December 31, 2012 financial statements do not reflect the obligation, now equal to \$400,000.

**Judgments, Claims and Landfill Obligation**—As discussed in Note 8, the Town is responsible to perform specified operation and maintenance functions at a landfill site for a period of thirty (30) years. At December 31, 2012, the related postclosure liability approximates \$2,280,000. Other estimated claims and judgments amounted to \$5,652,503 at December 31, 2012 and are considered current, therefore have been included as accrued liabilities within the General Fund. See Note 5.

**Compensated Absences**—As explained in Note 1, the Town records the value of compensated absences. The annual budgets of the General, Highway, Sewer and Consolidated Garbage funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2012, for governmental activities is \$12,229,251. This amount has been recorded as a non-current liability due within more than one year since payment of compensated absences are dependent upon many factors, therefore, timing of future payments is not readily determinable.

**OPEB Obligation**—As explained in Note 7, the Town provides health insurance coverage for retirees. The Town's annual postemployment benefit ("OPEB") cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The estimated long-term OPEB liability is estimated to be \$42,625,460 at December 31, 2012. Typically, the Town's General, Consolidated Garbage, Sewer, Highway and Town Outside Village funds have been responsible for the contributions made to the OPEB liability.

Remaining annual maturities of long-term debt, by debt type follows:

Year	Serial Bonds Principal	Capital Lease	Landfill Obligation	Compensated Absences	OPEB Obligation	Total
2013	\$ 1,655,000	\$ 398,269	\$ 120,000	\$ 920,000	\$ -	\$ 3,093,269
2014	1,590,000	417,184	-	-	-	2,007,184
2015	1,225,000	436,997	-	-	-	1,661,997
2016	1,215,000	457,752	-	-	-	1,672,752
2017	325,000	479,491	-	-	-	804,491
2018-2022	1,100,000	1,319,995	-	-	-	2,419,995
2023-2027	125,000	-	-	-	-	125,000
2028-2032	125,000	-	-	-	-	125,000
2033-2035	55,000	-	-	-	-	55,000
Various	-	-	2,160,000	11,309,251	42,625,460	56,094,711
Total	<u>\$ 7,415,000</u>	<u>\$ 3,509,688</u>	<u>\$ 2,280,000</u>	<u>\$ 12,229,251</u>	<u>\$ 42,625,460</u>	<u>\$ 68,059,399</u>

Interest requirements on serial bond payable are as follows:

Year	Serial Bonds
	Interest
2013	\$ 255,742
2014	196,675
2015	143,469
2016	104,479
2017	67,259
2018-2022	166,713
2023-2027	62,039
2028-2032	30,248
2033-2035	2,962
Total	<u>\$ 1,029,586</u>

**Summary of Changes in Long-Term Debt**—The following is a summary of changes in long-term debt for the year ended December 31, 2012:

	Balance	Additions	Deletions	Balance	Due Within
	1/1/2012		and Changes in Estimate	12/31/2012	One Year
Serial bonds	\$ 9,380,000	\$ -	\$ 1,965,000	\$ 7,415,000	\$ 1,655,000
Capital leases	3,889,900	-	380,212	3,509,688	398,269
Landfill obligation	3,000,000	-	720,000	2,280,000	120,000
Compensated absences	11,107,272	1,812,449	690,470	12,229,251	920,000
OPEB obligation	35,477,535	12,108,363	4,960,438	42,625,460	-
	<u>\$ 62,854,707</u>	<u>\$ 13,920,812</u>	<u>\$ 8,716,120</u>	<u>\$ 68,059,399</u>	<u>\$ 3,093,269</u>

## 12. NET POSITION AND FUND BALANCE

The government wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Capital assets, net of accumulated depreciation		\$ 95,955,778
Related debt:		
Serial bonds issued	(7,415,000)	
Unspent proceeds from serial bonds	149,617	
Bond anticipation notes issued for capital assets	(25,475,000)	
Unspent proceeds from bond anticipation notes	<u>2,102,529</u>	
Debt issued for capital assets		(30,637,854)
Unamortized bond issue premium		(94,559)
Capital leases		<u>(3,509,688)</u>
Net investment in capital assets		<u>\$ 61,713,677</u>

- **Restricted**—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. The Town has \$1,985,934 of net position restricted for debt service, \$261,272 restricted for insurance and \$2,252,146 restricted for capital projects at December 31, 2012.
- **Unrestricted**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2012 include:

- **Prepaid Items**— Represents amounts prepaid to New York State retirement and vendors that are applicable to future accounting periods. The Town had \$1,559,850 of prepaid items at December 31, 2012.

In the fund financial statements, restricted fund balances have external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation. Restrictions of the Town at December 31, 2012 include:

- **Restricted for Insurance**—Represents reserve established within the General Fund in accordance with section 6-n of the General Municipal Law and will be used to pay claims, actions or judgments against the Town that results from personal injuries or property damage; to pay self-insured workers' compensation claims and expenses in excess of claims and expenses paid from current appropriations; and to pay non-insured unemployment losses. At December 31, 2012, the Town had \$261,272 restricted for insurance.

- **Restricted for Debt Service**—Represents amounts (\$1,985,934) restricted for the reduction of future debt service requirements.
- **Restricted for Capital Projects**—Represents amounts (\$2,252,146) restricted for capital project expenditures.

In the fund financial statements, committed fund balances are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town’s highest level of decision-making authority is the Town Board. As of December 31, 2012, the Town has no committed fund balance.

In the fund financial statements, assigned amounts are subject to a purpose constraint that represents an intended use established by the Town Board, or by their designated body or official (Supervisor). The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2012, the following balances were considered to be assigned:

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2012, the Town reported the following significant encumbrances:

Purpose	Amount
General Fund — Recreation equipment	\$ 63,850
General Fund — Recreation equipment	50,040
Highway Fund — Equipment	312,848
Highway Fund — Equipment	55,000

- **Assigned for Capital Projects**—Represents funds to be used for the construction of various capital projects.
- **Assigned for Equipment**—Represents funds to be used for the purchase of various equipment.
- **Assigned for Pollution Remediation**—Represents funds to be used to assist in future obligations relating to pollution remediation.
- **Assigned for Building Demolition**—Represents funds to be used for the demolition of a Town building.
- **Assigned to Subsequent Year’s Expenditures**—Represents funds to be used to assist in supporting the subsequent year authorized appropriations.
- **Assigned for Specific Use**—Represents remaining fund balance of special revenue funds to be used for each fund’s specific use.

A summary of assigned fund balance by governmental fund follows:

Fund	Assigned for							Total Assigned
	Encumbrances	Capital Projects	Equipment	Pollution Remediation	Building Demolition	Subsequent Year's Expenditures	Specific Use	
General	\$ 291,229	\$ 4,254,000	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 8,545,229
Highway	487,176	60,000	1,200,000	-	-	900,000	3,626,146	6,273,322
Sewer	119,539	134,500	-	2,700,000	-	605,551	2,044,444	5,604,034
Consolidated Garbage	-	1,300,000	-	-	-	600,000	1,403,018	3,303,018
Community Development	-	-	-	-	-	-	184,730	184,730
Special Purpose	-	-	-	-	-	-	473,262	473,262
Town Outside Village	-	30,000	-	-	108,754	225,000	1,969,817	2,333,571
Lighting District	10,481	-	-	-	-	282,406	1,027,633	1,320,520
Master Drainage	24,637	-	-	-	-	54,493	567,537	646,667
Water Hydrant	-	-	-	-	-	24,527	331,190	355,717
<b>Total</b>	<b>\$ 933,062</b>	<b>\$ 5,778,500</b>	<b>\$ 1,200,000</b>	<b>\$ 2,700,000</b>	<b>\$ 108,754</b>	<b>\$ 6,691,977</b>	<b>\$ 11,627,777</b>	<b>\$ 29,040,070</b>

The Town's policy is to expend fund balances in the following order: non-spendable fund balance (if available), restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance.

### 13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables of the Town at December 31, 2012 consisted of the following:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 1,859,732	\$ 542,448
Highway Fund	118,640	744,318
Sewer Fund	17,121	302,698
Garbage Fund	26,877	457,024
Community Development Fund	-	410,699
Capital Projects Fund	715,414	90,118
Other governmental funds	12,101	202,580
<b>Total governmental funds</b>	<b>\$ 2,749,885</b>	<b>\$ 2,749,885</b>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances.

