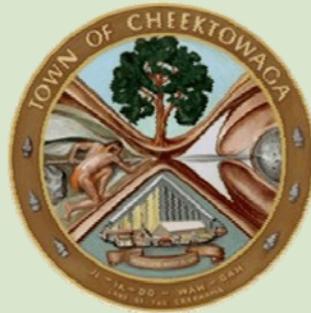


*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

TOWN OF
CHEEKTOWAGA



ERIE COUNTY, NEW YORK

*FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017*

SUPERVISOR DIANE BENCZKOWSKI

COUNCILMEMBERS

JAMES P. ROGOWSKI
GERALD P. KAMINSKI
TIMOTHY J. MEYERS

CHRISTINE ADMACZYK
LINDA HAMMER
BRIAN NOWAK

TOWN OF CHEEKTOWAGA, NEW YORK

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2017

Prepared by:

Town of Cheektowaga
Office of the Supervisor

Diane Benczkowski
Supervisor

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INTRODUCTORY SECTION

Town of Cheektowaga



Cheektowaga Town Hall – Suite 201
3301 Broadway Street
Cheektowaga, NY 14227

Office Phone: (716) 686-3465
Fax: (716) 686-3551
E-mail: supervisorsoffice@tocny.org

Hon. Diane Benczkowski
SUPERVISOR

June 28, 2018

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, 2017 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 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 has experienced vast development. 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.

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 Frontier. Today, this airport is the hub for a huge travel market stretching deep into Upstate New York, Northern Pennsylvania and Southern Ontario.
2. The Town continues to be a hub of commercial and residential development in Western New York. During 2017, the Town issued 3,338 building permits with a construction value of \$42 million.
3. There were some very exciting developments regarding businesses in Town. The Walden Galleria Mall continues to redesign and provide current stores and restaurants to maintain its status as a destination for Town residents as well as thousands of travelers from outside the area. Additionally, after years of Benderson trying to market the Garden Village Plaza as a retail parcel, they have finalized plans to now change this from retail to warehouse distribution. This will clean up a very large parcel in the Town that has been vacant for years. This project started in 2017 and has a value of approximately \$12 million.

Long-term financial planning

The General Fund's unassigned fund balance of \$7,380,962 represents approximately 14.9 percent of its annual operating budget. This fund balance is viewed by management as a fiscally sound position. The Board 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. The New York State Department of Environmental Conservation (NYSDEC) has issued a consent order on the Town requiring that we develop a plan to deal with excess clear rain water entering the Town's sanitary sewer system. Since the sanitary sewer system was not designed to handle this excess clear water, it becomes overloaded during times of high groundwater or heavy rainfall. This can cause basement flooding or bypassing of raw wastewater to local streams and lakes. This plan is being formulated with the NYSDEC. This project was estimated to cost \$60 million over 10 years. The Town had initially issued \$12 million bonds in 2015 for this work. Subsequently, we were able to obtain a \$5 million grant and \$15 million no interest loan from the NYS Environmental Facilities Corporation for continuing work in 2017 and beyond.
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 24 vacant buildings in 2017 and a total of 76 have been demolished since May 2008.
4. During 2017, the Town, through our Community Development Office, has rehabilitated and brought up to housing code standards 39 housing units for a total investment of \$565,721. 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. In an effort to prevent abandoned (zombie) homes throughout the Town, the Town has created a Zombie Home Task Force. We are also the recipient of a \$250,000 grant for zombie remediation and prevention. This is a two pronged solution to prevent and remediate blighted homes as well as promote homeowner retention and zombie prevention. Through house by house inspections, the Town staff have evaluated more than 26,000 homes and

identified 528 vacant structures. This grant has provided the resources needed to properly deal with these vacant structures.

3. Cheektowaga was designated a Clean Energy Community by the New York Energy Research and Development Authority (NYSERDA). In order to attain that designation, the Town completed 4 high impact actions. Those actions were: 1) adopted standardized solar permit processing, 2) completed energy code training, 3) made clean energy upgrades to Town-owned facilities accounting for 10% reduction in energy use, and 4) purchased a 2014 Smart electric vehicle.

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, 2016. This was the twenty-sixth 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,



Diane Benczkowski
Supervisor
Chief Fiscal Officer



Government Finance Officers Association

**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, 2016

Christopher P. Morrill

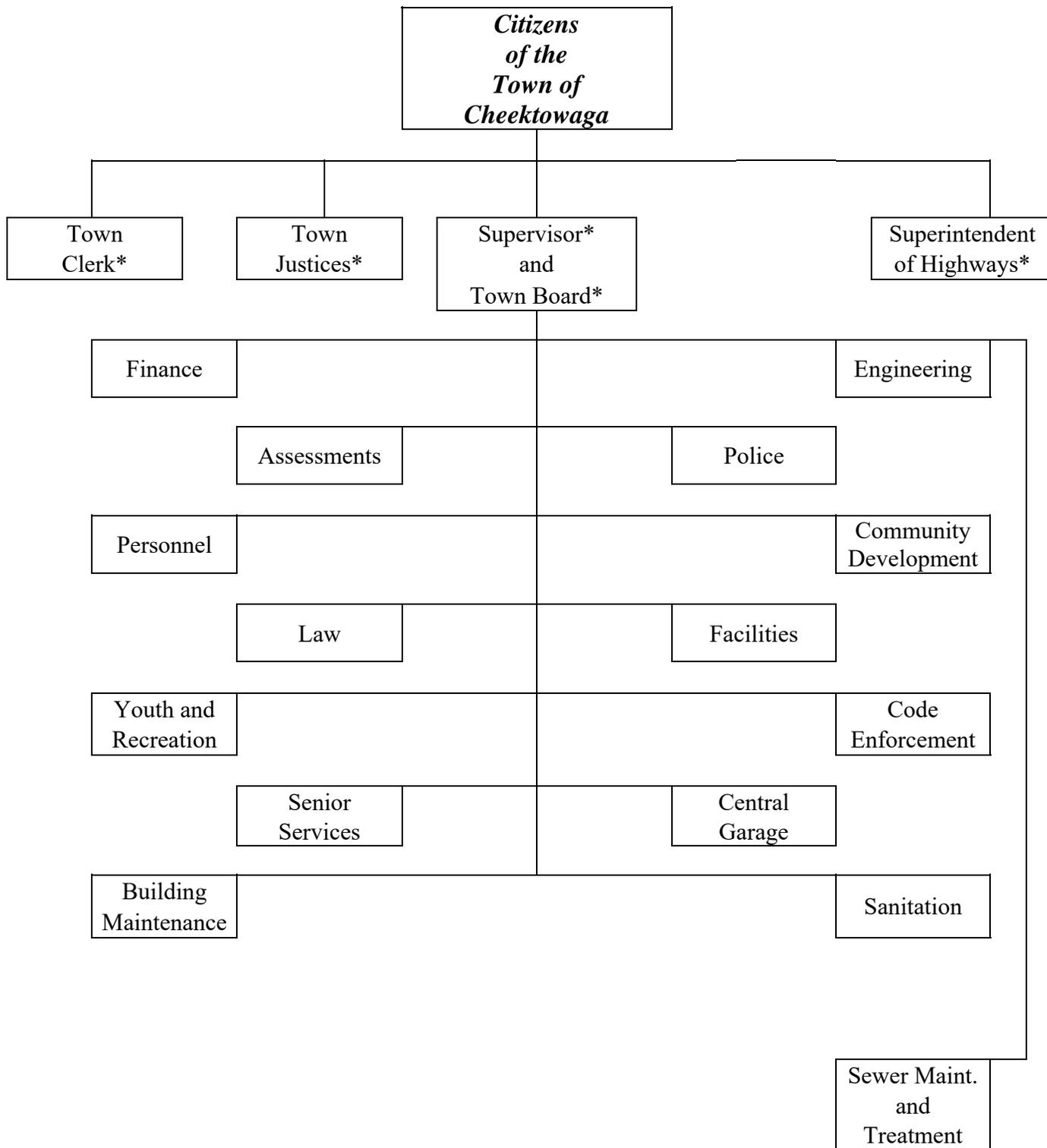
Executive Director/CEO

TOWN OF CHEEKTOWAGA, NEW YORK
Town Officials
Year Ended December 31, 2017

Name:	Title:
Elected:	
Diane Benczkowski	Supervisor
Timothy J. Meyers	Deputy Supervisor
James P. Rogowski	Councilmember
Gerald P. Kaminski	Councilmember
Christine Adamczyk	Councilmember
Linda Hammer	Councilmember
Brian Nowak	Councilmember
Dennis Gorski	Town Justice
Paul Piotrowski	Town Justice
Mark D. Wegner	Superintendent of Highways
Vickie L. Dankowski	Town Clerk/Receiver of Taxes
Appointed:	
Jill M. Murphy	Town Assessor
John M. Dudziak	Town Attorney
Brian M. Krause	Director of Administration and Finance
Civil Service:	
Patrick T. Bowen	Town Engineer
David J. Zack	Police Chief

TOWN OF CHEEKTOWAGA, NEW YORK

ORGANIZATIONAL CHART



* Represents an independently elected official.

FINANCIAL SECTION

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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheektowaga, New York (the "Town"), as of and for the year ended December 31, 2017 (with the Cheektowaga Economic Development Corporation for the year fiscal year ended March 31, 2017), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cheektowaga Economic Development Corporation (the "Corporation"), which is shown as a business-type activity. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory Section and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

 Duesch & Malach LLP

June 27, 2018

TOWN OF CHEEKTOWAGA, NEW YORK
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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

Financial Highlights

- The liabilities and deferred inflows of resources of the primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$188,832 (*net position*). This consists of \$72,536,099 net investment in capital assets and \$13,391,939 restricted for specific purposes, offset by an unrestricted net position of \$(86,116,870).
- The Town's primary government net position decreased by \$23,501,489. Governmental activities decreased the net position by \$23,314,387 during the year ended December 31, 2017, and the net position of business-type activities decreased by \$187,102 during the year ended March 31, 2017.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$52,933,849, a decrease of \$4,827,982 in comparison with the prior year's fund balance of \$57,761,831. This decrease was primarily due to increased capital projects spending during the current year.
- At the end of the current fiscal year, *unassigned fund* balance for the General Fund was \$7,380,962, or approximately 13.8 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 39.6 percent of the General Fund's total fund balance of \$18,653,571 at December 31, 2017.
- During the year ended December 31, 2017, the Town's total serial bonds outstanding increased by \$2,455,000. During the year, the Town issued \$5,150,000 of general obligation serial bonds and made scheduled principal payments of \$2,695,000.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or

decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and other fiscal charges. The Town reports the operations of the Cheektowaga Economic Development Corporation ("E.D.C.") as a business-type activity. The E.D.C. is a blended component unit of the Town and has a year-end of March 31, 2017.

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 three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds—The Town maintains one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the operations conducted by the Cheektowaga Economic Development Corporation (“E.D.C.”), a blended component unit of the Town.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

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

The fiduciary fund financial statement can be found on page 29 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 30-57 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s progress in funding its obligation to provide postemployment benefits to its employees, the Town’s net pension liabilities, and the Town’s budgetary comparisons for the General Fund, Highway Fund, Sewer Fund, and Consolidated Garbage Fund. Required supplementary information and a related note to the required supplementary information can be found on pages 58-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 68-69 and 72-73.

Budgetary comparison schedules for each nonmajor fund with a legally adopted budget are presented immediately following their respective combining statements in the Supplementary Information section of this report on pages 70-71 and 74-76. The Statistical Section can be found on pages 77-97 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, liabilities and deferred inflows of resources of the primary government exceeded assets and deferred outflows of resources by \$188,832 at the close of the most recent fiscal year, as compared to assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$23,312,657 at the close of the fiscal year ended December 31, 2016.

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

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended		Year Ended		Year Ended	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 66,095,376	\$ 70,727,988	\$ 1,839,051	\$ 2,012,648	\$ 67,934,427	\$ 72,740,636
Capital assets	124,526,478	119,590,475	-	-	124,526,478	119,590,475
Total assets	190,621,854	190,318,463	1,839,051	2,012,648	192,460,905	192,331,111
Deferred outflows of resources	15,633,534	27,739,616	-	-	15,633,534	27,739,616
Current liabilities	13,996,883	13,546,616	29,907	16,402	14,026,790	13,563,018
Noncurrent liabilities	190,895,089	178,942,390	-	-	190,895,089	178,942,390
Total liabilities	204,891,972	192,489,006	29,907	16,402	204,921,879	192,505,408
Deferred inflows of resources	3,406,646	4,252,662	-	-	3,406,646	4,252,662
Net position:						
Net investment in capital assets	72,536,099	70,568,916	-	-	72,536,099	70,568,916
Restricted	13,391,939	16,770,685	-	-	13,391,939	16,770,685
Unrestricted	(87,926,014)	(66,023,190)	1,809,144	1,996,246	(86,116,870)	(64,026,944)
Total net position	\$ (1,997,976)	\$ 21,316,411	\$ 1,809,144	\$ 1,996,246	\$ (188,832)	\$ 23,312,657

The largest portion of the Town's net position, \$72,536,099, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources 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, \$13,391,939, represents resources that are subject to external restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining net position, \$(86,116,870), is considered to be an unrestricted deficit.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended		Year Ended		Year Ended	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 3,804,323	\$ 3,799,982	\$ 31,287	\$ -	\$ 3,835,610	\$ 3,799,982
Operating grants and contributions	3,515,502	2,602,983	-	-	3,515,502	2,602,983
Capital grants and contributions	175,108	450,495	-	-	175,108	450,495
General revenues	80,458,314	80,577,051	19,257	24,140	80,477,571	80,601,191
Total revenues	87,953,247	87,430,511	50,544	24,140	88,003,791	87,454,651
Program expenses	111,267,634	111,653,509	237,646	18,895	111,505,280	111,672,404
Change in net position	(23,314,387)	(24,222,998)	(187,102)	5,245	(23,501,489)	(24,217,753)
Net position—beginning	21,316,411	45,539,409	1,996,246	1,991,001	23,312,657	47,530,410
Net position—ending	\$ (1,997,976)	\$ 21,316,411	\$ 1,809,144	\$ 1,996,246	\$ (188,832)	\$ 23,312,657

Governmental activities—Overall revenues of governmental activities increased 0.6 percent from the prior year, due to increased federal aid related to the Community Development block grant. Total program expenses of governmental activities decreased 0.3 percent from the prior year, due to decreased employee benefits allocable to all functions of governmental activities.

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

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
Charges for services	\$ 3,804,323	\$ 3,799,982	\$ 4,341	0.1
Operating grants and contributions	3,515,502	2,602,983	912,519	35.1
Capital grants and contributions	175,108	450,495	(275,387)	(61.1)
Property taxes and other tax items	77,552,398	77,710,960	(158,562)	(0.2)
Use of money and property	464,870	356,192	108,678	30.5
Sale of property and compensation for loss	91,008	410,363	(319,355)	(77.8)
Miscellaneous	165,912	126,774	39,138	30.9
Unrestricted state aid	2,184,126	1,972,762	211,364	10.7
Total revenues	<u>\$ 87,953,247</u>	<u>\$ 87,430,511</u>	<u>\$ 522,736</u>	0.6

The Town's most significant source of revenue was property taxes and other tax items, which accounts for \$77,552,398, or 88.2 percent of total revenues for the year ended December 31, 2017, and \$77,710,960, or 88.9 percent of total revenues for the year ended December 31, 2016. The next largest source of revenue for the year ended December 31, 2017 was charges for services of \$3,804,323, or 4.3 percent of total revenues, comparable to \$3,799,982, or 4.3 percent of total revenues for the year ended December 31, 2016.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
General government support	\$ 17,744,063	\$ 16,876,110	\$ 867,953	5.1
Public safety	29,825,137	34,445,387	(4,620,250)	(13.4)
Transportation	14,221,582	15,538,277	(1,316,695)	(8.5)
Economic assistance and opportunity	7,733	12,637	(4,904)	(38.8)
Culture and recreation	8,812,819	10,657,720	(1,844,901)	(17.3)
Home and community services	38,716,790	32,235,445	6,481,345	20.1
Interest and other fiscal charges	1,939,510	1,887,933	51,577	2.7
Total program expenses	<u>\$ 111,267,634</u>	<u>\$ 111,653,509</u>	<u>\$ (385,875)</u>	(0.3)

The Town's most significant expense items for the year ended December 31, 2017 were home and community services of \$38,716,790, or 34.8 percent of total expenses, public safety of \$29,825,137, or 26.8 percent of total expenses, general government support of \$17,744,063, or 15.9 percent of total expenses, and transportation of \$14,221,582, or 12.8 percent of total expenses. Similarly, for the year ended December 31, 2016, significant expenses were public safety of \$34,445,387, or 30.9 percent of total expenses, home and community services of \$32,235,445, or 28.9 percent of total expenses, general

government support of \$16,876,110, or 15.1 percent of total expenses, and transportation of \$15,538,277, or 13.9 percent of total expenses.

Business-type activities—Business-type activities decreased the Town’s net position by \$187,102. For the year ended March 31, 2017, revenues increased 109.4 percent and expenses increased by 1,157.7 percent. Expenses increased significantly from the prior year due to increased program services costs.

