

TOWN OF CHILI, NEW YORK

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED

DECEMBER 31, 2017



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Chili, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chili, New York (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As stated in Note 1, the Town implemented Governmental Accounting Standards Board (GASB) Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and 68*; and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental 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 supplemental information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules, 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 supplemental schedules, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Freed Maxick CPAs, P.C.

Batavia, New York
May 10, 2018

This section of Town of Chili, New York's (the Town) annual financial report presents its discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2017. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$31,499,241 (net position) at December 31, 2017, of which \$27,893,540 is invested in the Town's capital assets, including infrastructure.
- The Town's net position decreased by \$8,666,685, or 21.58%, from what was previously reported in 2016. However, there were two prior period adjustments made in 2017. The first was related to the implementation of GASB 73, which dictates that the Town now includes a liability for the Volunteer Firefighter Length of Service Award Program (LOSAP). This statement also required a reclass of the assets associated with the LOSAP program from the Agency Fund to the Fire Protection Fund. The second was related to the implementation of GASB 75, which dictates that the Town recognizes the full OPEB liability, that was previously being recognized over a period of time per GASB 45. The effects of each of these can be found in Note 5 of the Financial Statements. The Town's 2016 net position restated with the implementation of these two GASB pronouncements is \$31,157,452, creating a year over year increase in net position of \$341,789 (1.10%).
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$19,782,903, an increase of \$1,890,802 from the prior year's restated financials.
- The Town's long-term debt decreased by \$230,000 during 2017. There was no new long-term debt added during the year and 63% of the remaining debt is scheduled to be paid off by the end of 2018. All current debt is scheduled to be paid off by 2023.
- The Town's tax rate for 2017 remained flat at rate of \$3.86/thousand and there was a 1.54% increase in assessed value.
- Overall benefits increased \$59,153, or 2.22%, from 2016. Medical expenses continue to rise, increasing \$74,754 (7.30%) over 2016. This increase was partially offset by a reduction in the workers' compensation expense of \$56,614 (10.73%) from 2016, when a significant deficit payment was made (\$127,000) for claims trends.
- The Town recognized over \$85,000 in grant revenue for special projects including code updates, library equipment, youth programs, improvements at Hubbard Park and conservation improvements at Union Station Park.

OVERVIEW OF THE FINANCIAL STATEMENTS

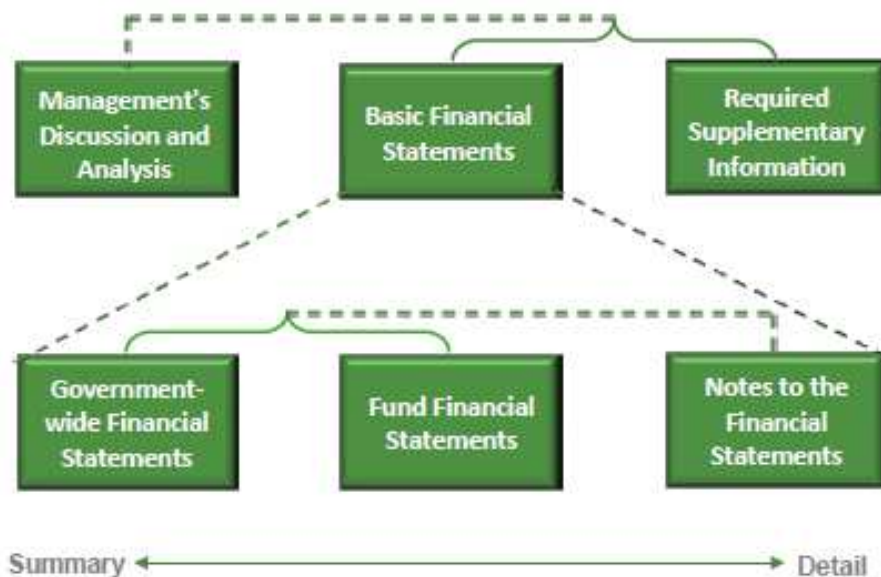
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements.

The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.



Major Features of the Government-Wide and Fund Financial Statements

The below chart summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire government (except Fiduciary Funds)	The activities of the Town that are not proprietary or fiduciary, such as public safety and transportation	Instances in which the Town administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Fiduciary Net Position – Fiduciary Funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus

using the accrual basis of accounting. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt).

These two statements report the Town's net position and changes to it. You can think of the Town's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Town's financial health, or financial condition. Over time, increases or decreases in the Town's net position are one indicator of whether its financial condition is improving or deteriorating. The Town's financial health refers to the Town's ability to (1) maintain existing service levels, (2) withstand local and regional economic disruptions, and (3) meet the demands of natural growth, decline, and change.

In the Statement of Net Position and Statement of Activities, the Town is represented by seven Governmental Activities principally supported by taxes and intergovernmental revenues (governmental activities). All of the Town's services are reported here, including public safety, public works, home and community services, parks, culture and recreation, debt and general administration. State aid, sales tax, property tax and federal and state grants finance most of these activities. The Town maintains no business-type activities at this time.

Reporting the Town as a Whole

The analysis of the Town as a whole begins on page 18. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the method of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins on page 20. The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Some funds are required to be established by State law. However, the Town Board establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

Governmental Funds

Fund financial statements 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, 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. Because the focus of the fund statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for funds financial statements 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 fund basis balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison of the fund and government-wide financial statement.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The Town is trustee and responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$31,499,241 as of December 31, 2017. The Town's unrestricted net position is -\$6,378,753. This negative fund balance is reflective of retirement benefit liabilities the Town has, including OPEB (\$10,745,722), state pension (\$1,525,719) and LOSAP pension (\$4,405,560). Due to the implementation of GASB 73 and 75 (see note 5), there was a considerable increase to the OPEB liability and the LOSAP liability was not previously recorded in the Town's government wide financial statements.