The Town made the following transfers during 2012:

Transfer out:	Transfer in:			
	Governmental activities			
	General Fund	Capital Projects	Other Governmental	Total
General Fund	\$ -	\$ 1,820,000	\$ 1,471,094	\$ 3,291,094
Highway Fund	906,100	188,218	1,423,866	2,518,184
Sewer Fund	630,698	1,000,000	77,749	1,708,447
Consolidated Garbage Fund	870,024	-	-	870,024
Capital Projects Fund	-	-	5,211	5,211
Other governmental funds	175,561	799,367	799,327	1,774,255
<b>Total governmental activities</b>	<b>\$ 2,582,383</b>	<b>\$ 3,807,585</b>	<b>\$ 3,777,247</b>	<b>\$ 10,167,215</b>

Transfers are used primarily to move revenues from the fund responsible for paying debt to the debt service fund as debt service principal and interest become due and to move various fund revenues that the Town must account for in other funds in accordance with budgetary authorizations. Additionally, transfers from certain funds are used to finance various capital projects within the Capital Projects Fund.

#### 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 during the year ended December 31, 2012:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
<b>ASSETS</b>				
Cash	\$ 429,842	\$ 18,646,980	\$ (18,804,647)	\$ 272,175
Accounts receivable	68	29,342	(68)	29,342
Due from other funds	-	3,283	(3,283)	-
Due from other governments	743	490	(743)	490
Total assets	<u>\$ 430,653</u>	<u>\$ 18,680,095</u>	<u>\$ (18,808,741)</u>	<u>\$ 302,007</u>
<b>LIABILITIES</b>				
Amounts held in custody for others	\$ 246,890	\$ 18,398,648	\$ (18,345,632)	\$ 299,906
Due to other funds	182,041	279,346	(461,387)	-
Due to other governments	1,722	2,101	(1,722)	2,101
Total liabilities	<u>\$ 430,653</u>	<u>\$ 18,680,095</u>	<u>\$ (18,808,741)</u>	<u>\$ 302,007</u>

#### 15. LABOR CONTRACTS AND CONTINGENCIES

**Labor Relations**—Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. The Police Club, Public Safety Dispatchers Association and the Captains and Lieutenants have unsettled contracts and are in negotiations as of December 31, 2012. The Supervisory Unit has a contract negotiated through December 31, 2012 and the Employees' Association has a contract negotiated through December 31, 2013.

**Assessments**—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case-by-case basis, and is dependent upon many factors including market values and appraised amounts. Current assessment challenges request relief of \$6,090,428. However, the potential loss cannot be estimated. Management believes that the level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

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

***Pollution Remediation Obligations***—On January 31, 2008, the Town was issued a consent order by the New York State Department of Environmental Conservation. As part of the consent order the Town has submitted a plan for the abatement of the overflow of sanitary sewer discharge prior January 31, 2010. As of the date of this report, the Town has not received a response to its plan for the abatement of the overflow of sanitary sewer discharge. As of December 31, 2012 the Town is unable to determine the range or the likelihood of any potential liability as a result of the consent order.

***Other***—The Town is 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.

## **16. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 19, 2013, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES



# FINANCIAL STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

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

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

- **Lighting District Fund**—accounts for lighting services provided to areas within the Town
- **Master Drainage Fund**—accounts for the maintenance of the Town's street drainage system
- **Water Hydrant District Fund**—accounts for maintaining the fire hydrants throughout the Town

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



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**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2012**

	<u>Special Revenue</u>			<u>Total Special Revenue</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>			
<b>ASSETS</b>						
Cash	\$ 475,032	\$ 2,048,688	\$ 2,586,196	\$ 5,109,916	\$ -	\$ 5,109,916
Restricted cash	-	-	-	-	1,980,921	1,980,921
Accounts receivable	-	-	1,603	1,603	-	1,603
Due from other funds	-	7,088	-	7,088	5,013	12,101
Due from other governments	-	615,093	-	615,093	-	615,093
Prepaid items	-	45,342	-	45,342	-	45,342
Total assets	<u>\$ 475,032</u>	<u>\$ 2,716,211</u>	<u>\$ 2,587,799</u>	<u>\$ 5,779,042</u>	<u>\$ 1,985,934</u>	<u>\$ 7,764,976</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,118	\$ 110,046	\$ 238,495	\$ 349,659	\$ -	\$ 349,659
Accrued liabilities	-	23,524	-	23,524	-	23,524
Due to other funds	652	201,928	-	202,580	-	202,580
Due to other governments	-	1,800	26,400	28,200	-	28,200
Total liabilities	<u>1,770</u>	<u>337,298</u>	<u>264,895</u>	<u>603,963</u>	<u>-</u>	<u>603,963</u>
<b>FUND BALANCES</b>						
Nonspendable - prepaid items	-	45,342	-	45,342	-	45,342
Restricted for debt service	-	-	-	-	1,985,934	1,985,934
Assigned for:						
Encumbrances	-	-	35,118	35,118	-	35,118
Building demolition	-	108,754	-	108,754	-	108,754
Capital projects	-	30,000	-	30,000	-	30,000
Subsequent years' expenditures, reported in nonmajor:						
Town outside village fund	-	225,000	-	225,000	-	225,000
Lighting district fund	-	-	282,406	282,406	-	282,406
Master drainage fund	-	-	54,493	54,493	-	54,493
Water hydrant fund	-	-	24,527	24,527	-	24,527
Specific use:						
Special purpose fund	473,262	-	-	473,262	-	473,262
Town outside village fund	-	1,969,817	-	1,969,817	-	1,969,817
Lighting district fund	-	-	1,027,633	1,027,633	-	1,027,633
Master drainage fund	-	-	567,537	567,537	-	567,537
Water hydrant fund	-	-	331,190	331,190	-	331,190
Total fund balances	<u>473,262</u>	<u>2,378,913</u>	<u>2,322,904</u>	<u>5,175,079</u>	<u>1,985,934</u>	<u>7,161,013</u>
Total liabilities and fund balances	<u>\$ 475,032</u>	<u>\$ 2,716,211</u>	<u>\$ 2,587,799</u>	<u>\$ 5,779,042</u>	<u>\$ 1,985,934</u>	<u>\$ 7,764,976</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year ended December 31, 2012**

	<u>Special Revenue</u>				<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>	<u>Total Special Revenue</u>		
<b>REVENUES</b>						
Real property taxes	\$ -	\$ -	\$ 3,526,005	\$ 3,526,005	\$ -	\$ 3,526,005
Other property tax items	-	-	4,716	4,716	-	4,716
Non property tax items	-	1,401,490	-	1,401,490	-	1,401,490
Use of money and property	1,393	5,747	9,484	16,624	180,963	197,587
Licenses and permits	-	585,188	-	585,188	-	585,188
Sale of property and compensation for	-	-	-	-	-	-
Miscellaneous	97,866	23	6,031	103,920	-	103,920
State aid	-	-	-	-	-	-
Federal aid	-	700	-	700	-	700
Total revenues	<u>99,259</u>	<u>1,993,148</u>	<u>3,546,236</u>	<u>5,638,643</u>	<u>180,963</u>	<u>5,819,606</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	1,079,908	-	1,079,908	-	1,079,908
Culture and recreation	423,324	-	-	423,324	-	423,324
Home and community services	6,071	42,437	2,772,100	2,820,608	-	2,820,608
Employee benefits	-	499,155	178,617	677,772	-	677,772
Debt service:						
Principal—serial bonds	-	-	-	-	1,965,000	1,965,000
Principal—capital leases	-	-	-	-	380,212	380,212
Interest	-	-	-	-	697,023	697,023
Total expenditures	<u>429,395</u>	<u>1,621,500</u>	<u>2,950,717</u>	<u>5,001,612</u>	<u>3,042,235</u>	<u>8,043,847</u>
Excess (deficiency) of revenues over expenditures	<u>(330,136)</u>	<u>371,648</u>	<u>595,519</u>	<u>637,031</u>	<u>(2,861,272)</u>	<u>(2,224,241)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	3,777,247	3,777,247
Transfers out	-	(244,928)	(554,023)	(798,951)	(975,304)	(1,774,255)
Total other financing sources (uses)	<u>-</u>	<u>(244,928)</u>	<u>(554,023)</u>	<u>(798,951)</u>	<u>2,801,943</u>	<u>2,002,992</u>
Net change in fund balances	(330,136)	126,720	41,496	(161,920)	(59,329)	(221,249)
Fund balances—beginning	<u>803,398</u>	<u>2,252,193</u>	<u>2,281,408</u>	<u>5,336,999</u>	<u>2,045,263</u>	<u>7,382,262</u>
Fund balances—ending	<u>\$ 473,262</u>	<u>\$ 2,378,913</u>	<u>\$ 2,322,904</u>	<u>\$ 5,175,079</u>	<u>\$ 1,985,934</u>	<u>\$ 7,161,013</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Town Outside Village Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Non-property taxes	\$ 1,401,490	\$ 1,401,490	\$ 1,401,490	\$ -
Use of money and property	6,000	6,000	5,747	(253)
Licenses and permits	400,000	428,672	585,188	156,516
Miscellaneous	-	-	23	23
Federal aid	500	500	700	200
Total revenues	<u>1,807,990</u>	<u>1,836,662</u>	<u>1,993,148</u>	<u>156,486</u>
<b>EXPENDITURES</b>				
Public safety	1,092,673	1,084,256	1,079,908	4,348
Home and community services	43,437	43,437	42,437	1,000
Employee benefits	753,880	658,408	499,155	159,253
Total expenditures	<u>1,889,990</u>	<u>1,786,101</u>	<u>1,621,500</u>	<u>164,601</u>
Excess (deficiency) of revenues over expenditures	<u>(82,000)</u>	<u>50,561</u>	<u>371,648</u>	<u>321,087</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(43,000)</u>	<u>(314,297)</u>	<u>(244,928)</u>	<u>69,369</u>
Total other financing uses	<u>(43,000)</u>	<u>(314,297)</u>	<u>(244,928)</u>	<u>69,369</u>
Net change in fund balance*	(125,000)	(263,736)	126,720	390,456
Fund balance—beginning	<u>2,252,193</u>	<u>2,252,193</u>	<u>2,252,193</u>	<u>-</u>
Fund balance—ending	<u>\$ 2,127,193</u>	<u>\$ 1,988,457</u>	<u>\$ 2,378,913</u>	<u>\$ 390,456</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Debt Service Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Use of money and property	\$ 10,000	\$ 10,000	\$ 180,963	\$ 170,963
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>180,963</u>	<u>170,963</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal—serial bonds	3,064,238	3,064,238	1,965,000	1,099,238
Principal—capital leases	380,212	380,212	380,212	-
Interest	<u>1,942,000</u>	<u>1,942,000</u>	<u>697,023</u>	<u>1,244,977</u>
Total expenditures	<u>5,386,450</u>	<u>5,386,450</u>	<u>3,042,235</u>	<u>2,344,215</u>
Excess (deficiency) of revenues over expenditures	<u>(5,376,450)</u>	<u>(5,376,450)</u>	<u>(2,861,272)</u>	<u>2,515,178</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,658,150	5,658,150	3,777,247	(1,880,903)
Transfers out	<u>(281,700)</u>	<u>(281,700)</u>	<u>(975,304)</u>	<u>693,604</u>
Total other financing sources (uses)	<u>5,376,450</u>	<u>5,376,450</u>	<u>2,801,943</u>	<u>(1,187,299)</u>
Net change in fund balance	-	-	(59,329)	1,327,879
Fund balance—beginning	<u>2,045,263</u>	<u>2,045,263</u>	<u>2,045,263</u>	-
Fund balance—ending	<u>\$ 2,045,263</u>	<u>\$ 2,045,263</u>	<u>\$ 1,985,934</u>	<u>\$ 1,327,879</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Combining Balance Sheet—Nonmajor Special District Funds**  
**December 31, 2012**