A summary of revenues and expenses for the Town’s business-type activities for the years ended March 31, 2017 and March 31, 2016 is presented on the below in Table 5.

Table 5—Summary of Sources of Revenues—Business-type Activities

	Year Ended March 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
Revenues:				
Loan recovery	\$ 31,287	\$ -	\$ 31,287	100.0
Miscellaneous	6,674	824	5,850	710.0
Loan interest	12,583	10,810	1,773	16.4
Forgiveness of debt	-	12,506	(12,506)	(100.0)
Total revenues	<u>\$ 50,544</u>	<u>\$ 24,140</u>	<u>\$ 26,404</u>	109.4
Expenses:				
Program Services	\$ 232,081	\$ 11,949	220,132	1,842.3
Management and general	5,565	6,946	(1,381)	(19.9)
Total expenses	<u>\$ 237,646</u>	<u>\$ 18,895</u>	<u>\$ 218,751</u>	1,157.7

The most significant source of revenue for business-type activities for the year ended March 31, 2017 was loan recovery revenues, which accounted for \$31,287, or 61.9 percent of total revenues. For the year ended March 31, 2016, the most significant source of revenue was forgiveness of debt, which accounted for \$12,506, or 51.8 percent of total revenues.

The Town’s most significant expense item for business-type activities for the year ended March 31, 2017 was program services costs, which accounted for \$232,081, or 97.7 percent of total expenses. Similarly, for the year ended March 31, 2016, the most significant expense item was program services costs, which accounted for \$11,949, or 63.2 percent of total expenses.

Financial Analysis of Governmental Funds

Governmental funds—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources available for discretionary use, as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town Board.

At December 31, 2017, the Town’s governmental funds reported combined ending fund balances of \$52,933,849, a decrease of \$4,827,982 in comparison with the prior year. The decrease results primarily from increased capital projects spending and insurance costs. Approximately 39.0 percent (\$20,634,530) of the combined ending fund balances constitutes *unassigned fund balance* and *assigned to specific use* in special revenue funds, which is available for spending at the Town’s discretion or amounts within special revenue funds that are not restricted or committed. The remainder of fund balance is either *nonspendable*,

restricted, or *assigned* to indicate that it is: (1) not in spendable form (\$2,018,782), (2) restricted for particular purposes (\$17,322,141), or (3) assigned for particular purposes (\$12,958,396).

A summary of the Town’s major funds’ fund balance is provided in Table 6 below:

Table 6—Major Funds’ Fund Balance

	<u>General</u>	<u>Highway</u>	<u>Sewer</u>
Net change in fund balances	\$ (1,380,057)	\$ 390,928	\$ (755,730)
Unassigned or assigned to the fund's specific use	7,380,962	5,072,782	3,290,565
Total fund balances	18,653,571	8,162,785	7,116,880
Percentage unassigned or assigned to specific use	39.6%	62.1%	46.2%
	<u>Consolidated Garbage</u>	<u>Community Development</u>	<u>Capital Projects</u>
Net change in fund balances	\$ 147,379	\$ (468,265)	\$ (2,394,385)
Unassigned or assigned to the fund's specific use	1,595,066	2,904	-
Total fund balances	1,950,248	6,354,551	4,704,438
Percentage unassigned or assigned to specific use	81.8%	0.0%	0.0%

The General Fund is the chief operating fund of the Town. Total ending fund balance was \$18,653,571. Approximately 39.6 percent, \$7,380,962, of this amount is unassigned fund balance. The General Fund fund balance decreased \$1,380,057 as a result of expenditures exceeding revenues. Overall General Fund expenditures for the year ended December 31, 2017 were higher in comparison to the year ended December 31, 2016, increasing 0.7 percent, or \$885,019. This variance was largely the result of an increase in judgments and claims against the Town. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents 13.8 percent of total General Fund expenditures and transfers out, while total fund balance represents 34.9 percent of that same amount.

The Town’s Highway Fund ending fund balance was \$8,162,785. Approximately 62.1 percent, \$5,072,782, of this amount is reported as fund balance assigned for specific highway use. During the year ended December 31, 2017, the Highway Fund fund balance increased \$390,928, primarily due to sales tax revenues exceeding budgeted amounts.

The Town’s Sewer Fund ending fund balance was \$7,116,880. Approximately 46.2 percent, \$3,290,565, of this amount is fund balance assigned for specific sewer use. Fund balance within the Sewer Fund decreased by \$755,730 in the current year mainly due to significant capital projects performed by the Buffalo Sewer Authority in which the Town is responsible for a portion of the costs.

The Town’s Consolidated Garbage Fund ending fund balance was \$1,950,248. Approximately 81.8 percent, \$1,595,066, of this amount is fund balance assigned for specific consolidated garbage use. Fund balance within the Consolidated Garbage Fund increased by \$147,379 due to increased refunds of prior year expenditures.

The Town’s Community Development Fund ending fund balance was \$6,354,551. Approximately 0.5 percent, \$2,904, of this amount represents fund balance assigned for specific community development

use. During the year ended December 31, 2017, the Community Development Fund fund balance decreased by \$468,265 as program expenditures exceeded grant revenues.

The Town's Capital Projects Fund ending fund balance was \$4,704,438. During the year ended December 31, 2017, fund balance decreased \$2,394,385 from the prior year due to increased capital outlay expenditures and decreased revenues and other financing sources.

Proprietary fund—The Town's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail.

Total net position of the Cheektowaga E.D.C. at March 31, 2017 totaled \$1,809,144 of unrestricted net position. The Cheektowaga E.D.C. net position decreased \$187,102 during the year ended March 31, 2017 as a result of increased program services expenditures.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2017 is presented below in Table 7.

Table 7—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 51,506,422	\$ 51,900,762	\$ 52,144,734	\$ 243,972
Expenditures and other financing uses	55,764,066	56,107,944	53,524,791	2,583,153
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (4,257,644)	\$ (4,207,182)	\$ (1,380,057)	\$ 2,827,125

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$50,120. No significant adjustments were noted.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields favorable variances. General Fund total revenues and transfers in were \$243,972 higher than corresponding final budgeted revenues due primarily to unanticipated state aid received that was not included within the final budget. General Fund total expenditures and transfers out were \$2,583,153 less than corresponding final budgeted appropriations mainly due to less employee benefit expenditures related to health insurance claims, which were budgeted higher than the increase realized from the prior year. Additionally, an unfavorable variance of \$498,813 within general government support resulted from higher than anticipated workers' compensation claims.

Capital Assets and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2017, amounted to \$124,526,478 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, permanent fixtures, machinery and equipment and infrastructure. During the year ended December 31, 2017, the Town had significant changes within the infrastructure capital asset class due to the completion of capital projects including the sanitary sewer systems and storm drainages. The Town’s business-type activities had no capital assets at year-end.

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 accumulated depreciation for governmental activities for the years ended December 31, 2017 and 2016 are presented below in Table 8.

Table 8—Summary of Capital Assets (Net of Depreciation)

	Governmental Activities	
	December 31,	
	2017	2016
Land	\$ 6,781,714	\$ 6,781,714
Construction in progress	1,454,312	753,464
Buildings	28,837,860	29,567,472
Permanent fixtures	9,689,458	10,328,911
Machinery and equipment	13,612,156	14,040,468
Infrastructure	64,150,978	58,118,446
Total governmental activities	<u>\$ 124,526,478</u>	<u>\$ 119,590,475</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 to the financial statements.

Long-term debt—At December 31, 2017, the Town had total bonded debt outstanding of \$47,800,000, as compared to \$45,345,000 for governmental activities in the prior year. During the year ended December 31, 2017, the Town issued serial bonds in the amount of \$5,150,000, and made scheduled bond principal payments of \$2,695,000. 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 Town’s debt is within the limit.

The Town’s governmental activities also have recorded debt for capital leases, landfill obligation, compensated absences, OPEB obligation and a net pension liability. The Town’s business-type activities did not report any long-term debt at year-end.

A summary of the Town’s long-term liabilities for governmental activities at December 31, 2017 and 2016 is presented on the following page in Table 9.

Table 9—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2017	2016
Serial bonds	\$ 47,800,000	\$ 45,345,000
Premium on serial bonds	6,800,587	6,517,435
Capital leases	1,319,994	1,799,486
Landfill obligation	1,302,000	1,650,000
Compensated absences	13,536,914	13,049,784
OPEB obligation	104,797,458	86,239,314
Net pension liability	15,338,136	24,341,371
Total	<u>\$ 190,895,089</u>	<u>\$ 178,942,390</u>

Additional information on the Town's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2017 was 5.5 percent. This compares to New York State's unemployment rate of 4.6 percent and the national unemployment rate of 4.1 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2018 budget. The Town's 2018 budget includes the appropriation of \$4,027,423 of fund balance in the General Fund. Additional information on the Town's budgeted appropriations of fund balance can be found in Note 11 to the financial statements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor's Office, Town of Cheektowaga, 3301 Broadway Street, Cheektowaga, NY 14227.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 37,536,172	\$ 1,140,542	\$ 38,676,714
Restricted cash and cash equivalents	11,416,651	-	11,416,651
Receivables	738,159	215,178	953,337
Loans receivable	6,487,217	483,331	6,970,548
Due from Agency Fund	523,188	-	523,188
Intergovernmental receivables	7,096,135	-	7,096,135
Prepaid items	2,018,782	-	2,018,782
Capital assets, not being depreciated	8,236,026	-	8,236,026
Capital assets, net of accumulated depreciation	116,290,452	-	116,290,452
Total assets	<u>190,342,782</u>	<u>1,839,051</u>	<u>192,181,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows—relating to pensions	15,633,534	-	15,633,534
Total deferred outflows of resources	<u>15,633,534</u>	<u>-</u>	<u>15,633,534</u>
LIABILITIES			
Accounts payable	2,259,187	29,907	2,289,094
Retainages payable	198,440	-	198,440
Accrued liabilities	9,592,808	-	9,592,808
Intergovernmental payables	1,342,566	-	1,342,566
Unearned revenue	279,556	-	279,556
Noncurrent liabilities:			-
Due within one year	4,715,309	-	4,715,309
Due within more than one year	186,179,780	-	186,179,780
Total liabilities	<u>204,567,646</u>	<u>29,907</u>	<u>204,597,553</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows—golf course lease	142,578	-	142,578
Deferred inflows—relating to pensions	3,264,068	-	3,264,068
Total deferred inflows of resources	<u>3,406,646</u>	<u>-</u>	<u>3,406,646</u>
NET POSITION			
Net investment in capital assets	72,536,099	-	72,536,099
Restricted for:			-
Insurance	4,536,297	-	4,536,297
Capital projects	774,236	-	774,236
Debt reduction	1,729,759	-	1,729,759
Community development loans	6,351,647	-	6,351,647
Unrestricted	(87,926,014)	1,809,144	(86,116,870)
Total net position	<u>\$ (1,997,976)</u>	<u>\$ 1,809,144</u>	<u>\$ (188,832)</u>

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

TOWN OF CHEEKTOWAGA, NEW YORK
Statement of Activities
Year Ended December 31, 2017

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government support	\$ 17,744,063	\$ 1,089,260	\$ 163,676	\$ -	\$ (16,491,127)	\$ -	\$ (16,491,127)
Public safety	29,825,137	1,091,910	280,826	-	(28,452,401)	-	(28,452,401)
Transportation	14,221,582	325,491	505,358	175,108	(13,215,625)	-	(13,215,625)
Economic assistance and opportunity	7,733	-	-	-	(7,733)	-	(7,733)
Culture and recreation	8,812,819	893,302	65,944	-	(7,853,573)	-	(7,853,573)
Home and community services	38,716,790	404,360	2,499,698	-	(35,812,732)	-	(35,812,732)
Interest and other fiscal charges	1,939,510	-	-	-	(1,939,510)	-	(1,939,510)
Total governmental activity	<u>111,267,634</u>	<u>3,804,323</u>	<u>3,515,502</u>	<u>175,108</u>	<u>(103,772,701)</u>	<u>-</u>	<u>(103,772,701)</u>
Business-type activities:							
Cheektowaga E.D.C.	<u>237,646</u>	<u>31,287</u>	<u>-</u>	<u>-</u>		<u>(206,359)</u>	<u>(206,359)</u>
Total primary government	<u>\$ 111,505,280</u>	<u>\$ 3,835,610</u>	<u>\$ 3,515,502</u>	<u>\$ 175,108</u>		<u>\$ (206,359)</u>	<u>\$ (206,359)</u>
General revenues:							
Property taxes and tax items					67,027,016	-	67,027,016
Non-property taxes:							
Sales tax					9,464,187	-	9,464,187
Cable franchise tax					1,061,195	-	1,061,195
Use of money and property					464,870	12,583	477,453
Gain on sale of capital assets					10,305	-	10,305
Minor sales and compensation for loss					80,703	-	80,703
Miscellaneous					165,912	6,674	172,586
Unrestricted state aid					2,184,126	-	2,184,126
Total general revenues					<u>80,458,314</u>	<u>19,257</u>	<u>80,477,571</u>
Change in net position					(23,314,387)	(187,102)	(23,501,489)
Net position—beginning					21,316,411	1,996,246	23,312,657
Net position—ending					<u>\$ (1,997,976)</u>	<u>\$ 1,809,144</u>	<u>\$ (188,832)</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, 2017

	<u>Special Revenue</u>					<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Consolidated Garbage</u>	<u>Community Development</u>			
ASSETS								
Cash and cash equivalents	\$ 19,416,906	\$ 4,890,101	\$ 7,477,196	\$ 2,680,131	\$ 6,614	\$ 49,715	\$ 3,015,509	\$ 37,536,172
Restricted cash and cash equivalents	4,815,853	-	-	-	-	4,704,438	1,896,360	11,416,651
Receivables	708,935	3,519	2,254	19,896	-	-	3,555	738,159
Loans receivable	135,570	-	-	-	6,351,647	-	-	6,487,217
Intergovernmental receivables	756,903	4,206,343	273,543	17,000	571,392	87,848	1,183,106	7,096,135
Due from other funds	2,560,665	-	1,299	575	-	607,910	291,375	3,461,824
Prepaid items	1,399,367	146,833	74,644	80,182	-	-	317,756	2,018,782
Total assets	<u>\$ 29,794,199</u>	<u>\$ 9,246,796</u>	<u>\$ 7,828,936</u>	<u>\$ 2,797,784</u>	<u>\$ 6,929,653</u>	<u>\$ 5,449,911</u>	<u>\$ 6,707,661</u>	<u>\$ 68,754,940</u>
LIABILITIES								
Accounts payable	\$ 878,018	\$ 204,419	\$ 68,144	\$ 192,284	\$ 49,304	\$ 589,624	\$ 277,394	\$ 2,259,187
Accrued liabilities	8,059,549	362,874	102,035	140,296	-	-	58,244	8,722,998
Intergovernmental payables	1,049,478	52,564	188,779	25,734	15,706	-	10,305	1,342,566
Due to other funds	595,879	464,154	353,098	489,222	510,092	155,849	370,342	2,938,636
Unearned revenue	279,556	-	-	-	-	-	-	279,556
Total liabilities	<u>10,862,480</u>	<u>1,084,011</u>	<u>712,056</u>	<u>847,536</u>	<u>575,102</u>	<u>745,473</u>	<u>716,285</u>	<u>15,542,943</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue—golf course lease	142,578	-	-	-	-	-	-	142,578
Unavailable revenue—loans receivable	135,570	-	-	-	-	-	-	135,570
Total deferred inflows of resources	<u>278,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,148</u>
FUND BALANCES								
Nonspendable	1,399,367	146,833	74,644	80,182	-	-	317,756	2,018,782
Restricted	4,536,297	-	-	-	6,351,647	4,704,438	1,729,759	17,322,141
Assigned	5,336,945	8,015,952	7,042,236	1,870,066	2,904	-	3,943,861	26,211,964
Unassigned	7,380,962	-	-	-	-	-	-	7,380,962
Total fund balances	<u>18,653,571</u>	<u>8,162,785</u>	<u>7,116,880</u>	<u>1,950,248</u>	<u>6,354,551</u>	<u>4,704,438</u>	<u>5,991,376</u>	<u>52,933,849</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,794,199</u>	<u>\$ 9,246,796</u>	<u>\$ 7,828,936</u>	<u>\$ 2,797,784</u>	<u>\$ 6,929,653</u>	<u>\$ 5,449,911</u>	<u>\$ 6,707,661</u>	<u>\$ 68,754,940</u>

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

TOWN OF CHEEKTOWAGA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2017

Amounts reported for governmental activities in the statement of net position (page 20) are different because:

Total fund balances—governmental funds (page 22)		\$ 52,933,849
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$212,421,566 and the accumulated depreciation is \$87,895,088.		124,526,478
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 4,917,659	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	10,715,875	
Deferred inflows related to pension plans	<u>(3,264,068)</u>	12,369,466
Retained percentages are not a current liability and, therefore, are not reported in the fund statements.		(198,440)
Certain accrued revenues reported in the statement of net position are received after the availability period for recognition in the governmental funds.		135,570
Net accrued interest expense for serial bonds is not reported in the fund statements.		(869,810)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (47,800,000)	
Premiums on serial bonds	(6,800,587)	
Capital leases	(1,319,994)	
Landfill obligation	(1,302,000)	
Compensated absences	(13,536,914)	
OPEB obligation	(104,797,458)	
Net pension liability	<u>(15,338,136)</u>	<u>(190,895,089)</u>
Net position of governmental activities		<u>\$ (1,997,976)</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
Year Ended December 31, 2017

	Special Revenue					Capital Projects	Total Nonmajor Funds	Total Governmental Funds
	General	Highway	Sewer	Consolidated Garbage	Community Development			
REVENUES								
Real property taxes	\$ 40,059,214	\$ 2,712,296	\$ 11,160,237	\$ 8,683,009	\$ -	\$ -	\$ 3,578,135	\$ 66,192,891
Other property tax items	796,626	27,999	-	4,350	-	-	5,150	834,125
Non-property tax items:								
Sales tax	-	8,452,212	-	-	-	-	1,011,975	9,464,187
Cable franchise tax	1,061,195	-	-	-	-	-	-	1,061,195
Departmental income	1,323,311	-	-	130,441	-	-	-	1,453,752
Intergovernmental charges	-	325,491	273,919	-	-	-	-	599,410
Use of money and property	93,890	3,185	11,238	7,924	-	5,953	117,899	240,089
Licenses and permits	33,134	-	-	-	-	-	747,874	781,008
Fines and forfeitures	970,153	-	-	-	-	-	-	970,153
Sale of property and compensation for loss	78,445	6,948	2,064	-	-	-	3,551	91,008
Miscellaneous	166,562	99,579	26,881	76,159	-	21,792	59,154	450,127
State aid	1,872,974	820,898	-	-	115,040	567,358	-	3,376,270
Federal aid	155,854	13,000	6,000	17,000	2,205,804	100,108	700	2,498,466
Total revenues	<u>46,611,358</u>	<u>12,461,608</u>	<u>11,480,339</u>	<u>8,918,883</u>	<u>2,320,844</u>	<u>695,211</u>	<u>5,524,438</u>	<u>88,012,681</u>
EXPENDITURES								
Current:								
General government support	10,816,088	-	-	-	-	-	-	10,816,088
Public safety	17,142,672	-	-	-	-	-	1,141,196	18,283,868
Transportation	234,967	6,686,666	-	-	-	-	-	6,921,633
Economic assistance and opportunity	4,764	-	-	-	-	-	-	4,764
Culture and recreation	4,862,218	-	-	-	-	-	4,294	4,866,512
Home and community services	-	4,774	9,182,482	5,856,062	2,789,109	-	3,179,352	21,011,779
Employee benefits	18,855,504	1,374,008	1,016,366	1,061,541	-	-	405,734	22,713,153
Debt service:								
Principal—serial bonds	-	-	-	-	-	-	2,695,000	2,695,000
Principal—capital leases	-	-	-	-	-	-	479,492	479,492
Interest and other fiscal charges	-	-	-	-	-	-	1,964,453	1,964,453
Capital outlay	-	-	-	-	-	8,783,921	-	8,783,921
Total expenditures	<u>51,916,213</u>	<u>8,065,448</u>	<u>10,198,848</u>	<u>6,917,603</u>	<u>2,789,109</u>	<u>8,783,921</u>	<u>9,869,521</u>	<u>98,540,663</u>
Excess (deficiency) of revenues over expenditures	<u>(5,304,855)</u>	<u>4,396,160</u>	<u>1,281,491</u>	<u>2,001,280</u>	<u>(468,265)</u>	<u>(8,088,710)</u>	<u>(4,345,083)</u>	<u>(10,527,982)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	5,533,376	70,000	10,000	30,000	-	9,100	5,171,121	10,823,597
Transfers out	(1,608,578)	(4,075,232)	(2,047,221)	(1,883,901)	-	(14,775)	(1,193,890)	(10,823,597)
Premium on serial bonds	-	-	-	-	-	550,000	-	550,000
Issuance of serial bonds	-	-	-	-	-	5,150,000	-	5,150,000
Total other financing sources (uses)	<u>3,924,798</u>	<u>(4,005,232)</u>	<u>(2,037,221)</u>	<u>(1,853,901)</u>	<u>-</u>	<u>5,694,325</u>	<u>3,977,231</u>	<u>5,700,000</u>
Net change in fund balances	(1,380,057)	390,928	(755,730)	147,379	(468,265)	(2,394,385)	(367,852)	(4,827,982)
Fund balances—beginning	20,033,628	7,771,857	7,872,610	1,802,869	6,822,816	7,098,823	6,359,228	57,761,831
Fund balances—ending	<u>\$ 18,653,571</u>	<u>\$ 8,162,785</u>	<u>\$ 7,116,880</u>	<u>\$ 1,950,248</u>	<u>\$ 6,354,551</u>	<u>\$ 4,704,438</u>	<u>\$ 5,991,376</u>	<u>\$ 52,933,849</u>

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

TOWN OF CHEEKTOWAGA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—
Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2017

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) \$ (4,827,982)

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

Capital asset additions	\$ 11,707,432	
Depreciation expense	<u>(6,487,214)</u>	5,220,218

Loss on disposition of capital assets is recorded in the statement of activities but not in the statement for governmental funds. (284,215)

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

Town pension contributions	\$ 6,495,756	
Cost of benefits earned net of employee contributions	<u>(4,199,592)</u>	(2,296,164)

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities, retained percentages on construction contracts are reported as expenses as they accrue. (153,186)

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 in the governmental funds when it is due. However, on the statement of activities, this is recognized as revenue regardless of when it is collected. (42,067)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 24,943

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

Issuance of serial bonds	\$ (5,150,000)	
Repayment of serial bonds	2,695,000	
Premium on serial bonds issued	(550,000)	
Amortization of premiums on serial bonds	266,848	
Payment of capital lease	479,492	
Change in landfill obligation	348,000	
Change in compensated absences	(487,130)	
Change in OPEB obligation	<u>(18,558,144)</u>	<u>(20,955,934)</u>

Change in net position of governmental activities \$ (23,314,387)

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

TOWN OF CHEEKTOWAGA, NEW YORK
Statement of Net Position—Proprietary Fund
December 31, 2017

	Business-Type Activities
	Cheektowaga E.D.C.
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 905,192
Certificates of deposit	235,350
Receivables	215,178
Total current assets	1,355,720
Noncurrent assets:	
Loans receivable	483,331
Total assets	1,839,051
LIABILITIES	
Current liabilities:	
Accounts payable	29,907
Total liabilities	29,907
NET POSITION	
Unrestricted	1,809,144
Total net position	\$ 1,809,144

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

TOWN OF CHEEKTOWAGA, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Fund
December 31, 2017

	Business-Type Activities
	Cheektowaga E.D.C.
Operating revenues:	
Loan recovery	\$ 31,287
Total operating revenues	31,287
Operating expenses:	
Program services	232,081
Management and general	5,565
Total operating expenses	237,646
Operating loss	(206,359)
Nonoperating revenues:	
Loan interest	12,583
Miscellaneous	6,674
Total nonoperating revenues	19,257
Change in net position	(187,102)
Total net position—beginning	1,996,246
Total net position—ending	\$ 1,809,144

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

TOWN OF CHEEKTOWAGA, NEW YORK
Statement of Cash Flows—Proprietary Fund
December 31, 2017

	Business-type Activities
	Cheektowaga E.D.C.
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from services provided	90,681
Payments to employees and suppliers	(224,141)
Net cash provided by (used for) operating activities	(133,460)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and investment income	19,257
Decrease in certificates of deposit	(287)
Net cash provided by investing activities	18,970
(Decrease) in cash and cash equivalents	(114,490)
Cash and cash equivalents—beginning of year	1,019,682
Cash and cash equivalents—end of year	\$ 905,192
Reconciliation of operating loss to net cash provided by (used for) operating activities:	
Operating loss	\$ (206,359)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
(Increase) in accounts receivable	(7,258)
Decrease in loans receivable	66,652
Increase in accounts payable	13,505
Total adjustments	72,899
Net cash provided by (used for) operating activities	\$ (133,460)

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

TOWN OF CHEEKTOWAGA, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 716,362
Receivables	62,256
Intergovernmental receivables	<u>1,121</u>
Total assets	<u>\$ 779,739</u>
LIABILITIES	
Agency liabilities	\$ 255,280
Due to other funds	523,188
Intergovernmental payables	<u>1,271</u>
Total liabilities	<u>\$ 779,739</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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally 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 the legally separate component unit for which the primary government is financially accountable. The Town reports the Cheektowaga Economic Development Corporation as a blended component unit.

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 consist of the following:

Supervisor	Town Clerk and Receiver of Taxes
Councilmembers (6)	Superintendent of Highways
Town Justices (2)	

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

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

Blended Component Unit—The following blended component unit is a legally separate entity from the Town, but is, in substance, part of the Town’s operations and therefore data from the unit is combined with data of the primary government.

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 Town serves as sole member of the E.D.C., and 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. 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, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the Town's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

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

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The principal sources of revenue for the Highway Fund are real property taxes and sales tax.
- *Sewer Fund*—The Sewer Fund 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*—The Consolidated Garbage 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*—The Community Development Fund 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 Grant federal aid.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities. The principal sources of revenue and financing for the Capital Projects Fund are state grants, bond proceeds and transfers in from the Town's operating funds.

The Town reports the following major proprietary fund:

Cheektowaga Economic Development Corporation (“E.D.C.”)—This fund accounts for the operations of the Cheektowaga Economic Development Corporation (“E.D.C.”), a blended component unit of the Town. This fund presents the operations of the Community Development loan program administered by the E.D.C.

Additionally, the Town reports the following fund types:

Fiduciary Funds—These funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Agency Fund*. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities 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 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, transfers between the funds included in the business-type activities are eliminated so that only the net amount is included as transfers 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 financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

compensated absences, pensions, other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary fund is reported using the *economic resource measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—The Town’s cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2017; however, when the Town does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unearned revenue and unspent proceeds of debt.

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

Capital Assets—Capital assets, which include land, buildings, permanent fixtures, machinery and equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

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

	<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

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

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2017, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town’s proportion of the collective net pension liability, the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2017, the Town has three items that qualify for reporting in this category. The first two items represents future inflows from a golf course lease and special assessments loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts have not met the time requirement recognition criterion and, as such, are deferred in the financial statements until these time constraints have been met. The final item represents the effect of the net change in the Town’s proportion of the collective net pension liability and the difference during the measurement periods between the Town’s contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

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

resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority.

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

Revenues and Expenses/Expenditures

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

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

Tax payments are due January 1st to February 15th without penalty; February 16th to 28th a 1.5% penalty; March 1st to 15th a 3.0% penalty; March 16th to 31st a 4.5% penalty; April 1st to 7th a 6.0% penalty; April 8th to May 1st a 7.5% penalty; and 1.5% added each month thereafter.

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

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

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2017, the Town reported unearned revenues within the General Fund of \$279,556. The Town received grant money in advance but has not performed the related services, and therefore recognizes a liability.

Compensated Absences—Most Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations and compensatory absences must be used by the end of the fiscal year in which they are earned. Employees may accumulate sick leave, but they are not entitled to receive payment for unused sick leave in the event of termination or upon retirement.

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

Pensions—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 7.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2017, the Town implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. Statement No. 80 requires a component unit to be included in the financial statements of a reporting entity using the blending method if the component unit is organized as a not-for profit corporation in which the primary government is the sole corporate

member. GASB Statement No. 80 included the Cheektowaga E.D.C. as a business-type activity blended component unit. As a result, beginning net position of business-type activities has been adjusted to include the Cheektowaga E.D.C. net position (\$1,996,246).

The Town also implemented GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ended December 31, 2017. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements No. 74, 81, and 82 did not have a material impact on the Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018, No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019, and No. 87, *Leases*, effective for the year ending December 31, 2020. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 75, 83, 84, 85, 86, 87, and 88 will have on its financial position and results of operations.

Stewardship, Compliance and Accountability

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Town's investment policies are governed by New York 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 New York State. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

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

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 6,870	\$ -	\$ 6,870
Deposits	48,945,953	716,362	49,662,315
Total	<u>\$ 48,952,823</u>	<u>\$ 716,362</u>	<u>\$ 49,669,185</u>

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,796,365	\$ 1,796,365
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	42,795,189	47,865,950
Total	<u>\$ 44,591,554</u>	<u>\$ 49,662,315</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2017, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports restricted cash, totaling \$11,416,651, within the General Fund, Capital Projects Fund and Debt Service Fund. These funds are set aside for future payments toward insurance and unearned revenue, approved capital project spending and debt service payments, in the amounts of \$4,815,853, \$4,704,438 and \$1,896,360, respectively.

Investments—At December 31, 2017, the Town had no investments.

Interest Rate Risk—The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are general limited to 180 days or less.

Custodial Credit Risk—Investments—For investments, this is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the market value

of purchased securities in repurchase transactions must be maintained and the securities must be held by a third party in the Town's name.

Credit Risk—In compliance with the State law, Town investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, Town deposits and investments are placed with multiple institutions. The general rule is not to place more than 50% of the Town's total investment portfolio in overnight investments with any one institution.

Blended 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, 2017, the Corporation reported \$905,192 in deposits and \$235,350 in certificates of deposit.

3. RECEIVABLES

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

Receivables—Represents amounts due for franchise fees, insurance deposits, and from other Town departments, 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. Receivables at December 31, 2017 are presented below:

Governmental Funds:			
General Fund:			
Franchise fees	\$	538,631	
Insurance deposits		106,269	
Other		<u>64,035</u>	\$ 708,935
Highway Fund:			
Twin Village salvage			3,519
Sewer Fund:			
Miscellaneous sewer charges			2,254
Consolidated Garbage Fund:			
Recycling containers			19,896
Nonmajor funds			<u>3,555</u>
Total governmental funds	\$		<u><u>738,159</u></u>

Loans Receivable—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 receivable from Town residents and corresponding deferred inflow of resources. The balance at December 31, 2017 is \$135,570, and is expected to be repaid over a range of two to five years through special assessments on the residents' tax levy.

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, 2017 is \$6,351,647.

Blended Component Unit

Cheektowaga Economic Development Corporation—Loans receivable of the Cheektowaga E.D.C. totaled \$483,331, of which \$352,796 is secured by collateral security mortgages or security interest in specific equipment and assets. Such collateralized notes are term notes payable between 5 and 10 years with interest in the range of 0.5% to 5.0%. A note totaling \$130,535 is unsecured, bears interest at 2% and is payable on demand.

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

Governmental Funds:		
General Fund:		
Due from Federal	\$ 289,849	
Due from New York State	48,373	
Due from Erie County	161,413	
Due from local municipalities	<u>257,268</u>	\$ 756,903
Highway Fund:		
Due from Erie County	\$ 4,193,343	
Due from Federal	<u>13,000</u>	4,206,343
Sewer Fund:		
Due from N.F.T.A.	\$ 230,509	
Due from Village of Sloan	37,034	
Due from Federal	<u>6,000</u>	273,543
Consolidated Garbage Fund:		
Due from Federal		17,000
Community Development Fund:		
Due from Federal		571,392
Capital Projects Fund:		
Due from New York State		87,848
Nonmajor funds:		
Due from local municipalities		<u>1,183,106</u>
Total governmental funds		<u>\$ 7,096,135</u>

4. CAPITAL ASSETS

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

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	\$ 6,781,714	\$ -	\$ -	\$ 6,781,714
Construction in progress	753,464	700,848	-	1,454,312
Total capital assets, not being depreciated	<u>7,535,178</u>	<u>700,848</u>	<u>-</u>	<u>8,236,026</u>
Capital assets, being depreciated:				
Buildings	40,982,341	139,774	-	41,122,115
Permanent fixtures	18,200,443	36,780	-	18,237,223
Machinery and equipment	35,098,696	1,850,426	355,381	36,593,741
Infrastructure	99,252,857	8,979,604	-	108,232,461
Total capital assets, being depreciated	<u>193,534,337</u>	<u>11,006,584</u>	<u>355,381</u>	<u>204,185,540</u>
Less accumulated depreciation for:				
Buildings	11,414,869	869,386	-	12,284,255
Permanent fixtures	7,871,532	676,233	-	8,547,765
Machinery and equipment	21,058,228	1,994,523	71,166	22,981,585
Infrastructure	41,134,411	2,947,072	-	44,081,483
Total accumulated depreciation	<u>81,479,040</u>	<u>6,487,214</u>	<u>71,166</u>	<u>87,895,088</u>
Total capital assets, being depreciated, net	<u>112,055,297</u>	<u>4,519,370</u>	<u>284,215</u>	<u>116,290,452</u>
Total capital assets, net	<u>\$ 119,590,475</u>	<u>\$ 5,220,218</u>	<u>\$ 284,215</u>	<u>\$ 124,526,478</u>

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

Governmental activities:	
General government support	\$ 1,068,817
Public safety	400,067
Transportation	2,203,644
Culture and recreation	955,581
Home and community services	1,859,105
Total	<u>\$ 6,487,214</u>

5. ACCRUED LIABILITIES

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

	General Fund	Highway Fund	Sewer Fund	Consolidated Garbage Fund	Total Nonmajor Funds	Total Governmental Funds
Salaries and employee benefits	\$ 644,206	\$ 362,874	\$ 102,035	\$ 140,296	\$ 58,244	\$ 1,307,655
Judgments and claims - current	7,415,343	-	-	-	-	7,415,343
Total	<u>\$ 8,059,549</u>	<u>\$ 362,874</u>	<u>\$ 102,035</u>	<u>\$ 140,296</u>	<u>\$ 58,244</u>	<u>\$ 8,722,998</u>

See Note 8 for additional information regarding the Town's judgments and claims liability.