	<u>Lighting District</u>	<u>Master Drainage</u>	<u>Water Hydrant</u>	<u>Total Nonmajor Special Districts</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,479,346	\$ 726,336	\$ 380,514	\$ 2,586,196
Accounts receivable	-	-	1,603	1,603
Total assets	<u>\$ 1,479,346</u>	<u>\$ 726,336</u>	<u>\$ 382,117</u>	<u>\$ 2,587,799</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 158,826	\$ 79,669	\$ -	\$ 238,495
Due to other governments	-	-	26,400	26,400
Total liabilities	<u>158,826</u>	<u>79,669</u>	<u>26,400</u>	<u>264,895</u>
<b>FUND BALANCES</b>				
Assigned:				
Encumbrances	10,481	24,637	-	35,118
Subsequent year's expenditures, reported in nonmajor:				
Lighting district fund	282,406	-	-	282,406
Master drainage fund	-	54,493	-	54,493
Water hydrant fund	-	-	24,527	24,527
Specific uses, reported in nonmajor:				
Lighting district fund	1,027,633	-	-	1,027,633
Master drainage fund	-	567,537	-	567,537
Water hydrant fund	-	-	331,190	331,190
Total fund balances	<u>1,320,520</u>	<u>646,667</u>	<u>355,717</u>	<u>2,322,904</u>
Total liabilities and fund balances	<u>\$ 1,479,346</u>	<u>\$ 726,336</u>	<u>\$ 382,117</u>	<u>\$ 2,587,799</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Nonmajor Special District Funds**  
**For the Year Ended December 31, 2012**

	<u>Lighting District</u>	<u>Master Drainage</u>	<u>Water Hydrant</u>	<u>Total Nonmajor Special Districts</u>
<b>REVENUES</b>				
Real property taxes	\$ 2,399,850	\$ 710,762	\$ 415,393	\$ 3,526,005
Other property tax items	4,716	-	-	4,716
Use of money and property	5,671	2,353	1,460	9,484
Miscellaneous	6,031	-	-	6,031
Total revenues	<u>2,416,268</u>	<u>713,115</u>	<u>416,853</u>	<u>3,546,236</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	2,026,146	326,413	419,541	2,772,100
Employee benefits	<u>80,859</u>	<u>55,005</u>	<u>42,753</u>	<u>178,617</u>
Total expenditures	<u>2,107,005</u>	<u>381,418</u>	<u>462,294</u>	<u>2,950,717</u>
Excess (deficiency) of revenues over expenditures	<u>309,263</u>	<u>331,697</u>	<u>(45,441)</u>	<u>595,519</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(351,088)</u>	<u>(202,935)</u>	<u>-</u>	<u>(554,023)</u>
Total other financing uses	<u>(351,088)</u>	<u>(202,935)</u>	<u>-</u>	<u>(554,023)</u>
Net change in fund balances	(41,825)	128,762	(45,441)	41,496
Fund balances—beginning	<u>1,362,345</u>	<u>517,905</u>	<u>401,158</u>	<u>2,281,408</u>
Fund balances—ending	<u>\$ 1,320,520</u>	<u>\$ 646,667</u>	<u>\$ 355,717</u>	<u>\$ 2,322,904</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Lighting District Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 2,399,850	\$ 2,399,850	\$ 2,399,850	\$ -
Other tax items	4,000	4,000	4,716	716
Use of money and property	6,000	6,000	5,671	(329)
Total revenues	<u>2,409,850</u>	<u>2,409,850</u>	<u>2,416,268</u>	<u>6,418</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	2,260,097	2,260,097	2,026,146	233,951
Employee benefits	80,859	80,859	80,859	-
Total expenditures	<u>2,340,956</u>	<u>2,340,956</u>	<u>2,107,005</u>	<u>233,951</u>
Excess of revenues over expenditures	<u>68,894</u>	<u>68,894</u>	<u>309,263</u>	<u>240,369</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(351,300)</u>	<u>(351,300)</u>	<u>(351,088)</u>	<u>212</u>
Total other financing uses	<u>(351,300)</u>	<u>(351,300)</u>	<u>(351,088)</u>	<u>212</u>
Net change in fund balance*	(282,406)	(282,406)	(41,825)	240,581
Fund balance—beginning	<u>1,362,345</u>	<u>1,362,345</u>	<u>1,362,345</u>	<u>-</u>
Fund balance—ending	<u>\$ 1,079,939</u>	<u>\$ 1,079,939</u>	<u>\$ 1,320,520</u>	<u>\$ 240,581</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Master Drainage Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 710,762	\$ 710,762	\$ 710,762	\$ -
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>2,353</u>	<u>(2,647)</u>
Total revenues	<u>715,762</u>	<u>715,762</u>	<u>713,115</u>	<u>(2,647)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	364,648	364,648	326,413	38,235
Employee benefits	<u>55,005</u>	<u>55,005</u>	<u>55,005</u>	<u>-</u>
Total expenditures	<u>419,653</u>	<u>419,653</u>	<u>381,418</u>	<u>38,235</u>
Excess of revenue over expenditures	<u>296,109</u>	<u>296,109</u>	<u>331,697</u>	<u>35,588</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(316,000)</u>	<u>(316,000)</u>	<u>(202,935)</u>	<u>113,065</u>
Total other financing uses	<u>(316,000)</u>	<u>(316,000)</u>	<u>(202,935)</u>	<u>113,065</u>
Net change in fund balance*	(19,891)	(19,891)	128,762	148,653
Fund balance—beginning	<u>517,905</u>	<u>517,905</u>	<u>517,905</u>	<u>-</u>
Fund balance—ending	<u>\$ 498,014</u>	<u>\$ 498,014</u>	<u>\$ 646,667</u>	<u>\$ 148,653</u>