6. PENSION PLANS

Plan Descriptions and Benefits Provided

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

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

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

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Net pension liability	\$ 8,458,244	\$ 6,879,892
Town's portion of the Plan's total net pension liability	0.4080880%	0.0732198%

For the year ended December 31, 2017, the Town recognized pension expenses of \$4,918,888 and \$3,873,032, respectively, for PFRS and ERS. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as presented on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 1,109,576	\$ 172,404	\$ 1,461,397	\$ 1,044,751
Changes in assumptions	4,167,021	2,350,423	-	-
Net difference between projected and actual earnings on pension plan investments	1,263,226	1,374,193	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	217,001	62,031	526,491	231,429
Town contributions subsequent to the measurement date	2,587,532	2,330,127	-	-
Total	<u>\$ 9,344,356</u>	<u>\$ 6,289,178</u>	<u>\$ 1,987,888</u>	<u>\$ 1,276,180</u>

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

Year Ending December 31,	PFRS	ERS
2018	\$ 1,620,862	\$ 1,234,298
2019	1,620,862	1,234,298
2020	1,526,580	1,150,267
2021	(194,966)	(935,992)
2022	195,598	-

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

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	4.50%	3.80%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.5%	2.5%
Cost-of-living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 Systems' experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2016 valuations are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 23,978,630	\$ 8,458,244	\$ (4,559,561)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 21,973,012	\$ 6,879,892	\$ (5,881,312)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2016	April 1, 2016	
Employers' total pension liability	\$ 31,670,483	\$ 177,400,586	\$ 209,071,069
Plan fiduciary net position	<u>29,597,830</u>	<u>168,004,363</u>	<u>197,602,193</u>
Employers' net pension liability	<u>\$ 2,072,653</u>	<u>\$ 9,396,223</u>	<u>\$ 11,468,876</u>
Systems' fiduciary net position as a percentage of total pension liability	93.5%	94.7%	94.5%

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

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. As of the valuation date, there were 327 retirees receiving health care benefits.

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. 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 five years. The table presented below shows the components of the Town’s annual OPEB cost for the past three years, the amount actually contributed to the plan, and the changes in the Town’s net OPEB obligation.

	Year Ended December 31,		
	2017	2016*	2015
Annual required contribution ("ARC")	\$ 40,252,509	\$ 40,252,509	\$ 13,141,381
Interest on net OPEB obligation	3,449,573	2,523,174	2,257,853
Adjustment to ARC	<u>(19,371,688)</u>	<u>(14,169,330)</u>	<u>(3,264,296)</u>
Annual OPEB cost (expense)	24,330,394	28,606,353	12,134,938
Contributions made	<u>(5,772,250)</u>	<u>(5,446,381)</u>	<u>(5,501,911)</u>
Increase in net OPEB obligation	18,558,144	23,159,972	6,633,027
Net OPEB obligation—beginning	<u>86,239,314</u>	<u>63,079,342</u>	<u>56,446,315</u>
Net OPEB obligation—ending	<u>\$ 104,797,458</u>	<u>\$ 86,239,314</u>	<u>\$ 63,079,342</u>
Percentage of ARC contributed	14.3%	13.5%	41.9%

*During the year ended December 31, 2016, the Town adjusted the remaining amortization period of the unfunded actuarial accrued liability from twenty-one years to five years.

Funding Status and Funding Progress—As of January 1, 2016, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was \$161,488,213. The covered payroll (annual payroll of active employees covered by the plan) was \$35,611,397, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.54.

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

The Town’s schedule of contributions for the most recent three years is shown below:

Year Ended December 31,	Annual* OPEB Cost	Contributions Made	Percentage Contributed	Net OPEB Obligation
2017	\$ 24,330,394	\$ 5,772,250	23.7%	\$ 104,797,458
2016	28,606,353	5,446,381	19.0%	86,239,314
2015	12,134,938	5,501,911	45.3%	63,079,342

*During the year ended December 31, 2016, the Town adjusted the remaining amortization period of the unfunded actuarial accrued liability from twenty-one years to five years.

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

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employer 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, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date of January 1, 2016 and measurement date of December 31, 2017. 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 3.0%. The RP-2014 Blue Collar Mortality Table projected using Improvement Scale MP-2016 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 4.0% to 7.0% and the administrative fees are assumed to increase at 3.0% per year. At December 31, 2017, the unfunded actuarial accrued liability is being amortized over 4 years on a level dollar open basis.

8. RISK MANAGEMENT

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 \$600,000. The Town also retains risk related to general liability. All other risks of loss are covered through the purchase of commercial insurance. The Town purchases insurance for: automobile and general liability. Automobile insurance is limited to \$1 million per accident. The general liability insurance is limited to \$1 million per occurrence, and an aggregate \$10 million limit. 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 \$15,744,103 were recorded in the General Fund for the year ended December 31, 2017.

At December 31, 2017, the current liability portion of judgments and claims, including workers' compensation claims, was \$7,415,343. These are considered to be due and payable at December 31, 2017 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 January 1, 2015 resulted from the following:

Year Ended December 31,	Liability, Beginning of Year	Claims and Changes in Estimates	Claim Payments and Changes in Estimates	Liability, End of Year
2017	\$ 5,572,676	\$15,744,103	\$ 13,901,436	\$ 7,415,343
2016	5,092,682	14,181,761	13,701,767	5,572,676
2015	7,956,114	6,971,747	9,835,179	5,092,682

At December 31, 2017, 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 restricted fund balance for insurance totaling \$4,536,297.

9. LEASE OBLIGATIONS

Capital Leases—The Town entered into a long-term capital lease including an amendment, for certain energy related equipment and machinery. The present value of the amended lease at December 31, 2017 is \$1,319,994. A \$1,319,994 long-term liability has been recorded within the Town’s governmental activities. The assets acquired through the capital lease are presented below:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 5,724,738
Less: Accumulated depreciation	<u>(2,833,455)</u>
Total	<u>\$ 2,891,283</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 \$165,400, with final payment due January 15, 2022. The implicit interest rate ranges from 2.35% to 5.5%. The obligation under the lease can be summarized as follows:

Year Ending December 31,	Governmental Activities
2018	\$ 558,144
2019	558,144
2020	162,492
2021	97,640
2022	<u>48,820</u>
Total minimum lease payments	1,425,240
Less: Amount representing imputed interest costs	<u>(105,246)</u>
Present value of minimum lease payments	<u>\$ 1,319,994</u>

10. LONG-TERM LIABILITIES

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

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

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

A summary of changes in the Town's long-term liabilities for the year ended December 31, 2017 follows:

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Serial bonds	\$ 45,345,000	\$ 5,150,000	\$ 2,695,000	\$ 47,800,000	\$ 3,155,000
Premium on serial bonds	6,517,435	550,000	266,848	6,800,587	288,237
Bonds payable	51,862,435	5,700,000	2,961,848	54,600,587	3,443,237
Capital leases	1,799,486	-	479,492	1,319,994	502,226
Landfill obligation	1,650,000	-	348,000	1,302,000	93,000
Compensated absences	13,049,784	1,174,694	687,564	13,536,914	676,846
OPEB obligation	86,239,314	24,330,394	5,772,250	104,797,458	-
Net pension liability*	24,341,371	-	9,003,235	15,338,136	-
Total	<u>\$ 178,942,390</u>	<u>\$ 31,205,088</u>	<u>\$ 19,252,389</u>	<u>\$ 190,895,089</u>	<u>\$ 4,715,309</u>

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

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 30 years.

On August 8, 2017, the Town issued \$5,150,000 in various purpose serial bonds for the purpose of continuing funding the ongoing capital projects of the Town. The serial bonds were issued at a premium of \$550,000 and carry an interest rate of 4.0%. Principal payments on the bonds begin August 1, 2018 and mature on August 1, 2032.

Principal is paid annually, interest is paid semi-annually and are recorded in the Debt Service Fund. A summary of the Town's general obligation bonds is presented on the following page.

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
General Fund:							
Recreational park improvements	\$ 500,000	2005-2020	3.75-3.80	\$ 155,700	\$ -	\$ 36,600	\$ 119,100
Town maintenance building	1,133,564	2015-2025	1.75-5.00	1,038,000	-	100,000	938,000
Police and court building	12,168,326	2015-2035	2.25-4.00	11,669,000	-	514,000	11,155,000
Ice rink improvements	2,400,000	2016-2046	2.25-5.00	2,400,000	-	128,000	2,272,000
Improvements to Town Buildings	1,560,000	2017-2032	4.00	-	1,560,000	-	1,560,000
Highway Fund:							
Road reconstruction/resurfacing	2,000,000	2005-2020	3.75-3.80	621,600	-	146,400	475,200
Sidewalk/highway drainage	500,000	2005-2020	3.75-3.80	155,600	-	36,500	119,100
Highway drainage work (2009)	1,306,542	2015-2025	1.75-5.00	1,201,000	-	115,000	1,086,000
Highway drainage work (2011)	1,290,901	2015-2026	1.75-5.00	1,197,000	-	102,000	1,095,000
Highway repaving (2012)	932,982	2015-2026	1.75-5.00	865,000	-	74,000	791,000
Sidewalks (2011)	142,615	2015-2021	1.75-5.00	123,000	-	23,000	100,000
Sidewalks (2016)	642,000	2016-2046	2.25-5.00	642,000	-	71,000	571,000
Highway drainage and repaving	11,923,000	2016-2046	2.25-5.00	11,923,000	-	621,000	11,302,000
Highway Repaving	2,710,000	2017-2032	4.00	-	2,710,000	-	2,710,000
Highway Drainage	700,000	2017-2032	4.00	-	700,000	-	700,000
Sidewalks (2017)	180,000	2017-2032	4.00	-	180,000	-	180,000
Special Districts:							
Alpine Sewer EFC Bond	752,825	2004-2034	1.20-5.15	455,000	-	25,000	430,000
Anderson road drainage	1,100,000	2005-2020	3.75-3.80	342,100	-	80,500	261,600
Dingens Road drainage	644,070	2015-2025	1.75-5.00	592,000	-	57,000	535,000
Acquisition of garbage totes	555,000	2016-2046	2.25-5.00	555,000	-	148,000	407,000
Replacement of sanitary sewers	10,284,000	2016-2046	2.25-5.00	10,284,000	-	283,000	10,001,000
Drainage improvements	1,126,000	2016-2046	2.25-5.00	1,126,000	-	134,000	992,000
Total				<u>\$ 45,345,000</u>	<u>\$ 5,150,000</u>	<u>\$ 2,695,000</u>	<u>\$ 47,800,000</u>

Amortization of Bond Premium—On July 21, 2010 the Town issued general obligation refunding serial bonds totaling \$4,510,000 and received a bond premium of \$158,333. On July 15, 2015, the Town issued serial bonds totaling \$17,619,000 and received a bond premium of \$1,662,499. On July 13, 2016, the Town issued serial bonds totaling \$26,930,000 and received a bond premium of \$5,053,364. Additionally, on August 8, 2017 the Town issued serial bonds totaling \$5,150,000 and received a bond premium of \$550,000. The premiums are being amortized on a straight-line basis over the life of the bonds, which mature(d) on May 15, 2016, July 15, 2035, July 1, 2046, and August 1, 2032, respectively. Total unamortized bond premiums as of December 31, 2017 was \$6,800,587.

Capital Leases—The Town entered into a long-term capital lease for certain energy related equipment and machinery. The outstanding balance at December 31, 2017 was \$1,319,994. Refer to Note 9 for additional information related to the Town’s capital lease.

Landfill Obligation—As further discussed in Note 17, 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, 2017, the related postclosure liability approximates \$1,302,000.

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, 2017 for governmental activities is \$13,536,914, of which management estimates \$676,846 is due within one year.

OPEB Obligation—As explained in Note 7, the Town provides a portion of healthcare benefits for retirees. The Town’s annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with GASB. The General, Highway, Sewer and Consolidated Garbage Funds are the governmental funds that generally have been used in prior years to liquidate portions of the net OPEB expense. The Town’s long-term OPEB obligation is estimated to be \$104,797,458 at December 31, 2017.

Net Pension Liability—The Town reported a liability for its proportionate share of the net pension liability for the Employees’ Retirement System and Police and Fire Retirement System. The net pension liability at December 31, 2017 is estimated to be \$15,338,136 within governmental activities. Typically, the General Fund and all funds that pay NYS retirement have been used to liquidate this liability within the governmental funds. Refer to Note 6 for additional information related to the Town’s net pension liability.

The following is a maturity schedule of the Town’s indebtedness:

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Capital Lease	Landfill Obligation	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2018	\$ 3,155,000	\$ 288,237	\$ 502,226	\$ 93,000	\$ 676,846	\$ -	\$ -	\$ 4,715,309
2019	3,255,000	288,237	526,121	-	-	-	-	4,069,358
2020	3,130,000	288,237	151,574	-	-	-	-	3,569,811
2021	2,880,000	288,237	92,302	-	-	-	-	3,260,539
2022	2,935,000	288,237	47,771	-	-	-	-	3,271,008
2023-2027	14,345,000	1,441,185	-	-	-	-	-	15,786,185
2028-2032	10,745,000	1,425,902	-	-	-	-	-	12,170,902
2033-2037	3,890,000	1,053,500	-	-	-	-	-	4,943,500
2038-2042	1,920,000	842,225	-	-	-	-	-	2,762,225
2043-thereafter	1,545,000	596,590	-	1,209,000	12,860,068	104,797,458	15,338,136	136,346,252
Total	<u>\$ 47,800,000</u>	<u>\$ 6,800,587</u>	<u>\$ 1,319,994</u>	<u>\$ 1,302,000</u>	<u>\$ 13,536,914</u>	<u>\$ 104,797,458</u>	<u>\$ 15,338,136</u>	<u>\$ 190,895,089</u>

Interest requirements on serial bonds payable are as follows:

Year ending December 31,	Interest
2018	\$ 2,035,713
2019	1,903,860
2020	1,748,084
2021	1,598,639
2022	1,457,877
2023-2027	5,180,132
2028-2032	2,361,994
2033-2037	769,706
2038-thereafter	432,032
Total	<u>\$ 17,488,037</u>

Judgments and Claims—Other estimated claims and judgments amounted to \$7,415,343 at December 31, 2017 and are considered current, therefore, have been included as accrued liabilities within the General Fund. See Note 5 and Note 8 for additional information related to the Town’s judgments and claims liability.

11. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 124,526,478
Less related debt:		
Serial bonds	\$ (47,800,000)	
Unspent bond proceeds	3,930,202	
Unamortized bond premiums	(6,800,587)	
Capital leases	<u>(1,319,994)</u>	<u>(51,990,379)</u>
Net investment in capital assets		<u>\$ 72,536,099</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The total restricted component of net position of \$13,391,939 is restricted for insurance, capital projects, debt reduction and community development loans in the amounts of \$4,536,297, \$774,236, \$1,729,759, and \$6,351,647, respectively, within governmental activities.
- **Unrestricted Net Position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2017 includes prepaid items as described below:

- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund, Highway Fund, Sewer Fund, Consolidated Garbage Fund, Town Outside Village Fund, and Debt Service Fund reported amounts of \$1,399,367, \$146,833, \$74,644, \$80,182, \$38,684, and \$279,072, respectively.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. At December 31, 2017, the Town reported the following restricted fund balances:

	Insurance	Capital Projects	Debt Reduction	Community Development Loans	Total Restricted
General Fund	\$ 4,536,297	\$ -	\$ -	\$ -	\$ 4,536,297
Community Development Fund	-	-	-	6,351,647	6,351,647
Capital Projects Fund	-	4,704,438	-	-	4,704,438
Debt Service Fund	-	-	1,729,759	-	1,729,759
Total	<u>\$ 4,536,297</u>	<u>\$ 4,704,438</u>	<u>\$ 1,729,759</u>	<u>\$ 6,351,647</u>	<u>\$ 17,322,141</u>

- **Restricted for Insurance**—Represents reserve established within the General Fund which 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, 2017, the Town had \$4,536,297 restricted for insurance.
- **Restricted for Capital Projects**—Represents resources, primarily proceeds of debt, restricted for various capital improvements in the Capital Projects Fund.
- **Restricted for Debt Reduction**—Represents \$1,729,759 restricted for the reduction of future debt service requirements.
- **Community Development Loans**—Represents \$6,351,647 of community development loans within the Community Development Fund, which are legally required to be maintained intact.