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

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Water Hydrant District Fund**  
**For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Real property taxes	\$ 415,393	\$ 415,393	\$ 415,393	\$ -
Use of money and property	<u>1,850</u>	<u>1,850</u>	<u>1,460</u>	<u>(390)</u>
Total revenues	<u>417,243</u>	<u>417,243</u>	<u>416,853</u>	<u>(390)</u>
<b>EXPENDITURES</b>				
Current:				
Home and community services	427,514	427,514	419,541	7,973
Employee benefits	<u>42,753</u>	<u>42,753</u>	<u>42,753</u>	<u>-</u>
Total expenditures	<u>470,267</u>	<u>470,267</u>	<u>462,294</u>	<u>7,973</u>
Excess (deficiency) of revenues over expenditures	<u>(53,024)</u>	<u>(53,024)</u>	<u>(45,441)</u>	<u>7,583</u>
Net change in fund balance*	(53,024)	(53,024)	(45,441)	7,583
Fund balance—beginning	<u>401,158</u>	<u>401,158</u>	<u>401,158</u>	<u>-</u>
Fund balance—ending	<u>\$ 348,134</u>	<u>\$ 348,134</u>	<u>\$ 355,717</u>	<u>\$ 7,583</u>

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

# STATISTICAL SECTION

## (UNAUDITED)

This part of the Town of Cheektowaga’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

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<i>These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	70
<i>These schedules contain information to help the reader assess the Town’s most significant revenue source, real property taxes.</i>	
Debt Capacity .....	75
<i>These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	79
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.</i>	
Operating Information.....	81
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town’s provides and the activities it performs.</i>	



**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule I—Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
Net investment in capital assets	\$ 28,471,005	\$ 34,188,940	\$ 37,337,793	\$ 37,296,021	\$ 39,713,401	\$ 44,105,979	\$ 49,718,794	\$ 53,004,308	\$ 57,296,433	\$ 61,713,677
Restricted for:										
Capital projects	3,255,013	2,458,889	1,589,362	3,645,587	9,656,051	7,377,925	2,557,288	-	-	2,252,146
Insurance	1,331,186	-	-	-	-	-	-	-	1,653,598	261,272
Debt service	2,063,930	1,771,815	1,573,110	1,765,817	1,973,591	1,878,492	2,203,633	2,136,124	2,045,263	1,985,934
Unrestricted	<u>7,151,704</u>	<u>6,337,851</u>	<u>8,132,509</u>	<u>13,578,706</u>	<u>16,132,830</u>	<u>12,292,565</u>	<u>6,296,685</u>	<u>785,009</u>	<u>(6,570,885)</u>	<u>(18,098,551)</u>
Total net position	<u>\$ 42,272,838</u>	<u>\$ 44,757,495</u>	<u>\$ 48,632,774</u>	<u>\$ 56,286,131</u>	<u>\$ 67,475,873</u>	<u>\$ 65,654,961</u>	<u>\$ 60,776,400</u>	<u>\$ 55,925,441</u>	<u>\$ 54,424,409</u>	<u>\$ 48,114,478</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule II—Changes in Net Position**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>										
<b>Primary government:</b>										
Governmental activities:										
General government support	\$ 7,563,045	\$ 8,284,691	\$10,602,516	\$11,385,557	\$10,938,414	\$13,027,629	\$14,510,433	\$15,065,695	\$11,638,466	\$ 14,386,681
Public safety	17,161,790	17,877,314	17,581,780	18,875,076	19,591,559	22,281,698	22,556,169	23,838,771	25,901,940	25,295,847
Transportation	7,062,347	7,011,438	7,340,730	8,176,985	8,050,558	9,943,422	9,756,559	12,062,694	11,561,944	12,318,808
Economic assistance and opportunity	180,958	300,250	478,859	128,654	91,857	19,357	10,195	11,785	15,631	13,285
Culture and recreation	4,426,269	5,778,707	6,505,853	6,189,631	6,620,004	7,752,472	7,627,522	7,693,325	7,880,239	6,267,114
Home and community services	20,816,795	22,642,493	23,912,592	24,895,311	24,236,075	27,930,245	29,351,877	27,716,827	28,864,364	31,490,859
Interest and other fiscal charges	1,147,281	874,402	1,109,186	1,101,761	1,011,310	929,359	816,656	781,244	729,470	787,445
Total primary government expenses	<u>58,358,485</u>	<u>62,769,295</u>	<u>67,531,516</u>	<u>70,752,975</u>	<u>70,539,777</u>	<u>81,884,182</u>	<u>84,629,411</u>	<u>87,170,341</u>	<u>86,592,054</u>	<u>90,560,039</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services										
General government support	569,124	863,780	747,489	994,291	1,227,014	1,024,606	822,872	802,947	913,453	910,089
Public safety	1,028,281	977,525	984,628	1,045,540	996,778	1,188,428	1,208,078	1,385,466	1,158,002	1,124,592
Transportation	269,488	93,721	220,729	220,735	233,215	247,247	262,487	269,481	283,146	297,883
Culture and recreation	874,935	860,963	773,202	776,988	861,565	854,491	978,785	996,153	997,030	963,711
Home and community services	586,018	629,361	640,846	630,616	653,301	786,021	661,673	525,887	509,073	615,589
Operating grants and contributions	2,181,365	2,106,008	2,206,012	4,034,307	3,500,662	2,012,129	2,610,887	2,890,335	2,489,086	2,072,168
Capital grants and contributions	1,016,888	471,302	157,391	266,068	239,629	1,508,796	597,923	1,009,851	1,510,051	961,167
Total primary government program revenues	<u>6,526,099</u>	<u>6,002,660</u>	<u>5,730,297</u>	<u>7,968,545</u>	<u>7,712,164</u>	<u>7,621,718</u>	<u>7,142,705</u>	<u>7,880,120</u>	<u>7,859,841</u>	<u>6,945,199</u>
Primary government net expense	<u>(51,832,386)</u>	<u>(56,766,635)</u>	<u>(61,801,219)</u>	<u>(62,784,430)</u>	<u>(62,827,613)</u>	<u>(74,262,464)</u>	<u>(77,486,706)</u>	<u>(79,290,221)</u>	<u>(78,732,213)</u>	<u>(83,614,840)</u>
<b>General revenues:</b>										
Property taxes	44,209,093	47,987,384	53,490,022	56,970,684	58,918,404	58,043,796	60,190,287	62,528,924	64,571,903	64,852,392
Non-property tax items	7,949,661	7,803,930	8,009,665	8,116,246	8,847,816	9,212,331	8,910,845	9,108,489	9,383,152	9,741,760
Interest earnings	662,303	680,280	1,451,909	2,594,403	2,940,211	1,844,834	818,404	453,969	387,965	406,892
Sale of property and compensation for loss	-	-	-	85,464	92,613	253,439	278,876	132,762	251,296	148,661
Miscellaneous	378,209	406,335	298,775	467,229	433,909	806,827	562,956	489,469	996,379	425,029
Unrestricted State aid	2,224,235	2,373,363	2,426,127	2,203,761	2,784,402	2,280,325	1,846,777	1,725,649	1,640,486	1,730,175
Total general revenues	<u>55,423,501</u>	<u>59,251,292</u>	<u>65,676,498</u>	<u>70,437,787</u>	<u>74,017,355</u>	<u>72,441,552</u>	<u>72,608,145</u>	<u>74,439,262</u>	<u>77,231,181</u>	<u>77,304,909</u>
Change in net position	<u>\$ 3,591,115</u>	<u>\$ 2,484,657</u>	<u>\$ 3,875,279</u>	<u>\$ 7,653,357</u>	<u>\$11,189,742</u>	<u>\$(1,820,912)</u>	<u>\$(4,878,561)</u>	<u>\$(4,850,959)</u>	<u>\$(1,501,032)</u>	<u>\$(6,309,931)</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule III—Program Revenues by Function/Program**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

<b>Function/Program</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Primary government:</b>										
Governmental activities:										
General government support	\$ 662,941	\$ 1,062,884	\$ 904,937	\$ 1,517,835	\$ 1,492,119	\$ 1,326,446	\$ 945,599	\$ 888,686	\$ 952,946	\$ 939,365
Public safety	1,542,303	1,130,655	1,273,238	1,270,014	1,574,624	1,537,545	1,554,383	1,727,597	2,085,284	1,891,301
Transportation	494,994	408,835	220,729	1,126,575	1,115,471	367,156	794,639	610,017	643,215	737,634
Economic assistance and opportunity	134,188	106,709	119,557	121,878	7,442	10,834	-	-	-	-
Culture and recreation	1,750,867	944,535	964,449	776,988	861,565	2,236,512	1,016,955	1,347,228	1,158,539	1,028,741
Home and community services	<u>1,940,806</u>	<u>2,349,042</u>	<u>2,247,387</u>	<u>3,155,255</u>	<u>2,660,943</u>	<u>2,143,225</u>	<u>2,831,129</u>	<u>3,306,592</u>	<u>3,019,857</u>	<u>2,348,158</u>
Total program revenues	<u>\$ 6,526,099</u>	<u>\$ 6,002,660</u>	<u>\$ 5,730,297</u>	<u>\$ 7,968,545</u>	<u>\$ 7,712,164</u>	<u>\$ 7,621,718</u>	<u>\$ 7,142,705</u>	<u>\$ 7,880,120</u>	<u>\$ 7,859,841</u>	<u>\$ 6,945,199</u>