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

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Town. The Town Board authorizes the Supervisor to make a determination of the assigned amounts of fund balance. At December 31, 2017, the Town reported the following fund balance assignments:

	Encumb- rances	Subsequent Year's Expenditures	Capital Projects	Equipment	Pollution Remediation	Building Demolition	Specific Use	Total Assigned
General Fund	\$ 109,522	\$ 4,027,423	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 5,336,945
Highway Fund	43,170	1,100,000	900,000	900,000	-	-	5,072,782	8,015,952
Sewer Fund	349,934	901,737	500,000	-	2,000,000	-	3,290,565	7,042,236
Consolidated Garbage Fund	-	275,000	-	-	-	-	1,595,066	1,870,066
Community Development Fund	-	-	-	-	-	-	2,904	2,904
Nonmajor funds:								
Special Purpose Fund	-	-	-	-	-	-	354,718	354,718
Town Outside Village Fund	8,640	350,000	-	-	-	97,945	1,735,243	2,191,828
Lighting District Fund	-	125,000	-	-	-	-	385,649	510,649
Master Drainage Fund	-	37,510	-	-	-	-	699,321	736,831
Water Hydrant Fund	-	32,515	-	-	-	-	117,320	149,835
Total	<u>\$ 511,266</u>	<u>\$ 6,849,185</u>	<u>\$ 2,600,000</u>	<u>\$ 900,000</u>	<u>\$ 2,000,000</u>	<u>\$ 97,945</u>	<u>\$ 13,253,568</u>	<u>\$ 26,211,964</u>

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2018 fiscal year.
- **Assigned to Capital Projects**—Represents funds to be used for the construction of various capital projects.
- **Assigned to Equipment**—Represents amounts within the Highway Fund that are assigned for future purchases of various equipment.
- **Assigned to Pollution Remediation**—Represents funds to be used to assist in future obligations relating to pollution remediation.

- **Assigned to Building Demolition**—Represents funds to be used for the demolition of a Town building.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent the remaining amounts within funds that are not restricted or committed.

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

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of December 31, 2017 is as follows:

Fund	Interfund	
	Receivable	Payable
General Fund	\$ 2,560,665	\$ 595,879
Highway Fund	-	464,154
Sewer Fund	1,299	353,098
Consolidated Garbage Fund	575	489,222
Community Development Fund	-	510,092
Capital Projects Fund	607,910	155,849
Nonmajor Funds	291,375	370,342
Agency Fund	-	523,188
Total	<u>\$ 3,461,824</u>	<u>\$ 3,461,824</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

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

Fund	Transfers in:								Total
	General Fund	Highway Fund	Sewer Fund	Consolidated Garbage Fund	Capital Projects Fund	Lighting District Fund	Master Drainage Fund	Debt Service Fund	
Transfers out:									
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,608,578	\$ 1,608,578
Highway Fund	2,053,739	-	-	-	9,100	-	-	2,012,393	4,075,232
Sewer Fund	1,305,253	-	-	-	-	-	-	741,968	2,047,221
Consolidated Garbage Fund	1,713,842	-	-	-	-	-	-	170,059	1,883,901
Capital Projects Fund	-	-	-	-	-	-	-	14,775	14,775
Town Outside Village Fund	350,542	-	-	-	-	-	-	-	350,542
Lighting District Fund	-	-	-	-	-	-	-	357,788	357,788
Master Drainage District Fund	-	-	-	-	-	-	-	239,060	239,060
Debt Service Fund	110,000	70,000	10,000	30,000	-	6,500	20,000	-	246,500
Total	<u>\$ 5,533,376</u>	<u>\$ 70,000</u>	<u>\$ 10,000</u>	<u>\$ 30,000</u>	<u>\$ 9,100</u>	<u>\$ 6,500</u>	<u>\$ 20,000</u>	<u>\$ 5,144,621</u>	<u>\$ 10,823,597</u>

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.

13. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of activity of assets and liabilities during the year ended December 31, 2017:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
ASSETS				
Cash and cash equivalents	\$ 192,102	\$ 20,601,370	\$ 20,077,110	\$ 716,362
Receivables	61,355	62,256	61,355	62,256
Intergovernmental receivables	808	1,121	808	1,121
Total assets	<u>\$ 254,265</u>	<u>\$ 20,664,747</u>	<u>\$ 20,139,273</u>	<u>\$ 779,739</u>
LIABILITIES				
Agency liabilities	\$ 253,507	\$ 20,665,454	\$ 20,663,681	\$ 255,280
Due to other funds	-	523,188	-	523,188
Intergovernmental payables	758	1,271	758	1,271
Total liabilities	<u>\$ 254,265</u>	<u>\$ 21,189,913</u>	<u>\$ 20,664,439</u>	<u>\$ 779,739</u>

14. LABOR RELATIONS

Certain Town employees are represented by five bargaining units, with the balance of the employees governed by Town Board rules and regulations. The Public Safety Dispatchers Association and the Cheektowaga Employees' Association have unsettled contracts and are in negotiations as of December 31, 2017. On February 14, 2017, the Town Board approved a three year extension with the Cheektowaga Police Club union contract through December 31, 2019. Additionally, on March 28, 2017, the Town Board approved a three year extension with the Cheektowaga Police Captains and Lieutenants union contract through December 31, 2019. Finally, on May 23, 2017, the Town Board approved a four year extension with the Cheektowaga Supervisory Unit union contact through December 31, 2020.

15. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2017, the Town reported the following significant encumbrances:

Purpose	Amount
Sewer Fund — Beach and vegola relief sewer project	\$ 266,600
Capital Projects Fund — Lining and rehabilitation of sewer line	192,061
Capital Projects Fund — Engineering work for wastewater collection system	84,182
Capital Projects Fund — Traffic signal replacements	52,718

16. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and include the abatement of state, county, local, and school district taxes, in addition to other assistance. In the case of the Town, the abatements have resulted in reductions of property taxes, which the Town administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by ECIDA, the Town collected \$464,599 during 2017 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$687,733 in property taxes.

17. CONTINGENCIES

Landfill Post-Closure—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 2017, costs related to these functions totaled \$69,476. At December 31, 2017, the liability approximates \$1,302,000 which is based on 100% usage of the landfill. The landfill post-closure care liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

Litigation—The Town is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Town. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Town.

Assessments—The Town is a defendant in litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Current assessment challenges request relief of \$2,167,000; 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. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Town. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Pollution Remediation Obligations—On February 8, 2008, the Town was issued notice of intent to modify State Pollutant Discharge Elimination System Permit (“SPDES”), Town of Cheektowaga, DEC No. R9-20050317-12 by the New York State Department of Environmental Conservation (“NYSDEC”). As part of the notice, the Town submitted a plan for the abatement of the overflow of sanitary sewer discharge and received a response from the NYSDEC in December 2014. The NYSDEC has amended the process, requiring additional projects from the Town. The Town has therefore developed a ten year plan. As of December 31, 2017, the Town incurred costs of \$9,970,000 related to the NYSDEC consent order project. These expenditures have been funded through the 2016 issuance of various purposes serial bonds, of which \$12,000,000 was dedicated to sanitary sewer improvements and the initial phase of the consent order project. At December 31, 2017, the Town estimates the range of the remaining project to be between \$25,000,000 and \$35,000,000. The Town plans to issue additional long-term debt to finance the remainder of the project and, therefore, will record a liability when such financing is obtained. The next phase is currently in process and the Town Board has secured funding in the form of grant monies from New York State and the NYSDEC, in the amount of \$3,750,000 and \$5,000,000, respectively. The Town also secured funding in the form of interest free debt in the amount of \$11,250,000 from the NYS Environmental Facilities Corporation.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2018, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
As of January 1, 2016	\$ -	\$ 161,488,213	\$ 161,488,213	-	\$ 35,611,397	453.5%
As of January 1, 2014	-	155,323,486	155,323,486	-	36,065,586	430.7%
As of January 1, 2012	-	150,408,531	150,408,531	-	34,214,531	439.6%

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

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.4080880%	0.4091805%	0.4722381%	0.4722381%
Town's proportionate share of the net pension liability	<u>\$ 8,458,244</u>	<u>\$ 12,114,963</u>	<u>\$ 1,299,881</u>	<u>\$ 1,965,972</u>
Town's covered-employee payroll	\$ 12,292,383	\$ 12,176,971	\$ 11,314,792	\$ 12,992,810
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.8%	99.5%	11.5%	15.1%
Plan fiduciary net position as a percentage of the total pension liability	93.5%	90.2%	99.0%	98.5%

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

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

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contributions	\$ 3,427,841	\$ 3,101,999	\$ 3,121,342	\$ 4,610,748
Contributions in relation to the contractually required contribution	<u>(3,427,841)</u>	<u>(3,101,999)</u>	<u>(3,121,342)</u>	<u>(4,610,748)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 12,310,479	\$ 12,544,913	\$ 11,559,099	\$ 11,338,113
Contributions as a percentage of covered-employee payroll	27.8%	24.7%	27.0%	40.7%

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

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

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability	0.0732198%	0.0761757%	0.0792100%	0.0792100%
Town's proportionate share of the net pension liability	<u>\$ 6,879,892</u>	<u>\$ 12,226,408</u>	<u>\$ 2,675,908</u>	<u>\$ 3,579,390</u>
Town's covered-employee payroll	\$ 20,726,243	\$ 19,399,633	\$ 19,109,530	\$ 19,636,278
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.2%	63.0%	14.0%	18.2%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%	97.2%

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

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

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contributions	\$ 3,067,915	\$ 3,104,458	\$ 3,453,141	\$ 3,925,617
Contributions in relation to the contractually required contribution	<u>(3,067,915)</u>	<u>(3,104,458)</u>	<u>(3,453,141)</u>	<u>(3,925,617)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 19,321,347	\$ 20,467,252	\$ 19,755,817	\$ 19,493,426
Contributions as a percentage of covered-employee payroll	15.9%	15.2%	17.5%	20.1%

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
REVENUES				
Real property taxes	\$ 40,016,911	\$ 40,016,911	\$ 40,059,214	\$ 42,303
Other property tax items	674,700	674,700	796,626	121,926
Non-property tax items	900,000	900,000	1,061,195	161,195
Departmental income	1,290,000	1,296,227	1,323,311	27,084
Use of money and property	55,400	55,400	93,890	38,490
Licenses and permits	20,300	20,300	33,134	12,834
Fines and forfeitures	1,050,000	1,050,000	970,153	(79,847)
Sale of property and compensation for loss	25,000	44,304	78,445	34,141
Miscellaneous	45,000	90,784	166,562	75,778
State aid	1,205,000	1,368,030	1,872,974	504,944
Federal aid	72,500	149,717	155,854	6,137
Total revenues	<u>45,354,811</u>	<u>45,666,373</u>	<u>46,611,358</u>	<u>944,985</u>
EXPENDITURES				
Current:				
General government support	9,749,718	10,317,275	10,816,088	(498,813)
Public safety	17,566,030	17,566,030	17,142,672	423,358
Transportation	242,633	242,633	234,967	7,666
Economic assistance and opportunity	10,775	10,775	4,764	6,011
Culture and recreation	5,344,805	5,354,232	4,862,218	492,014
Employee benefits	20,481,719	20,514,090	18,855,504	1,658,586
Total expenditures	<u>53,395,680</u>	<u>54,005,035</u>	<u>51,916,213</u>	<u>2,088,822</u>
Excess (deficiency) of revenues over expenditures	<u>(8,040,869)</u>	<u>(8,338,662)</u>	<u>(5,304,855)</u>	<u>3,033,807</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,151,611	6,234,389	5,533,376	(701,013)
Transfers out	<u>(2,368,386)</u>	<u>(2,102,909)</u>	<u>(1,608,578)</u>	<u>494,331</u>
Total other financing sources (uses)	<u>3,783,225</u>	<u>4,131,480</u>	<u>3,924,798</u>	<u>(206,682)</u>
Net change in fund balances *	(4,257,644)	(4,207,182)	(1,380,057)	2,827,125
Fund balances—beginning	<u>20,033,628</u>	<u>20,033,628</u>	<u>20,033,628</u>	<u>-</u>
Fund balances—ending	<u>\$ 15,775,984</u>	<u>\$ 15,826,446</u>	<u>\$ 18,653,571</u>	<u>\$ 2,827,125</u>

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
REVENUES				
Real property taxes	\$ 2,712,296	\$ 2,712,296	\$ 2,712,296	\$ -
Other property tax items	32,900	32,900	27,999	(4,901)
Non-property tax items	7,368,025	7,368,025	8,452,212	1,084,187
Intergovernmental charges	300,000	300,000	325,491	25,491
Use of money and property	3,000	3,000	3,185	185
Sale of property and compensation for loss	3,000	3,070	6,948	3,878
Miscellaneous	6,000	6,000	99,579	93,579
State aid	785,000	785,000	820,898	35,898
Federal aid	10,000	10,000	13,000	3,000
Total revenues	<u>11,220,221</u>	<u>11,220,291</u>	<u>12,461,608</u>	<u>1,241,317</u>
EXPENDITURES				
Current:				
Transportation	6,666,591	6,760,150	6,686,666	73,484
Home and community services	5,000	5,000	4,774	226
Employee benefits	<u>2,894,353</u>	<u>1,418,228</u>	<u>1,374,008</u>	<u>44,220</u>
Total expenditures	<u>9,565,944</u>	<u>8,183,378</u>	<u>8,065,448</u>	<u>117,930</u>
Excess of revenues over expenditures	<u>1,654,277</u>	<u>3,036,913</u>	<u>4,396,160</u>	<u>1,359,247</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
Transfers out	<u>(2,995,000)</u>	<u>(4,458,211)</u>	<u>(4,075,232)</u>	<u>382,979</u>
Total other financing sources (uses)	<u>(2,925,000)</u>	<u>(4,388,211)</u>	<u>(4,005,232)</u>	<u>382,979</u>
Net change in fund balances *	(1,270,723)	(1,351,298)	390,928	1,742,226
Fund balances—beginning	<u>7,771,857</u>	<u>7,771,857</u>	<u>7,771,857</u>	<u>-</u>
Fund balances—ending	<u>\$ 6,501,134</u>	<u>\$ 6,420,559</u>	<u>\$ 8,162,785</u>	<u>\$ 1,742,226</u>

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 11,160,237	\$ 11,160,237	\$ 11,160,237	\$ -
Intergovernmental charges	254,600	254,600	273,919	19,319
Use of money and property	7,010	7,010	11,238	4,228
Sale of property and compensation for loss	-	-	2,064	2,064
Miscellaneous	4,000	4,000	26,881	22,881
Federal aid	<u>5,000</u>	<u>5,000</u>	<u>6,000</u>	<u>1,000</u>
Total revenues	<u>11,430,847</u>	<u>11,430,847</u>	<u>11,480,339</u>	<u>49,492</u>
EXPENDITURES				
Current:				
Home and community services	9,332,126	9,817,716	9,182,482	635,234
Employee benefits	<u>1,202,309</u>	<u>1,204,831</u>	<u>1,016,366</u>	<u>188,465</u>
Total expenditures	<u>10,534,435</u>	<u>11,022,547</u>	<u>10,198,848</u>	<u>823,699</u>
Excess of revenues over expenditures	<u>896,412</u>	<u>408,300</u>	<u>1,281,491</u>	<u>873,191</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
Transfers out	<u>(2,110,647)</u>	<u>(2,144,143)</u>	<u>(2,047,221)</u>	<u>96,922</u>
Total other financing sources (uses)	<u>(2,100,647)</u>	<u>(2,134,143)</u>	<u>(2,037,221)</u>	<u>96,922</u>
Net change in fund balances *	(1,204,235)	(1,725,843)	(755,730)	970,113
Fund balances—beginning	<u>7,872,610</u>	<u>7,872,610</u>	<u>7,872,610</u>	<u>-</u>
Fund balances—ending	<u>\$ 6,668,375</u>	<u>\$ 6,146,767</u>	<u>\$ 7,116,880</u>	<u>\$ 970,113</u>

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

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

TOWN OF CHEEKTOWAGA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Consolidated Garbage Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
REVENUES				
Real property taxes	\$ 8,683,009	\$ 8,683,009	\$ 8,683,009	\$ -
Other property tax items	4,350	4,350	4,350	-
Departmental income	125,000	125,000	130,441	5,441
Use of money and property	3,000	3,000	7,924	4,924
Miscellaneous	20,000	20,000	76,159	56,159
Federal aid	<u>12,000</u>	<u>12,000</u>	<u>17,000</u>	<u>5,000</u>
Total revenues	<u>8,847,359</u>	<u>8,847,359</u>	<u>8,918,883</u>	<u>71,524</u>
EXPENDITURES				
Current:				
Home and community services	6,060,229	6,018,847	5,856,062	162,785
Employee benefits	<u>1,104,630</u>	<u>1,146,012</u>	<u>1,061,541</u>	<u>84,471</u>
Total expenditures	<u>7,164,859</u>	<u>7,164,859</u>	<u>6,917,603</u>	<u>247,256</u>
Excess of revenues over expenditures	<u>1,682,500</u>	<u>1,682,500</u>	<u>2,001,280</u>	<u>318,780</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	61,425	30,000	(31,425)
Transfers out	<u>(2,012,500)</u>	<u>(2,043,925)</u>	<u>(1,883,901)</u>	<u>160,024</u>
Total other financing sources (uses)	<u>(1,982,500)</u>	<u>(1,982,500)</u>	<u>(1,853,901)</u>	<u>128,599</u>
Net change in fund balances *	(300,000)	(300,000)	147,379	447,379
Fund balances—beginning	<u>1,802,869</u>	<u>1,802,869</u>	<u>1,802,869</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,502,869</u>	<u>\$ 1,502,869</u>	<u>\$ 1,950,248</u>	<u>\$ 447,379</u>

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

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

TOWN OF CHEEKTOWAGA, NEW YORK
Note to the Required Supplementary Information
Year Ended December 31, 2017

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Community Development Fund, the Special Purpose Fund and the Capital Projects Fund. These funds are appropriated on a project-length basis; appropriations are approved through Town Board resolution at the grant/project's inception and lapse upon completion/termination of the grant/project.