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule IV—Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Fund										
Reserved	\$ 1,481,378	\$ 1,324,669	\$ 1,620,832	\$ 3,031,381	\$ 6,613,966	\$ 1,944,054	\$ 2,995,382	\$ 2,400,104	n/a	n/a
Unreserved	<u>7,182,829</u>	<u>7,355,624</u>	<u>9,816,508</u>	<u>12,416,707</u>	<u>14,150,491</u>	<u>17,677,622</u>	<u>15,870,846</u>	<u>17,157,445</u>	n/a	n/a
Total General Fund	<u>\$ 8,664,207</u>	<u>\$ 8,680,293</u>	<u>\$11,437,340</u>	<u>\$15,448,088</u>	<u>\$20,764,457</u>	<u>\$19,621,676</u>	<u>\$18,866,228</u>	<u>\$19,557,549</u>	n/a	n/a
All other governmental funds										
Reserved	\$ 2,988,853	\$ 2,487,758	\$ 1,752,201	\$10,526,644	\$12,158,181	\$11,866,101	\$ 5,961,293	\$16,358,959	n/a	n/a
Unreserved, reported in:										
Special revenue funds	11,243,957	11,533,996	11,546,949	13,829,549	14,902,255	17,359,148	19,500,815	20,084,560	n/a	n/a
Capital projects fund	<u>2,507,140</u>	<u>1,812,597</u>	<u>5,092,788</u>	-	-	-	-	<u>(16,218,058)</u>	n/a	n/a
Total all other governmental funds	<u>\$16,739,950</u>	<u>\$15,834,351</u>	<u>\$18,391,938</u>	<u>\$24,356,193</u>	<u>\$27,060,436</u>	<u>\$29,225,249</u>	<u>\$25,462,108</u>	<u>\$20,225,461</u>	n/a	n/a
General Fund:										
Nonspendable	n/a	\$ 1,052,356	\$ 1,181,218							
Restricted	n/a	1,653,598	261,272							
Assigned	n/a	10,621,833	8,545,229							
Unassigned	n/a	<u>8,923,294</u>	<u>9,423,835</u>							
Total General Fund									<u>\$22,251,081</u>	<u>\$19,411,554</u>
All other governmental funds:										
Nonspendable	n/a	\$ 337,302	\$ 378,632							
Restricted	n/a	2,045,263	4,238,080							
Assigned	n/a	21,761,566	20,494,841							
Unassigned	n/a	<u>(15,114,575)</u>	<u>(24,266,514)</u>							
Total all other governmental funds									<u>\$ 9,029,556</u>	<u>\$ 845,039</u>

\*During the fiscal year ended December 31, 2011, the Town implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule V—Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes <sup>1</sup>	\$52,158,754	\$55,791,314	\$61,499,687	\$65,086,930	\$67,766,220	\$67,256,127	\$69,101,132	\$71,637,413	\$73,955,054	\$74,594,151
Charges for services <sup>2</sup>	2,034,922	1,889,350	1,953,173	1,950,605	2,094,208	2,252,747	2,263,596	2,097,791	2,188,233	2,101,909
Use of money and property	662,303	680,280	1,451,909	2,594,403	2,940,211	1,844,834	818,404	453,969	387,965	406,892
Licenses and permits	332,472	613,876	494,137	727,395	939,900	719,638	495,439	534,977	614,969	616,353
Fines and forfeitures	960,453	917,623	919,584	990,170	937,765	1,128,408	1,174,860	1,347,166	1,057,502	1,034,083
Miscellaneous <sup>3</sup>	466,972	535,472	456,212	559,378	557,537	1,145,246	960,193	657,836	1,277,857	572,813
State aid	3,973,511	3,236,333	2,909,755	3,371,861	4,064,667	3,149,762	3,334,726	3,642,254	3,211,340	3,197,538
Federal aid	1,448,976	1,714,340	1,879,775	3,132,275	2,460,026	2,651,488	1,720,861	1,983,581	2,428,284	1,565,972
<b>Total revenues</b>	<b>62,038,363</b>	<b>65,378,588</b>	<b>71,564,232</b>	<b>78,413,017</b>	<b>81,760,534</b>	<b>80,148,250</b>	<b>79,869,211</b>	<b>82,354,987</b>	<b>85,121,204</b>	<b>84,089,711</b>
<b>Expenditures</b>										
General government support	6,981,397	7,031,808	7,819,605	7,549,343	8,883,509	9,454,525	12,268,379	13,971,042	9,464,211	10,613,397
Public safety	13,541,990	14,212,951	13,708,457	14,832,325	15,685,796	16,122,639	16,306,024	16,742,094	25,025,203	21,866,501
Transportation	4,762,886	4,723,013	4,886,612	5,326,166	5,889,748	7,325,645	8,392,892	8,484,610	10,185,381	10,556,549
Economic assistance and opportunity	140,881	113,018	127,626	24,011	72,796	13,850	7,372	8,259	11,248	9,443
Culture and recreation	4,310,142	4,418,586	4,595,677	4,801,676	5,527,347	6,727,514	5,384,056	5,290,491	5,330,375	5,423,204
Home and community services	16,516,941	17,485,409	18,999,716	18,987,790	19,333,121	20,936,959	22,246,209	20,706,453	21,347,248	22,853,956
Employee benefits	11,293,950	13,061,811	14,472,657	14,896,282	14,510,696	14,891,430	16,465,268	18,549,187	19,230,908	20,748,470
Capital outlay	7,258,151	3,521,491	2,440,533	2,039,233	1,065,000	-	-	-	-	-
Debt service:										
Principal	2,950,000	2,472,200	2,472,478	2,525,506	2,803,343	2,703,866	2,483,844	2,474,951	2,297,975	2,345,212
Interest and other fiscal charges	1,246,080	851,615	1,076,237	1,110,682	1,033,566	949,790	833,756	673,226	731,028	697,023
<b>Total expenditures</b>	<b>69,002,418</b>	<b>67,891,902</b>	<b>70,599,598</b>	<b>72,093,014</b>	<b>74,804,922</b>	<b>79,126,218</b>	<b>84,387,800</b>	<b>86,900,313</b>	<b>93,623,577</b>	<b>95,113,755</b>

(continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	(concluded) 2012
Other financing sources (uses)										
Transfers in	5,967,880	6,221,538	6,501,357	7,099,369	6,865,498	11,327,459	5,378,311	5,601,115	5,939,181	10,167,215
Transfers out	(5,967,880)	(6,221,538)	(6,501,357)	(7,099,369)	(6,865,498)	(11,327,459)	(5,378,311)	(5,601,115)	(5,939,181)	(10,167,215)
Other financing sources	6,253,298	2,109,265	4,350,000	3,655,000	1,065,000	-	-	4,594,067	-	-
Other financing uses	(2,750,000)	(485,464)	-	-	-	-	-	(4,594,067)	-	-
Total other financing sources (uses)	<u>3,503,298</u>	<u>1,623,801</u>	<u>4,350,000</u>	<u>3,655,000</u>	<u>1,065,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (3,460,757)</u>	<u>\$ (889,513)</u>	<u>\$ 5,314,634</u>	<u>\$ 9,975,003</u>	<u>\$ 8,020,612</u>	<u>\$ 1,022,032</u>	<u>\$ (4,518,589)</u>	<u>\$ (4,545,326)</u>	<u>\$ (8,502,373)</u>	<u>\$ (11,024,044)</u>
Debt service as a percentage of noncapital expenditures	6.80%	5.41%	5.39%	5.33%	5.49%	5.08%	4.37%	4.12%	3.99%	3.20%

<sup>1</sup> General Property Taxes, Interest and Penalties on Tax, Payments in Lieu of Tax, Sales Tax and Franchise Fees.

<sup>2</sup> Includes revenues in Departmental Income and Intergovernmental Charges categories.

<sup>3</sup> Includes revenues in Sale of Property, Refund Prior Year Expenses and Miscellaneous categories.

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule VI—Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Year	General Property Taxes	Interest and Penalties on Taxes	General Sales Taxes	Franchise and Other Payments in Lieu of Taxes	Total Taxes
2003	\$ 42,905,919	\$ 215,717	\$ 7,143,931	\$ 1,893,187	\$ 52,158,754
2004	46,841,128	217,707	7,028,007	1,704,472	55,791,314
2005	52,182,313	244,856	7,226,775	1,845,743	61,499,687
2006	55,431,045	423,723	7,310,175	1,921,987	65,086,930
2007	56,943,000	758,343	8,066,168	1,998,709	67,766,220
2008	56,462,538	405,073	8,400,761	1,987,755	67,256,127
2009	58,734,391	500,629	8,055,669	1,810,443	69,101,132
2010	61,214,130	291,131	8,180,932	1,951,220	71,637,413
2011	63,278,296	267,704	8,410,808	1,998,246	73,955,054
2012	63,311,902	494,020	8,752,254	2,035,975	74,594,151

Source: Town of Cheektowaga Finance Department records

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule VII—Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Year <sup>1</sup>	Real Property		Ratio of Assessed Value to Estimated Actual Value <sup>2</sup>	Total Direct Rate <sup>3</sup>
	Assessed Value	Estimated Actual Value		
2003	\$ 2,210,629,397	\$ 3,400,968,303	65%	\$ 11.65530
2004	2,226,242,978	3,424,989,197	65%	12.78832
2005	2,254,113,948	3,467,867,612	65%	14.20549
2006	2,309,575,871	3,553,193,648	65%	14.87586
2007	2,400,954,058	3,898,918,574	62%	14.67544
2008	2,465,623,045	4,003,934,792	62%	14.17547
2009	2,470,169,912	3,984,145,019	62%	14.53251
2010	2,570,213,122	4,145,505,035	62%	15.14690
2011	2,633,902,317	4,248,229,544	62%	15.78703
2012	2,633,911,681	4,248,244,647	62%	15.54829

<sup>1</sup> The years indicated relate to the tax levy year. Assessments are compiled from the Town's tax rolls for the preceding year and the equalization rate (see <sup>2</sup>below) shown relates to such assessment year.

<sup>2</sup> Ratio is the equalization rate as published by the Division of Real Property Tax, Department of Finance, Erie County, New York.

<sup>3</sup> The total direct rate represents the amount charged per \$1,000 of assessed property value of the Town of Cheektowaga.

Source: Annual Report of the Division of Real Property Tax, Department of Finance, County of Erie, New York

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule VIII—Direct and Overlapping Property Tax Rates (\$)**  
**Last Ten Fiscal Years**  
(rate per \$1,000 of assessed value, in dollars)

Year	Town Direct Rates			Overlapping Rates <sup>1</sup>											Total Weighted Average Rate
				Depew		Sloan		Williamsville		Cheektowaga	Union Free #2	Union Free #3	Lancaster	West Seneca	
	General Rate	Highway Rate	Total Direct Rate	Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	
2003	\$ 10.73647	\$ 0.91882	\$ 11.65530	\$ 65.95380	\$ 52.93323	\$ 68.45492	\$ 57.25318	\$ 53.57210	\$ 49.75932	\$ 44.56819	\$ 44.76506	\$ 56.18932	\$ 43.06620	\$ 45.89123	\$ 54.20607
2004	11.67972	1.10860	12.78832	68.43905	53.43914	74.37603	62.88974	55.99165	49.97882	46.35734	47.87219	58.91173	43.10106	47.08794	56.94161
2005	12.87447	1.33103	14.20549	71.46511	55.60758	81.91891	66.13487	57.11877	51.29517	48.84848	49.75368	58.87047	45.04231	48.20725	59.68794
2006	13.46739	1.40847	14.87586	72.69677	56.46866	84.19368	68.81113	59.52484	54.45696	50.38526	50.11549	62.30187	48.33758	50.41484	61.75360
2007	13.30243	1.37300	14.67544	72.02966	55.14906	83.56147	68.06001	55.60297	52.42472	50.57783	49.11572	62.26886	47.25403	50.49983	60.80864
2008	12.84589	1.32957	14.17547	72.12493	54.73851	81.12122	65.92859	57.56517	51.93844	48.58889	48.67346	62.74668	46.56253	49.74614	60.09800
2009	13.15154	1.38097	14.53251	69.70805	54.88406	81.88087	66.83620	56.21629	50.71688	49.64985	48.91442	64.10741	46.66341	48.72601	59.99448
2010	13.72797	1.41893	15.14690	70.78927	56.45534	67.17992	52.18527	57.34871	52.08527	50.27625	52.49844	66.43527	47.45741	49.64933	57.60522
2011	14.27943	1.50760	15.78703	71.67926	57.43568	73.16678	57.76881	58.63342	53.36302	51.25792	53.57299	68.18371	49.99361	51.22230	59.85420
2012	14.06878	1.47951	15.54829	72.65415	57.51008	72.80252	57.10108	59.14254	53.79064	51.73464	53.76108	68.47908	50.07477	51.80036	60.08301

Notes: (1) There are no limitations, either as to the rate or amount, with respect to ad valorem taxes real property in the Town which may be required to pay principal and interest of its bonded indebtedness.

(2) Taxes, other than Village and School, are due January 1 to February 15 without penalty. Penalties are 1.5% - February 16 - 28; 3% - March 1 - 15; 4.5% - March 16 - April 2; 6% - April 1 - 16; 7.5% April 17 - May 1; then 1.5% additional each month thereafter. Unpaid taxes are returned to the Erie County Commissioner of Finance on or about August 31.

(3) Assessed values used by the Villages vary from the Town's assessed values because different equalization rates are applicable. For this reason tax rates in the Villages cannot be compared with rates of Town Outside Villages.

<sup>1</sup> Overlapping rates are those of local governments that apply to property owners within the Town. Not all overlapping rates apply to all the Town's property owners.

Sources: Annual Report of the Division of Real Property Tax, Department of Finance, County of Erie, New York and various School Business Managers

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule IX—Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	Type of Business	2012			2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pyramid Walden Co. (Galleria)	Shopping Mall	\$ 103,531,200	1	4.5%	\$ 88,321,000	1	4.0%
DDR Companies	Commercial	37,228,900	2	1.6%	-	n/a	-
National Fuel Gas Dist Co	Public Utility	33,377,360	3	1.5%	32,933,178	3	1.5%
Benderson	Commercial	25,789,735	4	1.1%	38,226,500	2	1.7%
NYSEG	Public Utility	19,971,672	5	0.9%	17,543,010	4	0.8%
Idylwood Apartments	Apartments	17,513,900	6	0.8%	-	n/a	-
Niagara Mohawk	Public Utility	16,485,254	7	0.7%	12,170,997	10	0.6%
BG Thruway LLC	Retail	13,826,000	8	0.6%	-	n/a	-
CSX Transportation	Railroad	12,786,990	9	0.6%	13,146,137	7	0.6%
Williamstowne Apartments	Apartments	12,579,700	10	0.5%	-	n/a	-
Verizon New York, Inc.	Public Utility	-	n/a	-	15,895,037	6	0.7%
Clover Properties Fund I, LP	Apartments	-	n/a	-	15,968,700	5	0.7%
Norfolk Southern	Railroad	-	n/a	-	12,467,915	8	0.6%
Wegmans Food Market Inc.	Food Market	-	n/a	-	12,323,200	9	0.6%
		<u>\$ 293,090,711</u>		12.8%	<u>\$ 258,995,674</u>		11.6%

Source: Town of Cheektowaga Assessor

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule X—Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended December 31,	Taxes levied for the Fiscal Year			Collected within the Fiscal Year of the Levy (1)		Town Percentage Collected at Date of Return (2)
	Town Portion	County Portion	Total	Amount	Percentage of Total Levy	
2003	\$ 48,394,976	\$ 21,890,413	\$ 70,285,389	\$ 66,226,550	94%	100%
2004	52,474,075	21,780,799	74,254,874	71,137,182	96%	100%
2005	58,089,614	21,852,457	79,942,071	76,636,294	96%	100%
2006	61,491,459	24,636,726	86,128,185	82,423,154	96%	100%
2007	63,201,387	26,807,977	90,009,364	86,283,007	96%	100%
2008	63,002,173	27,733,771	90,735,944	86,934,446	96%	100%
2009	65,353,938	27,576,577	92,930,515	89,022,890	96%	100%
2010	67,997,727	29,044,962	97,042,689	93,026,841	96%	100%
2011	70,176,363	29,688,795	99,865,157	92,125,189	92%	100%
2012	70,324,693	30,847,924	101,172,617	92,913,493	92%	100%

The total levy included the billing for New York State and Erie County real property taxes which are jointly billed with the Town levies.

Tax payments are due January 1 to February 15th without penalty. Penalties are:

February 16 - 29	1.5%
March 1 - 15	3%
March 16 - April 2	4.5%
April 3 - 16	6%
April 17 - 30	7.5%

1.5% added each month thereafter.

- (1) The tax roll is returned to the Erie County Commissioner of Finance after August 31 at which time all unpaid taxes and penalties are payable to him. The Town retains their full tax levies for all funds and special districts prior to remitting the balance plus unpaid items to the County. Thus, the Town is assured of receiving 100% of its tax levy.
- (2) The tax roll is returned to the Erie County Commissioner of Finance after June 30 at which time all unpaid taxes and penalties are payable to him. The Town retains their full tax levies for all funds and special districts prior to remitting the balance plus unpaid items to the County. Thus, the Town has received 100% of its tax levy at the date of return. The County is responsible for collecting the remainder of Erie County real property taxes.