The appropriated budget is prepared by fund, function, department, and object. Amendments and transfers of appropriations require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the object classification. The Town has provided budgetary comparison schedules within a Supplement to the Comprehensive Annual Financial Report to demonstrate compliance at the legal level of budgetary control.

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

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

Excess of Expenditures Over Appropriations—The Town's General Fund expenditures for the year ended December 31, 2017 exceed the final budgeted appropriations as follows:

- *General Government Support*—The \$498,813 variance was due to increased workers' compensation claims during the year.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS OF NONMAJOR GOVERNMENTAL 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 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, 2017

	<u>Special Revenue</u>			<u>Total Nonmajor Special Revenue Funds</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose</u>	<u>Town Outside Village</u>	<u>Nonmajor Special Districts</u>			
ASSETS						
Cash and cash equivalents	\$ 354,718	\$ 1,223,244	\$ 1,437,547	\$ 3,015,509	\$ -	\$ 3,015,509
Restricted cash and cash equivalents	-	-	-	-	1,896,360	1,896,360
Receivables	-	-	3,555	3,555	-	3,555
Intergovernmental receivables	-	1,183,106	-	1,183,106	-	1,183,106
Due from other funds	-	-	178,894	178,894	112,481	291,375
Prepaid items	-	38,684	-	38,684	279,072	317,756
Total assets	<u>\$ 354,718</u>	<u>\$ 2,445,034</u>	<u>\$ 1,619,996</u>	<u>\$ 4,419,748</u>	<u>\$ 2,287,913</u>	<u>\$ 6,707,661</u>
LIABILITIES						
Accounts payable	\$ -	\$ 54,703	\$ 222,681	\$ 277,384	\$ 10	\$ 277,394
Accrued liabilities	-	58,244	-	58,244	-	58,244
Intergovernmental payables	-	10,305	-	10,305	-	10,305
Due to other funds	-	91,270	-	91,270	279,072	370,342
Total liabilities	<u>-</u>	<u>214,522</u>	<u>222,681</u>	<u>437,203</u>	<u>279,082</u>	<u>716,285</u>
FUND BALANCES						
Nonspendable	-	38,684	-	38,684	279,072	317,756
Restricted	-	-	-	-	1,729,759	1,729,759
Assigned	354,718	2,191,828	1,397,315	3,943,861	-	3,943,861
Total fund balances	<u>354,718</u>	<u>2,230,512</u>	<u>1,397,315</u>	<u>3,982,545</u>	<u>2,008,831</u>	<u>5,991,376</u>
Total liabilities and fund balances	<u>\$ 354,718</u>	<u>\$ 2,445,034</u>	<u>\$ 1,619,996</u>	<u>\$ 4,419,748</u>	<u>\$ 2,287,913</u>	<u>\$ 6,707,661</u>

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

	<u>Special Revenue</u>			Total Nonmajor Special Revenue Funds	Debt Service	Total Nonmajor Funds
	<u>Special Purpose</u>	<u>Town Outside Village</u>	<u>Nonmajor Special Districts</u>			
REVENUES						
Real property taxes	\$ -	\$ -	\$ 3,578,135	\$ 3,578,135	\$ -	\$ 3,578,135
Other property tax items	-	-	5,150	5,150	-	5,150
Non-property tax items	-	1,011,975	-	1,011,975	-	1,011,975
Use of money and property	-	1,622	5,351	6,973	110,926	117,899
Licenses and permits	-	747,874	-	747,874	-	747,874
Sale of property and compensation for loss	-	25	3,526	3,551	-	3,551
Miscellaneous	54,803	4,351	-	59,154	-	59,154
Federal aid	-	700	-	700	-	700
Total revenues	<u>54,803</u>	<u>1,766,547</u>	<u>3,592,162</u>	<u>5,413,512</u>	<u>110,926</u>	<u>5,524,438</u>
EXPENDITURES						
Current:						
Public safety	-	1,141,196	-	1,141,196	-	1,141,196
Culture and recreation	4,294	-	-	4,294	-	4,294
Home and community services	-	38,367	3,140,985	3,179,352	-	3,179,352
Employee benefits	-	229,065	176,669	405,734	-	405,734
Debt service:						
Principal—serial bonds	-	-	-	-	2,695,000	2,695,000
Principal—capital leases	-	-	-	-	479,492	479,492
Interest and other fiscal charges	-	-	-	-	1,964,453	1,964,453
Total expenditures	<u>4,294</u>	<u>1,408,628</u>	<u>3,317,654</u>	<u>4,730,576</u>	<u>5,138,945</u>	<u>9,869,521</u>
Excess (deficiency) of revenues over expenditures	<u>50,509</u>	<u>357,919</u>	<u>274,508</u>	<u>682,936</u>	<u>(5,028,019)</u>	<u>(4,345,083)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	26,500	26,500	5,144,621	5,171,121
Transfers out	-	(350,542)	(596,848)	(947,390)	(246,500)	(1,193,890)
Total other financing sources (uses)	<u>-</u>	<u>(350,542)</u>	<u>(570,348)</u>	<u>(920,890)</u>	<u>4,898,121</u>	<u>3,977,231</u>
Net change in fund balances	50,509	7,377	(295,840)	(237,954)	(129,898)	(367,852)
Fund balances—beginning	<u>304,209</u>	<u>2,223,135</u>	<u>1,693,155</u>	<u>4,220,499</u>	<u>2,138,729</u>	<u>6,359,228</u>
Fund balances—ending	<u>\$ 354,718</u>	<u>\$ 2,230,512</u>	<u>\$ 1,397,315</u>	<u>\$ 3,982,545</u>	<u>\$ 2,008,831</u>	<u>\$ 5,991,376</u>

TOWN OF CHEEKTOWAGA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Non-property taxes	\$ 1,011,975	\$ 1,011,975	\$ 1,011,975	\$ -
Use of money and property	600	600	1,622	1,022
Licenses and permits	600,000	612,080	747,874	135,794
Miscellaneous	-	-	4,376	4,376
Federal aid	500	500	700	200
Total revenues	<u>1,613,075</u>	<u>1,625,155</u>	<u>1,766,547</u>	<u>141,392</u>
EXPENDITURES				
Current:				
Public safety	1,235,950	1,246,483	1,141,196	105,287
Home and community services	43,337	44,264	38,367	5,897
Employee benefits	308,738	309,358	229,065	80,293
Total expenditures	<u>1,588,025</u>	<u>1,600,105</u>	<u>1,408,628</u>	<u>191,477</u>
Excess (deficiency) of revenues over expenditures	<u>25,050</u>	<u>25,050</u>	<u>357,919</u>	<u>332,869</u>
OTHER FINANCING USES				
Transfers out	<u>(375,050)</u>	<u>(375,050)</u>	<u>(350,542)</u>	<u>24,508</u>
Total other financing uses	<u>(375,050)</u>	<u>(375,050)</u>	<u>(350,542)</u>	<u>24,508</u>
Net change in fund balances *	(350,000)	(350,000)	7,377	357,377
Fund balances—beginning	<u>2,223,135</u>	<u>2,223,135</u>	<u>2,223,135</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,873,135</u>	<u>\$ 1,873,135</u>	<u>\$ 2,230,512</u>	<u>\$ 357,377</u>

* The net change in fund balances 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 Balances—
Budget and Actual—Debt Service Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 850	\$ 850	\$ 110,926	\$ 110,076
Total revenues	<u>850</u>	<u>850</u>	<u>110,926</u>	<u>110,076</u>
EXPENDITURES				
Debt service:				
Principal—serial bonds	2,950,608	2,950,608	2,695,000	255,608
Principal—capital leases	479,492	479,492	479,492	-
Interest and other fiscal charges	<u>2,156,272</u>	<u>2,156,272</u>	<u>1,964,453</u>	<u>191,819</u>
Total expenditures	<u>5,586,372</u>	<u>5,586,372</u>	<u>5,138,945</u>	<u>447,427</u>
Excess (deficiency) of revenues over expenditures	<u>(5,585,522)</u>	<u>(5,585,522)</u>	<u>(5,028,019)</u>	<u>557,503</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,586,372	5,586,372	5,144,621	(441,751)
Transfers out	<u>(246,500)</u>	<u>(246,500)</u>	<u>(246,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,339,872</u>	<u>5,339,872</u>	<u>4,898,121</u>	<u>(441,751)</u>
Net change in fund balances *	(245,650)	(245,650)	(129,898)	115,752
Fund balances—beginning	<u>2,138,729</u>	<u>2,138,729</u>	<u>2,138,729</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,893,079</u>	<u>\$ 1,893,079</u>	<u>\$ 2,008,831</u>	<u>\$ 115,752</u>

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

TOWN OF CHEEKTOWAGA, NEW YORK
Combining Balance Sheet—Nonmajor Special Districts Funds
December 31, 2017

	Special Revenue			Total
	Lighting	Master	Water	Nonmajor
	District	Drainage	Hydrant	Special
				Districts
ASSETS				
Cash and cash equivalents	\$ 553,064	\$ 737,242	\$ 147,241	\$ 1,437,547
Receivables	961	-	2,594	3,555
Due from other funds	178,894	-	-	178,894
Total assets	\$ 732,919	\$ 737,242	\$ 149,835	\$ 1,619,996
LIABILITIES				
Accounts payable	\$ 222,270	\$ 411	\$ -	\$ 222,681
Total liabilities	222,270	411	-	222,681
FUND BALANCES				
Assigned	510,649	736,831	149,835	1,397,315
Total fund balances	510,649	736,831	149,835	1,397,315
Total liabilities and fund balances	\$ 732,919	\$ 737,242	\$ 149,835	\$ 1,619,996

TOWN OF CHEEKTOWAGA, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Special Districts Funds
Year Ended December 31, 2017

	Special Revenue			Total Nonmajor Special Districts
	Lighting	Master	Water	
	District	Drainage	Hydrant	
REVENUES				
Real property taxes	\$ 2,525,332	\$ 607,541	\$ 445,262	\$ 3,578,135
Other property tax items	5,150	-	-	5,150
Use of money and property	3,065	1,801	485	5,351
Sale of property and compensation for loss	3,526	-	-	3,526
Total revenues	<u>2,537,073</u>	<u>609,342</u>	<u>445,747</u>	<u>3,592,162</u>
EXPENDITURES				
Current:				
Home and community services	2,360,689	346,069	434,227	3,140,985
Employee benefits	81,133	54,148	41,388	176,669
Total expenditures	<u>2,441,822</u>	<u>400,217</u>	<u>475,615</u>	<u>3,317,654</u>
Excess (deficiency) of revenues over expenditures	<u>95,251</u>	<u>209,125</u>	<u>(29,868)</u>	<u>274,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	20,000	-	26,500
Transfers out	(357,788)	(239,060)	-	(596,848)
Total other financing sources (uses)	<u>(351,288)</u>	<u>(219,060)</u>	<u>-</u>	<u>(570,348)</u>
Net change in fund balances	(256,037)	(9,935)	(29,868)	(295,840)
Fund balances—beginning	766,686	746,766	179,703	1,693,155
Fund balances—ending	<u>\$ 510,649</u>	<u>\$ 736,831</u>	<u>\$ 149,835</u>	<u>\$ 1,397,315</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 2,525,332	\$ 2,525,332	\$ 2,525,332	\$ -
Other property tax items	4,000	4,000	5,150	1,150
Use of money and property	1,000	1,000	3,065	2,065
Sale of property and compensation for loss	<u>-</u>	<u>-</u>	<u>3,526</u>	<u>3,526</u>
Total revenues	<u>2,530,332</u>	<u>2,530,332</u>	<u>2,537,073</u>	<u>6,741</u>
EXPENDITURES				
Current:				
Home and community services	2,291,219	2,361,317	2,360,689	628
Employee benefits	<u>81,133</u>	<u>81,133</u>	<u>81,133</u>	<u>-</u>
Total expenditures	<u>2,372,352</u>	<u>2,442,450</u>	<u>2,441,822</u>	<u>628</u>
Excess of revenues over expenditures	<u>157,980</u>	<u>87,882</u>	<u>95,251</u>	<u>7,369</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	6,500	6,500	-
Transfers out	<u>(357,900)</u>	<u>(357,900)</u>	<u>(357,788)</u>	<u>112</u>
Total other financing sources (uses)	<u>(351,400)</u>	<u>(351,400)</u>	<u>(351,288)</u>	<u>112</u>
Net change in fund balances *	(193,420)	(263,518)	(256,037)	7,481
Fund balances—beginning	<u>766,686</u>	<u>766,686</u>	<u>766,686</u>	<u>-</u>
Fund balances—ending	<u>\$ 573,266</u>	<u>\$ 503,168</u>	<u>\$ 510,649</u>	<u>\$ 7,481</u>

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

TOWN OF CHEEKTOWAGA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Master Drainage Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 607,541	\$ 607,541	\$ 607,541	\$ -
Use of money and property	<u>500</u>	<u>500</u>	<u>1,801</u>	<u>1,301</u>
Total revenues	<u>608,041</u>	<u>608,041</u>	<u>609,342</u>	<u>1,301</u>
EXPENDITURES				
Current:				
Home and community services	364,393	364,393	346,069	18,324
Employee benefits	<u>54,148</u>	<u>54,148</u>	<u>54,148</u>	<u>-</u>
Total expenditures	<u>418,541</u>	<u>418,541</u>	<u>400,217</u>	<u>18,324</u>
Excess of revenues over expenditures	<u>189,500</u>	<u>189,500</u>	<u>209,125</u>	<u>19,625</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	<u>(239,500)</u>	<u>(239,500)</u>	<u>(239,060)</u>	<u>440</u>
Total other financing sources (uses)	<u>(219,500)</u>	<u>(219,500)</u>	<u>(219,060)</u>	<u>440</u>
Net change in fund balances *	(30,000)	(30,000)	(9,935)	20,065
Fund balances—beginning	<u>746,766</u>	<u>746,766</u>	<u>746,766</u>	<u>-</u>
Fund balances—ending	<u>\$ 716,766</u>	<u>\$ 716,766</u>	<u>\$ 736,831</u>	<u>\$ 20,065</u>

* The net change in fund balances 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 Balances—
Budget and Actual—Water Hydrant Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 445,262	\$ 445,262	\$ 445,262	\$ -
Use of money and property	151	151	485	334
Total revenues	<u>445,413</u>	<u>445,413</u>	<u>445,747</u>	<u>334</u>
EXPENDITURES				
Current:				
Home and community services	443,070	443,070	434,227	8,843
Employee benefits	41,388	41,388	41,388	-
Total expenditures	<u>484,458</u>	<u>484,458</u>	<u>475,615</u>	<u>8,843</u>
Net change in fund balances *	(39,045)	(39,045)	(29,868)	9,177
Fund balances—beginning	<u>179,703</u>	<u>179,703</u>	<u>179,703</u>	<u>-</u>
Fund balances—ending	<u>\$ 140,658</u>	<u>\$ 140,658</u>	<u>\$ 149,835</u>	<u>\$ 9,177</u>

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

STATISTICAL SECTION

(UNAUDITED)

This section 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, required supplementary information, and supplementary information says about the Town’s overall financial health.