Source: Town of Cheektowaga Receiver of Taxes

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XI—Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Serial Bonds	Capital Leases	Bond Anticipation Notes	Total Amount	Percentage of Personal Income <sup>1</sup>	Debt per Capita <sup>1</sup>
2003	\$ 19,425,000	\$ 3,303,298	\$ 1,450,000	\$ 24,178,298	0.85%	\$ 257.22
2004	17,267,125	4,659,738	2,380,000	24,306,863	0.81%	258.58
2005	19,189,825	4,614,560	2,920,000	26,724,385	0.87%	284.30
2006	20,527,524	4,406,354	-	24,933,878	0.77%	265.25
2007	17,987,400	5,208,136	-	23,195,536	0.66%	246.76
2008	15,580,100	4,911,570	-	20,491,670	0.56%	218.00
2009	13,415,000	4,592,826	-	18,007,826	0.72%	191.57
2010	11,315,000	4,252,876	8,300,000	23,867,876	0.96%	270.53
2011	9,380,000	3,889,900	21,380,000	34,649,900	1.49%	392.74
2012	7,415,000	3,509,689	24,475,000	35,399,689	0.97%	401.24

Notes: Detail regarding the Town's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See Schedule XV for personal income and population data.

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XII—Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

General Bonded Debt Outstanding							
Year	Population	Assessed Value (Taxable)	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value <sup>1</sup>	Net Bonded Debt per Capita <sup>2</sup>
2003	94,000	\$ 2,210,629,397	\$ 19,425,000	\$ 2,059,593	\$ 17,365,407	0.79%	\$ 184.74
2004	94,000	2,226,242,978	17,267,125	1,771,815	15,495,310	0.70%	164.84
2005	94,000	2,254,113,948	19,189,825	1,573,110	17,616,715	0.78%	187.41
2006	94,000	2,309,575,871	20,527,524	1,765,817	18,761,707	0.81%	199.59
2007	94,000	2,400,954,058	17,987,400	1,973,591	16,013,809	0.67%	170.36
2008	94,000	2,465,623,045	15,580,100	1,878,492	13,701,608	0.56%	145.76
2009	94,000	2,470,169,912	13,415,000	2,203,633	11,211,367	0.45%	119.27
2010	88,226	2,570,213,122	11,315,000	2,136,124	9,178,876	0.36%	104.04
2011	88,226	2,633,902,317	9,380,000	2,045,263	7,334,737	0.28%	83.14
2012	88,226	2,633,911,681	7,415,000	1,985,934	5,429,066	0.21%	61.54

Notes: Detail regarding the Town's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See Schedule XVII for property value data.

<sup>2</sup> See Schedule XV for personal income and population data.

Sources: Town of Cheektowaga Annual Financial Report to the State of New York, Office of the State Comptroller and U.S. Bureau of the Census

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XIII—Computation of Estimated Direct and Overlapping Debt**  
**As of December 31, 2012**

Governmental Unit	Gross Indebtedness <sup>1</sup>	Estimated Exclusions <sup>2</sup>	Net Indebtedness	Percentage Applicable <sup>3</sup>	Town of Cheektowaga Portion
Estimated direct debt:					
Town of Cheektowaga	\$ 35,399,689	\$ 2,053,269	\$ 33,346,420	100.00%	\$ 33,346,420
Estimated overlapping debt:					
Villages:					
Depew	4,295,000	-	4,295,000	49.68%	2,133,617
Sloan	-	-	-	100.00%	-
Williamsville	1,905,000	107,250	1,797,750	0.21%	3,804
School Districts:					
Cheektowaga Central	18,205,000	12,015,300	6,189,700	100.00%	6,189,700
Cheektowaga-Maryvale Union Free	34,595,028	28,264,138	6,330,890	100.00%	6,330,890
Cleveland Hill Union Free at Cheektowaga	22,095,974	20,041,048	2,054,926	100.00%	2,054,926
Williamsville Central	24,676,000	18,087,508	6,588,492	0.06%	3,931
Lancaster Central	39,925,000	33,297,450	6,627,550	7.44%	493,358
Depew Union Free	25,870,000	21,963,630	3,906,370	59.01%	2,305,022
West Seneca Central	53,825,000	40,530,225	13,294,775	19.10%	2,539,719
Union Free School District #9 (Sloan)	15,610,000	12,659,710	2,950,290	94.48%	2,787,575
County of Erie	<u>713,064,651</u>	<u>153,159,695</u>	<u>559,904,956</u>	7.38%	<u>41,300,320</u>
Total estimated overlapping debt	<u>954,066,653</u>	<u>340,125,954</u>	<u>613,940,699</u>		<u>66,142,861</u>
Total estimated direct and overlapping debt	<u>\$ 989,466,342</u>	<u>\$ 342,179,223</u>	<u>\$ 647,287,119</u>		<u>\$ 99,489,281</u>

<sup>1</sup> Direct debt includes the full amount of outstanding long-term debt instruments—including bonds, notes, certificates of participation, loans, and capital leases—of the government.

<sup>2</sup> Under New York State Statutes certain indebtedness related to Water and Sewer Improvements as well as School Indebtedness funded by State Building Aid may be excluded in the computation of statutory debt limits.

<sup>3</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Town's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used with the County of Erie's debt, which was estimated by dividing the Town's assessed value by the total assessed value of the County of Erie.

Sources: Most recent data provided by Town 12-31-12, County 12-31-12, Villages 5-31-12, Schools 6-30-12 and Annual Report of the Division of Real Property Tax, Department of Finance, County of Erie, New York

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XIV—Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2012

Estimated Actual Value of Real Property (After Exemptions):

2008	\$4,003,934,792
2009	3,984,145,019
2010	4,145,505,035
2011	4,248,229,544
2012	<u>4,248,244,647</u>
Total five-year valuation	20,630,059,037
Average full valuation	4,126,011,807
Debt limit - 7% of average full valuation <sup>1</sup>	288,820,827
Debt applicable to limit:	
General Obligations bonds	7,415,000
Bond anticipation notes payable	24,475,000
Less other deductions allowed by law <sup>2</sup>	
Budgeted appropriations	<u>2,053,269</u>
Total amount of net indebtedness applicable to debt limit	<u>29,836,731</u>
Legal debt margin <sup>3</sup>	<u>\$ 258,984,096</u>
Percentage of debt contracting power exhausted	10.33%

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$236,267,707	\$237,807,588	\$232,480,431	\$240,991,300	\$248,449,943	\$256,884,654	\$264,712,835	\$ 274,199,759	\$283,930,262	\$288,820,827
Total net debt applicable to limit	<u>17,450,150</u>	<u>17,127,126</u>	<u>19,792,524</u>	<u>17,987,398</u>	<u>15,580,100</u>	<u>14,356,300</u>	<u>11,280,000</u>	<u>17,680,000</u>	<u>28,414,788</u>	<u>29,836,731</u>
Legal debt margin	<u>\$220,267,557</u>	<u>\$223,060,462</u>	<u>\$215,607,907</u>	<u>\$223,003,902</u>	<u>\$232,869,843</u>	<u>\$242,528,354</u>	<u>\$253,462,835</u>	<u>\$ 256,519,759</u>	<u>\$255,515,474</u>	<u>\$258,984,096</u>
Total net debt applicable to the limit as a percentage of debt limit	7.39%	7.20%	8.51%	7.46%	6.27%	5.59%	4.26%	6.45%	10.01%	10.33%

<sup>1</sup> The provisions of Section 104 of the Local Finance Law specifies debt limits of Towns of New York State.

<sup>2</sup> Under the State Constitution, indebtedness contracted for the construction of sewer facilities may be excluded, in ascertaining the debt incurring power of the Town upon application to and the technical approval of the State Comptroller. The Town has not submitted such application, so it cannot formally exclude such indebtedness.

<sup>3</sup> There is no constitutional limitation of the amount that may be raised by the Town by tax on real estate in any fiscal year to pay interest and principal on all indebtedness.

Sources: Town of Cheektowaga Annual Financial Report to the State of New York, Office of the State Comptroller and the Annual Report of the Division of Real Property Tax, Department of Finance, County of Erie, New York

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XV—Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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Calendar Year	Population	Per Capita		Unemployment Rate <sup>3</sup>		Labor Force <sup>4</sup>
		Personal Income <sup>1</sup>	Personal Income <sup>2</sup>	Cheektowaga	New York State	
2003	94,000	\$ 30,299	\$ 2,848,106	5.7%	6.4%	48.8
2004	94,000	31,827	2,991,738	5.8%	5.8%	49.2
2005	94,000	32,631	3,067,314	5.2%	5.0%	48.9
2006	94,000	34,631	3,255,314	5.1%	4.6%	48.7
2007	94,000	37,231	3,499,714	4.8%	4.5%	48.2
2008	94,000	38,795	3,646,730	5.5%	5.3%	48.6
2009	94,000	26,627	2,502,938	8.2%	8.4%	48.5
2010	94,019	26,378	2,480,033	8.2%	8.6%	47.7
2011	88,226	26,378	2,327,225	7.8%	8.2%	46.9
2012	88,226	26,378	2,327,225	8.5%	8.5%	47.2

<sup>1</sup> Data represents per capita income for Erie County.