Contents	Page
Financial Trends	77
<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.....	81
<i>These schedules contain information to help the reader assess the Town’s most significant revenue source, real property taxes.</i>	
Debt Capacity.....	88
<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	92
<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.....	96
<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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Governmental activities:										
Net investment in capital assets	\$ 44,105,979	\$ 49,718,794	\$ 53,004,308	\$ 57,296,433	\$ 61,713,677	\$ 65,381,799	\$ 67,316,133	\$ 71,885,096	\$ 70,568,916	\$ 72,536,099
Restricted for:										
Capital projects	7,377,925	2,557,288	-	-	2,252,146	-	-	-	2,458,461	774,236
Insurance	-	-	-	1,653,598	261,272	1,225,240	2,387,963	6,064,938	5,758,696	4,536,297
Debt reduction	1,878,492	2,203,633	2,136,124	2,045,263	1,985,934	1,812,662	1,748,054	1,834,387	2,138,729	1,729,759
Community development loans	-	-	-	-	-	-	-	-	6,414,799	6,351,647
Unrestricted	12,292,565	6,296,685	785,009	(6,570,885)	(18,098,551)	(21,372,134)	(33,923,931)	(40,627,329)	(66,023,190)	(87,926,014)
Total net position—governmental activities	\$ 65,654,961	\$ 60,776,400	\$ 55,925,441	\$ 54,424,409	\$ 48,114,478	\$ 47,047,567	\$ 37,528,219	\$ 39,157,092	\$ 21,316,411	\$ (1,997,976)
Business-type activities:										
Unrestricted	n/a	<u>\$ 1,809,144</u>								
Primary Government										
Net investment in capital assets	\$ 44,105,979	\$ 49,718,794	\$ 53,004,308	\$ 57,296,433	\$ 61,713,677	\$ 65,381,799	\$ 67,316,133	\$ 71,885,096	\$ 70,568,916	\$ 72,536,099
Restricted for:										
Capital projects	7,377,925	2,557,288	-	-	2,252,146	-	-	-	2,458,461	774,236
Insurance	-	-	-	1,653,598	261,272	1,225,240	2,387,963	6,064,938	5,758,696	4,536,297
Debt reduction	1,878,492	2,203,633	2,136,124	2,045,263	1,985,934	1,812,662	1,748,054	1,834,387	2,138,729	1,729,759
Community development loans	-	-	-	-	-	-	-	-	6,414,799	6,351,647
Unrestricted	12,292,565	6,296,685	785,009	(6,570,885)	(18,098,551)	(21,372,134)	(33,923,931)	(40,627,329)	(66,023,190)	(86,116,870)
Total net position—primary government	\$ 65,654,961	\$ 60,776,400	\$ 55,925,441	\$ 54,424,409	\$ 48,114,478	\$ 47,047,567	\$ 37,528,219	\$ 39,157,092	\$ 21,316,411	\$ (188,832)

*During the year ended December 31, 2017, the Town implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, which Cheektowaga Economic Development Corporation’s inclusion to the primary government within business-type activities.

Source: Town of Cheektowaga Basic Financial Statements

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Primary government:										
Expenses:										
Governmental activities:										
General government support	\$ 13,027,629	\$ 14,510,433	\$ 15,065,695	\$ 11,638,466	\$ 14,386,681	\$ 13,840,768	\$ 16,748,348	\$ 13,177,821	\$ 16,876,110	\$ 17,744,063
Public safety	22,281,698	22,556,169	23,838,771	25,901,940	25,295,847	24,710,972	25,574,204	27,220,126	34,445,387	29,825,137
Transportation	9,943,422	9,756,559	12,062,694	11,561,944	12,318,808	12,701,147	15,989,175	12,873,313	15,538,277	14,221,582
Economic assistance and opportunity	19,357	10,195	11,785	15,631	13,285	23,492	33,085	14,289	12,637	7,733
Culture and recreation	7,752,472	7,627,522	7,693,325	7,880,239	6,267,114	8,697,567	8,590,854	8,003,945	10,657,720	8,812,819
Home and community services	27,930,245	29,351,877	27,716,827	28,864,364	31,490,859	26,845,152	26,804,412	27,095,609	32,235,445	38,716,790
Interest and other fiscal charges	929,359	816,656	781,244	729,470	787,445	674,725	461,328	365,465	1,887,933	1,939,510
Business-type activities:										
Cheektowaga E.D.C.	n/a	n/a	n/a	237,646						
Total primary government expenses	81,884,182	84,629,411	87,170,341	86,592,054	90,560,039	87,493,823	94,201,406	88,750,568	111,653,509	111,505,280
Program revenues:										
Governmental activities:										
Charges for services										
General government support	1,024,606	822,872	802,947	913,453	910,089	1,169,173	817,991	949,518	967,932	1,089,260
Public safety	1,188,428	1,208,078	1,385,466	1,158,002	1,124,592	1,203,215	1,242,842	1,322,666	1,189,721	1,091,910
Transportation	247,247	262,487	269,481	283,146	297,883	312,929	446,004	308,607	316,010	325,491
Culture and recreation	854,491	978,785	996,153	997,030	963,711	1,016,966	1,046,461	1,014,446	939,861	893,302
Home and community services	786,021	661,673	525,887	509,073	615,589	484,253	507,699	411,457	386,458	404,360
Operating grants and contributions	2,012,129	2,610,887	2,890,335	2,489,086	2,072,168	2,353,174	2,363,840	3,170,904	2,602,983	3,515,502
Capital grants and contributions	1,508,796	597,923	1,009,851	1,510,051	961,167	544,551	238,121	1,093,575	450,495	175,108
Business-type activities:										
Cheektowaga E.D.C.	n/a	n/a	n/a	31,287						
Total primary government program revenues	7,621,718	7,142,705	7,880,120	7,859,841	6,945,199	7,084,261	6,662,958	8,271,173	6,853,460	7,526,220
Primary government net expense	(74,262,464)	(77,486,706)	(79,290,221)	(78,732,213)	(83,614,840)	(80,409,562)	(87,538,448)	(80,479,395)	(104,800,049)	(103,979,060)
General revenues:										
Governmental activities:										
Property taxes	58,043,796	60,190,287	62,528,924	64,571,903	64,852,392	65,875,325	65,141,240	65,378,795	67,170,415	67,027,016
Non-property taxes	9,212,331	8,910,845	9,108,489	9,383,152	9,741,760	10,006,908	10,107,058	10,561,776	10,540,545	10,525,382
Use of money and property	1,844,834	818,404	453,969	387,965	406,892	240,994	212,137	157,104	356,192	464,870
Sale of property and compensation for loss	253,439	278,876	132,762	251,296	148,661	224,454	277,330	153,658	130,072	91,008
Miscellaneous	806,827	562,956	489,469	996,379	425,029	984,040	224,451	3,019,624	407,065	165,912
Unrestricted state aid	2,280,325	1,846,777	1,725,649	1,640,486	1,730,175	2,010,930	2,057,596	2,106,725	1,972,762	2,184,126
Business-type activities:										
Cheektowaga E.D.C.	n/a	n/a	n/a	19,257						
Total primary government general revenues	72,441,552	72,608,145	74,439,262	77,231,181	77,304,909	79,342,651	78,019,812	81,377,682	80,577,051	80,477,571
Primary government change in net position	\$ (1,820,912)	\$ (4,878,561)	\$ (4,850,959)	\$ (1,501,032)	\$ (6,309,931)	\$ (1,066,911)	\$ (9,518,636)	\$ 898,287	\$ (24,222,998)	\$ (23,501,489)

*During the year ended December 31, 2017, the Town implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, which resulted in the Cheektowaga Economic Development Corporation's inclusion to the primary government within business-type activities.

Source: Town of Cheektowaga Basic Financial Statements

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

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>
Primary government:										
Governmental activities:										
General government support	\$ 1,326,446	\$ 945,599	\$ 888,686	\$ 952,946	\$ 939,365	\$ 1,232,756	\$ 877,929	\$ 960,892	\$ 1,276,973	\$ 1,252,936
Public safety	1,537,545	1,554,383	1,727,597	2,085,284	1,891,301	1,569,467	1,589,420	1,714,681	1,429,685	1,372,736
Transportation	367,156	794,639	610,017	643,215	737,634	834,196	1,130,022	2,119,676	1,294,272	1,005,957
Economic assistance and opportunity	10,834	-	-	-	-	-	-	-	-	-
Culture and recreation	2,236,512	1,016,955	1,347,228	1,158,539	1,028,741	1,085,245	1,122,027	1,080,331	1,002,563	959,246
Home and community services	<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>	<u>2,362,597</u>	<u>1,943,560</u>	<u>2,395,593</u>	<u>1,849,967</u>	<u>2,904,058</u>
Business-type activities:										
Cheektowaga E.D.C.	n/a	31,287								
Total program revenues	<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>	<u>\$ 7,084,261</u>	<u>\$ 6,662,958</u>	<u>\$ 8,271,173</u>	<u>\$ 6,853,460</u>	<u>\$ 7,526,220</u>

*During the year ended December 31, 2017, the Town implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, which resulted in the Cheektowaga Economic Development Corporation’s inclusion to the primary government within business-type activities.

Source: Town of Cheektowaga Basic Financial Statements

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

	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 1,944,054	\$ 2,995,382	\$ 2,400,104	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved	<u>17,677,622</u>	<u>15,870,846</u>	<u>17,157,445</u>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total General Fund	<u><u>\$ 19,621,676</u></u>	<u><u>\$ 18,866,228</u></u>	<u><u>\$ 19,557,549</u></u>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
All other governmental funds:										
Reserved	\$ 11,866,101	\$ 5,961,293	\$ 16,358,959	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:										
Special revenue funds	17,359,148	19,500,815	20,084,560	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital projects fund	-	-	(16,218,058)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total all other governmental funds	<u><u>\$ 29,225,249</u></u>	<u><u>\$ 25,462,108</u></u>	<u><u>\$ 20,225,461</u></u>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General Fund:										
Nonspendable	n/a	n/a	n/a	\$ 1,052,356	\$ 1,181,218	\$ 1,470,130	\$ 1,506,591	\$ 1,151,502	\$ 1,244,438	\$ 1,399,367
Restricted	n/a	n/a	n/a	1,653,598	261,272	1,225,240	2,387,963	6,064,938	5,758,696	4,536,297
Assigned	n/a	n/a	n/a	10,621,833	8,545,229	8,776,916	6,983,874	5,504,746	5,432,644	5,336,945
Unassigned	n/a	n/a	n/a	<u>8,923,294</u>	<u>9,423,835</u>	<u>8,761,619</u>	<u>6,681,792</u>	<u>8,040,685</u>	<u>7,597,850</u>	<u>7,380,962</u>
Total General Fund				<u><u>\$ 22,251,081</u></u>	<u><u>\$ 19,411,554</u></u>	<u><u>\$ 20,233,905</u></u>	<u><u>\$ 17,560,220</u></u>	<u><u>\$ 20,761,871</u></u>	<u><u>\$ 20,033,628</u></u>	<u><u>\$ 18,653,571</u></u>
All other governmental funds:										
Nonspendable	n/a	n/a	n/a	\$ 337,302	\$ 378,632	\$ 498,655	\$ 447,321	\$ 414,237	\$ 364,673	\$ 619,415
Restricted	n/a	n/a	n/a	2,045,263	4,238,080	1,812,662	1,748,054	1,834,387	15,652,351	12,785,844
Assigned	n/a	n/a	n/a	21,761,566	20,494,841	21,235,116	18,722,727	19,937,471	21,711,179	20,875,019
Unassigned	n/a	n/a	n/a	<u>(15,114,575)</u>	<u>(24,266,514)</u>	<u>(24,558,369)</u>	<u>(26,499,929)</u>	<u>(12,562,434)</u>	-	-
Total all other governmental funds				<u><u>\$ 9,029,556</u></u>	<u><u>\$ 845,039</u></u>	<u><u>\$ (1,011,936)</u></u>	<u><u>\$ (5,581,827)</u></u>	<u><u>\$ 9,623,661</u></u>	<u><u>\$ 37,728,203</u></u>	<u><u>\$ 34,280,278</u></u>

*During the fiscal year ended December 31, 2011, the Town implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Source: Town of Cheektowaga Basic Financial Statements

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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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes ¹	\$ 67,256,127	\$ 69,101,132	\$ 71,637,413	\$ 73,955,054	\$ 74,594,151	\$ 75,882,232	\$ 75,248,298	\$ 75,940,571	\$ 77,710,960	\$ 77,552,398
Charges for services ²	2,252,747	2,263,596	2,097,791	2,188,233	2,101,909	2,197,404	2,443,634	2,177,251	2,076,926	2,053,162
Use of money and property	1,844,834	818,404	453,969	387,965	406,892	240,994	212,137	149,335	89,823	331,097
Licenses and permits	719,638	495,439	534,977	614,969	616,353	865,895	526,390	656,491	664,595	781,008
Fines and forfeitures	1,128,408	1,174,860	1,347,166	1,057,502	1,034,083	1,123,238	1,090,973	1,172,952	1,058,461	970,153
Miscellaneous ³	1,145,246	960,193	657,836	1,277,857	572,813	1,159,492	1,309,765	3,841,599	1,176,104	450,127
State aid	3,149,762	3,334,726	3,642,254	3,211,340	3,197,538	3,160,268	3,145,182	3,341,728	3,634,487	3,376,270
Federal aid	2,651,488	1,720,861	1,983,581	2,428,284	1,565,972	1,748,387	1,514,375	3,029,476	1,391,753	2,498,466
Total revenues	80,148,250	79,869,211	82,354,987	85,121,204	84,089,711	86,377,910	85,490,754	90,309,403	87,803,109	88,012,681
Expenditures:										
Current:										
General government support	9,454,525	12,268,379	13,971,042	9,464,211	10,613,397	8,222,273	10,602,225	7,942,463	9,135,167	10,816,088
Public safety	16,122,639	16,306,024	16,742,094	25,025,203	21,866,501	17,295,752	17,782,731	18,374,421	18,406,704	18,283,868
Transportation	7,325,645	8,392,892	8,484,610	10,185,381	10,556,549	7,337,896	8,288,946	7,445,513	7,055,261	6,921,633
Economic assistance and opportunity	13,850	7,372	8,259	11,248	9,443	16,289	23,051	10,235	7,486	4,764
Culture and recreation	6,727,514	5,384,056	5,290,491	5,330,375	5,423,204	5,489,353	5,441,111	5,231,697	4,976,460	4,866,512
Home and community services	20,936,959	22,246,209	20,706,453	21,347,248	22,853,956	17,894,243	19,537,362	19,657,314	18,541,919	21,011,779
Employee benefits	14,891,430	16,465,268	18,549,187	19,230,908	20,748,470	21,087,743	22,421,715	21,163,859	23,409,835	22,713,153
Debt service:										
Principal	2,703,866	2,483,844	2,474,951	2,297,975	2,345,212	2,053,269	2,007,184	1,661,997	2,606,752	3,174,492
Interest and other fiscal charges	949,790	833,756	673,226	731,028	697,023	659,110	466,426	412,555	1,060,062	1,964,453
Capital outlay	-	-	-	-	-	7,356,606	6,163,579	9,283,709	13,592,845	8,783,921
Total expenditures	79,126,218	84,387,800	86,900,313	93,623,577	95,113,755	87,412,534	92,734,330	91,183,763	98,792,491	98,540,663

(continued)

(concluded)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Other financing sources (uses):										
Transfers in	11,327,459	5,378,311	5,601,115	5,939,181	10,167,215	12,482,312	13,122,984	16,404,018	15,872,953	10,823,597
Transfers out	(11,327,459)	(5,378,311)	(5,601,115)	(5,939,181)	(10,167,215)	(12,482,312)	(13,122,984)	(16,404,018)	(15,872,953)	(10,823,597)
Other financing sources ⁴	-	-	4,594,067	-	-	-	-	19,281,499	31,983,364	5,700,000
Other financing uses	-	-	(4,594,067)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	19,281,499	31,983,364	5,700,000
Net change in fund balances	<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>	<u>\$ (1,034,624)</u>	<u>\$ (7,243,576)</u>	<u>\$ 18,407,139</u>	<u>\$ 20,993,982</u>	<u>\$ (4,827,982)</u>
Debt service as a percentage of noncapital expenditures	5.08%	4.37%	4.12%	3.99%	3.77%	3.49%	2.95%	2.62%	4.48%	5.92%

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

² Includes revenues in Departmental Income and Intergovernmental Charges categories.

³ Includes revenues in Sale of Property and Compensation for Loss, Refund Prior Year Expenses and Miscellaneous categories.

⁴ Includes debt issuance proceeds and premiums.

Source: Town of Cheektowaga Basic Financial Statements

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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
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
2013	64,614,646	569,704	9,031,161	1,666,721	75,882,232
2014	64,287,462	216,097	9,162,055	1,582,684	75,248,298
2015	64,103,448	710,384	9,516,474	1,610,265	75,940,571
2016	66,155,136	478,126	9,264,567	1,813,131	77,710,960
2017	66,192,891	407,025	9,464,187	1,488,295	77,552,398

Source: Town of Cheektowaga Finance Department

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

Year ¹	Real Property		Ratio of Assessed Value to Estimated Actual Value ²	Total Direct Rate ³
	Assessed Value	Estimated Actual Value		
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
2013	2,662,059,581	4,293,644,485	62%	16.03904
2014	2,669,660,997	4,305,904,834	62%	15.96640
2015 ⁴	4,504,537,628	4,504,537,628	100%	9.45667
2016	4,478,995,401	4,478,995,401	100%	9.45667
2017	4,823,693,191	4,823,693,191	100%	9.21872

¹ 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 ² below) shown relates to such assessment year.

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

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

⁴ During 2015, the equalization rate for the Town of Cheektowaga was revised to assess all property at 100 percent of market value.