<sup>2</sup> Estimated, in thousands.

<sup>3</sup> Annual averages.

<sup>4</sup> In thousands.

Sources: U.S. Bureau of the Census, New York State Department of Labor, U.S. Department of Labor—Bureau of Labor Statistics and the Bureau of Economic Analysis

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XVI—Principal Cheektowaga Chamber of Commerce Business Members**  
**Current Year and Ten<sup>3</sup> Years Ago**

Employer	Type	2012			2001 <sup>3</sup>		
		Approx. No. of Employees	Rank	Percentage of Labor Force <sup>2</sup>	Approx. No. of Employees	Rank	Percentage of Total City Employment
Walden Galleria Mall	Retail	3000	1	6.36%	-	-	-
St. Joseph Hospital	Hospital	800	2	1.69%	501	3	1.02%
Cameron, Inc.	Industrial	700	3	1.48%	-	-	-
Derrick Corporation	Industrial	500	4	1.06%	-	-	-
Town of Cheektowaga <sup>1</sup>	Local Government	460	5	0.97%	475	6	0.97%
Cheektowaga Central Schools	Public Schools	350	6	0.74%	400	8	0.82%
Maryvale School District	Public Schools	310	7	0.66%	390	9	0.80%
First Student Bus Service	Transportation	280	8	0.59%	-	-	-
Rosina Foods	Industrial	260	9	0.55%	-	-	-
Upstate Niagara Cooperative, Inc.	Industrial	250	10	0.53%	-	-	-
ITT Standard	Industrial	250	10	0.53%	-	-	-
Quebecor	Industrial	-	-	-	1,350	1	2.76%
National School Bus Service	Transportation	-	-	-	700	2	1.43%
Calspan Corporation	Industrial	-	-	-	500	4	1.02%
Sierra Technologies	Industrial	-	-	-	495	5	1.01%
Cooper Turbo Compressor	Industrial	-	-	-	400	7	0.82%
J.C. Penny Co., Inc.	Department Store	-	-	-	356	10	0.73%

<sup>1</sup> Full-time only.

<sup>2</sup> Estimated.

<sup>3</sup> Data from ten years prior (2003) not available.

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**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XVII—Full-time Equivalent Town Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government support										
Supervisor	3	3	3	3	2	2	2	2	2	2
Personnel	3	3	3	3	3	3	3	3	3	3
Accounting	5	5	5	5	5	5	5	5	5	5
Information Services	2	3	3	4	4	4	4	4	4	4
Assessors	6	6	7	7	7	7	7	7	5	5
Central Printing	1	1	1	1	1	1	1	2	1	1
Building Maintenance	9	9	9	9	9	9	9	9	9	9
Central Garage	12	12	12	12	12	12	11	11	11	11
Council	8	8	8	8	8	8	8	8	8	8
Engineering	7	7	7	7	7	8	8	8	8	8
Justice	14	14	14	14	14	14	14	14	14	14
Law	6	6	6	6	5	5	5	5	5	5
Town Clerk	9	9	8	10	9	9	8	7	7	7
Tax office	2	2	2	-	-	-	-	-	-	-
	<u>87</u>	<u>88</u>	<u>88</u>	<u>89</u>	<u>86</u>	<u>87</u>	<u>85</u>	<u>85</u>	<u>82</u>	<u>82</u>
Public safety										
Dispatchers	28	28	28	28	28	28	28	28	29	28
Officers	128	127	127	128	128	129	129	129	128	129
Civilians	9	9	9	9	9	9	9	9	9	9
Animal control	1	1	1	1	1	1	1	1	1	1
Sign Maintenance	3	3	4	4	4	3	3	3	3	3
Building & Plumbing - code enforcement	15	15	17	19	19	19	19	19	19	17
	<u>184</u>	<u>183</u>	<u>186</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>187</u>
Transportation										
Highway	<u>76</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>75</u>	<u>75</u>	<u>74</u>	<u>74</u>	<u>75</u>	<u>74</u>

(continued)

(concluded)

Function/Program:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Economic assistance and opportunity										
Community Development	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>
Culture and recreation										
Parks/Facilities	21	21	21	22	21	21	21	21	21	21
Youth & Recreation	10	10	10	10	10	10	9	9	9	9
Senior services	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>
Home and community services										
Sanitation	46	45	46	45	46	45	45	45	45	45
Recycling	-	-	-	-	-	-	-	-	-	-
Sewer	22	22	22	21	21	21	21	21	21	20
Main Pump	<u>12</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
	<u>80</u>	<u>79</u>	<u>80</u>	<u>77</u>	<u>79</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>77</u>

Source: Various Town departments

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XVIII—Operating Indicators**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>TOWN JUSTICES' CASELOAD:</b>										
Cases processed:										
Motor vehicle	18,510	16,309	17,351	16,922	16,248	16,751	17,786	20,532	18,021	26,590
Criminal	4,437	4,441	4,643	5,387	5,915	5,809	6,529	6,187	5,443	5,634
Civil	1,118	983	1,140	1,031	1,003	774	712	754	769	705
Fines assessed:										
Motor vehicle	\$ 1,508,280	\$ 1,567,165	\$ 1,638,585	\$ 1,607,360	\$ 1,569,394	\$ 1,690,540	\$ 1,981,681	\$ 2,220,604	\$ 1,714,594	\$ 1,703,720
Criminal	\$ 181,159	\$ 185,884	\$ 148,936	\$ 197,231	\$ 239,620	\$ 240,268	\$ 234,028	\$ 354,693	\$ 214,195	\$ 205,078
Civil	\$ 15,733	\$ 17,260	\$ 20,355	\$ 19,130	\$ 18,650	\$ 14,085	\$ 12,855	\$ 14,395	\$ 14,175	\$ 13,065
<b>NUMBER OF BUILDING PERMITS:</b>										
One family	54	27	30	17	35	23	13	16	5	5
Two family	-	-	-	-	-	-	-	-	-	-
Apartments	6	-	7	1	-	-	-	-	-	-
Other	1,031	1,541	1,559	1,655	1,973	2,430	2,422	1,999	2,068	2,016
Value of construction	\$39,429,426	\$40,110,887	\$45,285,068	\$67,060,557	\$74,059,133	\$66,071,696	\$34,012,934	\$50,419,216	\$45,859,274	\$52,700,000
<b>POLICE:</b>										
Arrests	3,843	4,448	4,770	4,984	5,219	4,871	5,272	6,256	5,146	5,562
Traffic tickets	13,369	10,277	11,791	10,457	10,523	8,632	10,147	10,369	9,768	9,875
Calls for service	40,015	43,216	43,366	43,312	49,871	50,305	48,176	48,901	52,658	52,049
Police reports	11,386	11,185	11,621	11,524	10,993	10,609	10,696	10,640	10,371	10,666
<b>REFUSE COLLECTION:</b>										
Refuse collected (tons annually) <sup>1</sup>	42,727	35,855	33,070	33,151	31,886	31,991	30,384	30,787	31,637	30,171

<sup>1</sup> During the year ended December 31, 2003 the recycling program for the Town was eliminated and all recyclables went into garbage, during the year ended December 31, 2004 a private recycling program was initiated.

Source: Various Town departments

**TOWN OF CHEEKTOWAGA, NEW YORK**  
**Schedule XIX—Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	50	48	44	49	49	50	49	49	49	48
<b>Refuse collection</b>										
Collection trucks	20	15	19	15	21	19	17	18	19	18
<b>Other public works</b>										
Streets (miles)	389	389	389	389	389	389	389	389	389	389
Streetlights	962	962	966	979	1,310	1,310	1,310	1,310	1,310	1,310
Traffic signals	41	41	41	41	41	41	41	41	41	41
<b>Parks and recreation</b>										
Acreage	552	552	552	552	552	552	552	552	552	552
Playgrounds	18	18	18	18	18	18	18	18	18	18
Baseball/softball diamonds	21	21	21	21	21	21	19	19	19	19
Soccer/football fields	3	3	4	5	5	5	5	5	5	5
Community centers	5	5	5	5	5	5	4	4	4	4
<b>Water</b>										
Fire hydrants	1,399	1,360	1,363	1,371	1,378	1,378	1,379	1,381	1,381	1,381
<b>Wastewater</b>										
Sanitary sewers (miles)	200	200	200	200	200	200	200	200	201	201
Storm sewers (miles)	150	150	150	150	175	175	178	182	186	186
<b>Senior Center</b>										
Transport vans	8	7	7	8	8	8	9	8	7	6

Sources: Various Town departments

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