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)

Year	Town Direct Rates			Overlapping Rates ¹											Total Weighted Average Rate
	General Rate	Highway Rate	Total Direct Rate	Depew		Sloan		Williamsville		Cheektowaga	Union Free #2	Union Free #3	Lancaster	West Seneca	
				Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	Town Outside Village	Village	
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
2013	14.51031	1.52873	16.03904	74.91788	59.00779	93.03561	77.38749	60.48416	55.05765	52.18765	54.82802	70.42641	51.11365	52.70472	66.33189
2014	14.59767	1.36874	15.96640	62.17181	46.03482	56.04589	57.30444	47.45332	41.70615	41.40286	42.09632	53.15462	41.24122	24.56312	48.74870
2015 ⁴	8.65073	0.80594	9.45667	46.98721	36.77572	57.72107	47.75697	36.79262	33.21372	31.54345	32.47425	42.18372	31.46295	32.32702	40.75480
2016	8.68978	0.81422	9.50401	46.28152	36.11107	57.79835	47.83414	37.47323	34.00088	31.67842	32.94693	41.99266	30.97064	32.04514	40.71820
2017	8.55996	0.65876	9.21872	46.01519	35.70057	56.34727	46.66050	34.63577	31.21650	31.15319	32.49761	41.67850	30.16370	31.73075	39.72875

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 3 - 16; 7.5% - April 17 - April 30; then 1.5% additional each month thereafter. Unpaid taxes are returned to the Erie County Commissioner of Finance on or about June 30.

(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.

(4) During 2015, the equalization rate for the Town of Cheektowaga was revised to assess all property at 100 percent of market value.

¹ 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 Nine Years Ago

Taxpayer	Type of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pyramid Walden Co. (Galleria)	Shopping Mall	\$ 277,079,000	1	6.15%	\$ 100,255,500	1	4.20%
Benderson Development	Commercial	145,562,581	2	3.23%	-	n/a	0.00%
National Fuel Gas Dist. Co.	Public Utility	48,421,008	3	1.07%	34,461,723	3	1.40%
NYS Electric & Gas Dist. Co.	Public Utility	34,554,567	4	0.77%	19,341,365	4	0.80%
Idylwood Apartments	Apartments	29,716,800	5	0.66%	15,905,200	6	0.70%
Niagara Mohawk	Public Utility	27,704,942	6	0.62%	15,060,243	8	0.60%
Sky Harbor Property, LLC	Mobile	24,957,791	7	0.55%	-	n/a	-
CSX Transportation Inc.	Transportation	24,158,405	8	0.54%	-	n/a	-
Union Consumer Square	Retail	24,050,000	9	0.53%	-	n/a	-
G&I IX EmpireThruway Plaza LLC	Real Estate	23,153,185	10	0.51%	-	n/a	-
DDR MDT Union Customer	Real Estate	-	n/a	-	58,100,130	2	2.40%
Verizon New York, Inc	Public Utility	-	n/a	-	16,540,377	5	0.70%
Williamstowne Apartments, LP	Apartments	-	n/a	-	15,342,000	7	0.60%
Appletree Realty Holdings	Real Estate	-	n/a	-	9,934,000	9	0.40%
Norfolk Southern	Railroad	-	n/a	-	9,788,299	10	0.40%
Total		\$ 659,358,279		14.64%	\$ 294,728,837		11.80%

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	
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%
2013	71,773,923	30,895,130	102,669,053	94,769,802	92%	100%
2014	71,455,494	31,059,269	102,514,763	94,780,696	92%	100%
2015	71,752,206	33,405,367	105,157,573	96,415,190	92%	100%
2016	73,915,431	33,027,100	106,942,531	98,937,866	93%	100%
2017	73,938,040	33,271,820	107,209,860	99,115,536	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 - 28	1.5%
March 1 - 15	3%
March 16 - 31	4.5%
April 1 - 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 them. 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 Tax Office

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

Fiscal Year	Serial Bonds ²	Capital Leases	Total Amount	Percentage of Personal Income ¹	Debt per Capita ¹
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	11,473,333	4,252,876	15,726,209	0.68%	178.25
2011	9,500,949	3,889,900	13,390,849	0.58%	151.78
2012	7,509,560	3,509,688	11,019,248	0.47%	124.90
2013	5,828,171	3,111,419	8,939,590	0.42%	101.33
2014	4,211,781	2,694,235	6,906,016	0.32%	78.28
2015	22,203,793	2,257,238	24,461,031	1.08%	277.25
2016	51,862,435	1,799,486	53,661,921	2.38%	608.23
2017	54,600,587	1,319,994	55,920,581	2.42%	642.63

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

¹ See Schedule XV for personal income and population data.

² Serial bonds are presented net of related premiums or discounts.

Source: Town of Cheektowaga Basic Financial Statements

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 ³	Less: Debt Service Funds	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value ¹	Net Bonded Debt per Capita ²	
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	11,473,333	2,136,124	9,337,209	0.36%	105.83	
2011	88,226	2,633,902,317	9,500,949	2,045,263	7,455,686	0.28%	84.51	
2012	88,226	2,633,911,681	7,509,560	1,985,934	5,523,626	0.21%	62.61	
2013	88,226	2,662,059,581	5,828,171	1,812,662	4,015,509	0.15%	45.51	
2014	88,226	2,669,660,997	4,211,781	1,748,054	2,463,727	0.09%	27.93	
2015 ⁴	88,226	4,504,537,628	22,203,793	1,834,387	20,369,406	0.45%	230.88	
2016	88,226	4,478,995,401	51,862,435	2,138,729	49,723,706	1.11%	563.59	
2017	87,018	4,823,693,191	54,600,587	1,729,759	52,870,828	1.10%	607.58	

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

¹ See Schedule XVII for property value data.

² See Schedule XV for personal income and population data.

³ Gross bonded debt is presented net of related premiums or discounts.

⁴ During 2015, the equalization rate for the Town of Cheektowaga was revised to assess all property at 100 percent of market value.

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, 2017

Governmental Unit	Gross Indebtedness ¹	Estimated Exclusions ²	Net Indebtedness	Percentage Applicable ³	Town of Cheektowaga Portion
Estimated direct debt:					
Town of Cheektowaga	\$ 55,920,581	\$ 12,219,600	\$ 43,700,981	100.00%	\$ 43,700,981
Estimated overlapping debt:					
Villages:					
Depew	13,935,000	5,665,000	8,270,000	62.64%	5,179,961
Williamsville	3,795,000	68,000	3,727,000	0.49%	18,183
School districts:					
Cheektowaga Central	5,990,000	3,953,400	2,036,600	100.00%	2,036,600
Cheektowaga-Maryvale Union Free	27,095,000	17,907,086	9,187,915	100.00%	9,187,915
Cleveland Hill Union Free at Cheektowaga	19,207,000	16,767,711	2,439,289	100.00%	2,439,289
Williamsville Central	15,225,000	10,124,625	5,100,375	0.10%	5,150
Lancaster Central	69,937,492	51,963,557	17,973,935	11.98%	2,152,736
Depew Union Free	26,589,715	21,617,438	4,972,277	70.29%	3,495,189
West Seneca Central	29,355,000	22,720,770	6,634,230	28.18%	1,869,349
Union Free School District #9 (Sloan)	8,675,000	7,686,050	988,950	97.18%	961,068
County of Erie	478,679,247	3,589,700	475,089,547	11.77%	55,905,851
Total estimated overlapping debt	698,483,454	162,063,336	536,420,118		83,251,291
Total estimated direct and overlapping debt	\$ 754,404,035	\$ 174,282,936	\$ 580,121,099		\$ 126,952,272

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

² 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.

³ 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 12-31-17, County 12-31-17, Villages 5-31-17, Schools 6-30-17 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 2017

Estimated Actual Value of Real Property (After Exemptions) at December 31:	
2013	\$ 4,293,644,485
2014	4,305,904,834
2015	4,504,537,628
2016	4,478,995,401
2017	<u>4,823,693,191</u>
Total five-year valuation	<u>\$ 22,406,775,539</u>
Average full valuation	<u>\$ 4,481,355,108</u>
Debt limit - 7% of average full valuation ¹	<u>\$ 313,694,858</u>
Debt applicable to limit:	
General obligation bonds	\$ 47,800,000
Less other deductions allowed by law ²	
Sewer bonds	10,431,000
Drainage bonds	<u>1,788,600</u>
Total amount of net indebtedness applicable to debt limit	<u>46,011,400</u>
Legal debt margin ³	<u>\$ 267,683,458</u>
Percentage of debt contracting power exhausted	14.67%

Fiscal Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 256,884,654	\$ 264,712,835	\$ 274,199,759	\$ 283,930,262	\$ 290,898,149	\$ 292,876,762	\$ 297,381,400	\$ 302,407,856	\$ 305,638,578	\$ 313,694,858
Total net debt applicable to limit	<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>	<u>33,088,640</u>	<u>36,414,000</u>	<u>34,982,000</u>	<u>43,284,900</u>	<u>46,011,400</u>
Legal debt margin	<u>\$ 242,528,354</u>	<u>\$ 253,462,835</u>	<u>\$ 256,519,759</u>	<u>\$ 255,515,474</u>	<u>\$ 261,061,418</u>	<u>\$ 259,788,122</u>	<u>\$ 260,967,400</u>	<u>\$ 267,425,856</u>	<u>\$ 262,353,678</u>	<u>\$ 267,683,458</u>
Total net debt applicable to the limit as a percentage of debt limit	5.59%	4.26%	6.45%	10.01%	10.26%	11.30%	12.24%	11.57%	14.16%	14.67%

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

² 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.

³ 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: 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 XV—Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	Per Capita		Unemployment Rate ³		Labor Force ⁴
		Personal Income ¹	Personal Income ²	Cheektowaga	New York State	
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	88,226	26,378	2,327,225	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
2013	88,226	24,355	2,148,744	6.5%	6.6%	47.2
2014	88,226	24,355	2,148,744	5.7%	5.8%	47.2
2015	88,226	25,597	2,258,321	5.2%	4.7%	47.2
2016	88,226	26,342	2,324,049	5.3%	4.8%	44.1
2017	87,018	26,563	2,311,459	5.4%	4.6%	44.5

¹ Data represents per capita income for Erie County.

² Estimated, in thousands.

³ Annual averages.

⁴ In thousands.

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 XVI—Principal Cheektowaga Chamber of Commerce Business Members
Current Year and Nine Years Ago

Employer	Type	2017			2008		
		Approx. No. of Employees	Rank	Percentage of Labor Force ²	Approx. No. of Employees	Rank	Percentage of Total City Employment
Walden Galleria Mall	Retail	3000	1	6.74%	-	-	-
St. Joseph Hospital	Hospital	800	2	1.80%	800	1	1.53%
Ingersoll Rand	Industrial	600	3	1.35%	700	2	1.34%
Derrick Corporation	Industrial	500	4	1.12%	-	-	-
Town of Cheektowaga ¹	Local Government	432	5	0.97%	460	4	0.88%
Cheektowaga Central Schools	Public Schools	350	6	0.79%	350	5	0.67%
Maryvale School District	Public Schools	310	7	0.70%	350	6	-
First Student Bus Service	Transportation	280	8	0.63%	300	7	0.57%
Rosina Foods	Industrial	260	9	0.58%	260	8	0.50%
Upstate Niagara Cooperative, Inc.	Industrial	250	10	0.56%	250	9	0.48%
ITT Standard	Industrial	250	10	0.56%	250	10	0.48%
Quebecor	Industrial	-	-	-	600	3	1.15%

¹ Full-time only.

² Estimated.

Source: Town Officials, as listed in the 2017 Serial Bond Issuance Documentation and Cheektowaga Chamber of Commerce

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

Function/Program:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government support:										
Supervisor	2	2	2	2	2	2	3	3	3	3
Personnel	3	3	3	3	3	3	3	3	3	3
Accounting	5	5	5	5	5	5	5	5	5	5
Information Services	4	4	4	4	4	4	4	6	6	6
Assessors	7	7	7	5	5	5	5	6	5	5
Central Printing	1	1	2	1	1	1	1	1	-	-
Building Maintenance	9	9	9	9	9	12	12	12	11	10
Central Garage	12	11	11	11	11	10	9	9	8	8
Council	8	8	8	8	8	8	7	7	7	7
Engineering	8	8	8	8	8	8	8	8	8	8
Justice	14	14	14	14	14	14	14	13	13	13
Law	5	5	5	5	5	5	5	5	2	4
Town Clerk	9	8	7	7	7	7	6	5	5	6
Total	<u>87</u>	<u>85</u>	<u>85</u>	<u>82</u>	<u>82</u>	<u>84</u>	<u>82</u>	<u>83</u>	<u>76</u>	<u>78</u>
Public safety:										
Dispatchers	28	28	28	29	28	29	28	28	27	25
Officers	129	129	129	128	129	128	129	129	129	127
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	3	3	3	3	3	3	3	3
Building & Plumbing - Code Enforcement	19	19	19	19	17	17	17	16	16	15
Total	<u>189</u>	<u>189</u>	<u>189</u>	<u>189</u>	<u>187</u>	<u>187</u>	<u>187</u>	<u>186</u>	<u>185</u>	<u>180</u>
Transportation:										
Highway	<u>75</u>	<u>74</u>	<u>74</u>	<u>75</u>	<u>74</u>	<u>71</u>	<u>70</u>	<u>70</u>	<u>69</u>	<u>68</u>

(continued)

(concluded)

Function/Program:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Economic assistance and opportunity:										
Community Development	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>
Culture and recreation:										
Parks/Facilities	21	21	21	21	21	21	19	19	19	20
Youth & Recreation	10	9	9	9	9	9	9	9	9	8
Senior Services	<u>6</u>									
Total	<u>37</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Home and community services:										
Sanitation	45	45	45	45	45	41	40	39	40	40
Sewer	21	21	21	21	20	19	17	17	17	17
Main Pump	<u>12</u>	<u>11</u>	<u>11</u>							
Total	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>77</u>	<u>72</u>	<u>69</u>	<u>68</u>	<u>68</u>	<u>68</u>
Total	<u>471</u>	<u>467</u>	<u>467</u>	<u>465</u>	<u>460</u>	<u>454</u>	<u>446</u>	<u>445</u>	<u>436</u>	<u>431</u>

Source: Various Town departments

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Town Justices' Caseload:										
Cases processed:										
Motor vehicle	16,751	17,786	20,532	18,021	26,590	19,984	17,275	13,017	11,913	16,629
Criminal	5,809	6,529	6,187	5,443	5,634	5,459	4,505	3,176	3,448	5,917
Civil	774	712	754	769	705	1,122	313	916	783	928
Fines assessed:										
Motor vehicle	\$ 1,690,540	\$ 1,981,681	\$ 2,220,604	\$ 1,714,594	\$ 1,703,720	\$ 1,753,580	\$ 1,400,141	\$ 1,404,349	\$ 1,228,738	\$ 1,347,157
Criminal	\$ 240,268	\$ 234,028	\$ 354,693	\$ 214,195	\$ 205,078	\$ 269,970	\$ 161,955	\$ 161,815	\$ 172,506	\$ 220,742
Civil	\$ 14,085	\$ 12,855	\$ 14,395	\$ 14,175	\$ 13,065	\$ 22,155	\$ 5,340	\$ 17,200	\$ 16,675	\$ 17,395
Number of Building Permits:										
One family	23	13	16	5	5	10	17	14	13	6
Other	2,430	2,422	1,999	2,068	2,016	784	2,090	2,114	3,323	3,360
Value of construction	\$ 66,071,696	\$ 34,012,934	\$ 50,419,216	\$ 45,859,274	\$ 52,700,000	\$ 62,751,826	\$ 54,695,563	\$ 62,256,012	\$ 48,267,678	\$ 13,981,398
Police:										
Arrests	4,871	5,272	6,256	5,146	5,562	5,693	5,280	5,063	5,449	4,336
Traffic tickets	8,632	10,147	10,369	9,768	9,875	10,241	10,304	10,449	10,143	9,972
Calls for service	50,305	48,176	48,901	52,658	52,049	53,311	54,725	56,313	53,914	59,008
Police reports	10,609	10,696	10,640	10,371	10,666	10,500	10,468	9,885	10,677	9,388
Refuse Collection:										
Refuse collected (tons annually)	31,991	30,384	30,787	31,637	30,171	30,701	29,847	29,778	32,428	29,992

Source: Various Town departments

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

Function/Program:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	-	-	-
Patrol vehicles	50	49	49	49	48	50	58	49	52	49
Refuse collection:										
Collection trucks	19	17	18	19	18	19	23	19	21	21
Other public works:										
Streets (miles)	389	389	389	389	389	389	389	389	389	389
Streetlights	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,309	1,309	1,309
Traffic signals	41	41	41	41	41	41	41	41	41	41
Parks and recreation:										
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	19	19	19	19	19	19	19	19	19
Soccer/football fields	5	5	5	5	5	5	7	7	7	7
Community centers	5	4	4	4	4	4	4	4	4	4
Water:										
Fire hydrants	1,378	1,379	1,381	1,381	1,381	1,383	1,383	1,386	1,386	1,386
Wastewater:										
Sanitary sewers (miles)	200	200	200	201	201	201	201	201	203	203
Storm sewers (miles)	175	178	182	186	186	191	194	194	195	195
Senior Center:										
Transport vans	8	9	8	7	6	7	7	8	8	7

Sources: Various Town departments

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