The Town's net position reflects \$27,893,540 of investments in capital assets (i.e. land, construction work in progress, buildings, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Town's restricted net position, \$9,984,454, is restricted for future capital projects, debt reductions, retirement contributions, self-funded liability insurance, workers' compensation insurance, LOSAP and other restricted programs.

The Town's cash and cash equivalents increased by \$1,528,725, or 10.17%, from the 2016 balance. This overall change is reflective of an increase of \$1,062,182 in reserve cash balances for the General Fund and Highway Townwide fund. There is \$2,662,178 of reported restricted investments. This is restricted for the LOSAP program.

The Town's long-term liabilities increased \$10,218,810 over the previously stated 2016 balances. GASB 73 and 75 were implemented in 2017, adding significant liabilities to the Town's financial statements. When considering the implementations, the restated long-term liability balance for December 31, 2016 would be \$18,381,321, and so there was actually a reduction of long-term liabilities of \$1,148,017 for 2017. There was a decrease in the pension liability of \$1,120,926. This liability is controlled by the State retirement system but is reported on the Town's financials per GASB standards.

Net capital assets decreased 3.69%. This change is reflective of \$2,274,274 in depreciation expense and \$1,205,056 of new capital assets.

Overall, there was a 0.13% increase in total net position in 2017 over the previous year's restated net position. For the fund based financial statements, the Town saw a 10.22% increase in fund balance. The Town believes in utilizing practices of sound fiscal management and careful spending which has led to its ability to maintain a stable financial condition while keeping all taxpayer services within budgeted parameters. The Town has also been able to allocate funds to be used to offset future expenses.

Table 1 reflects the Town's net position (dollars in thousands) as of December 31, 2017 and 2016. Balances for 2016 have been restated to reflect the prior period adjustments made in 2017 for the implementation of GASB 73 and 75 (see Note 5).

Table 1

	Governmental Activities		% of Change
	2017	2016	
Current and other assets	\$ 20,285	\$ 18,380	10.36%
Capital assets not being depreciated	4,343	4,008	8.36%
Capital assets, net of accumulated depreciation	23,911	25,328	-5.59%
Total assets	48,539	47,716	1.72%
Deferred pension outflows	1,427	2,725	-47.63%
Total deferred outflows of resources	1,427	2,725	-47.63%
Noncurrent liabilities	17,233	18,381	-6.25%
Other liabilities	503	488	3.07%
Total liabilities	17,736	18,869	-6.00%
Deferred pension inflows	731	415	76.14%
Total deferred inflows of resources	731	415	76.14%
Net investments in capital assets	27,894	28,746	-2.96%
Restricted for:			
Workers' compensation	908	725	25.24%
Retirement contribution	275	225	22.22%
Insurance	525	525	0.00%
Capital projects	4,936	4,118	19.86%
Debt service	10	10	0.00%
Length of service award program	2,662	2,358	12.89%
Other restricted	668	978	-31.70%
Unrestricted	(6,379)	(6,528)	-2.28%
Total net position	\$ 31,499	\$ 31,157	1.10%

The Town's government-wide net position increased \$37,964 in 2017.

Table 2 reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2017 and 2016. There were prior period adjustments made in 2017 to reflect the implementation of GASB 73 and 75 (see Note 5).

Table 2

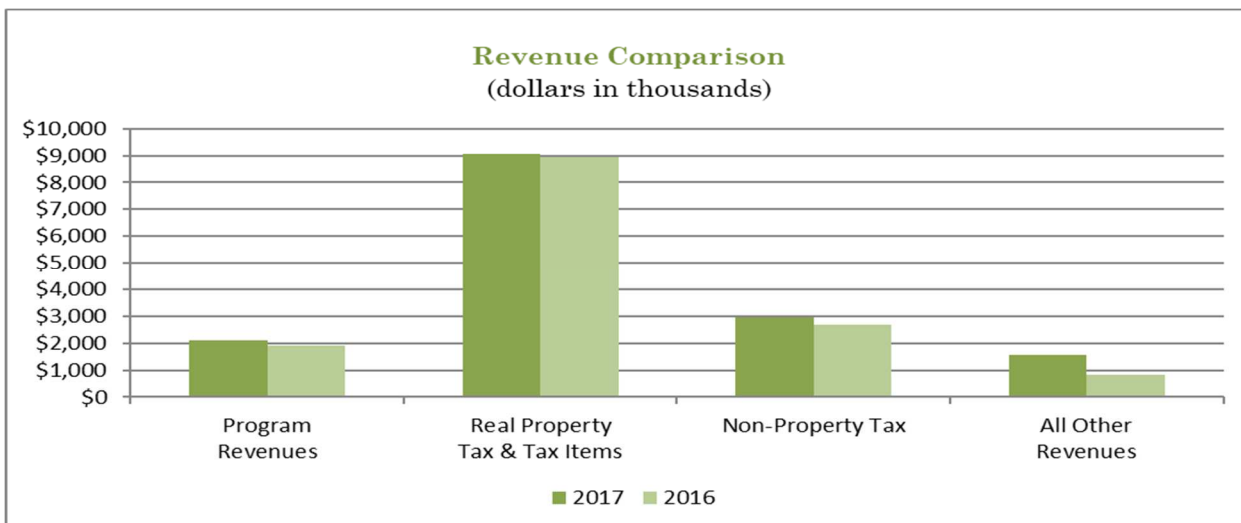
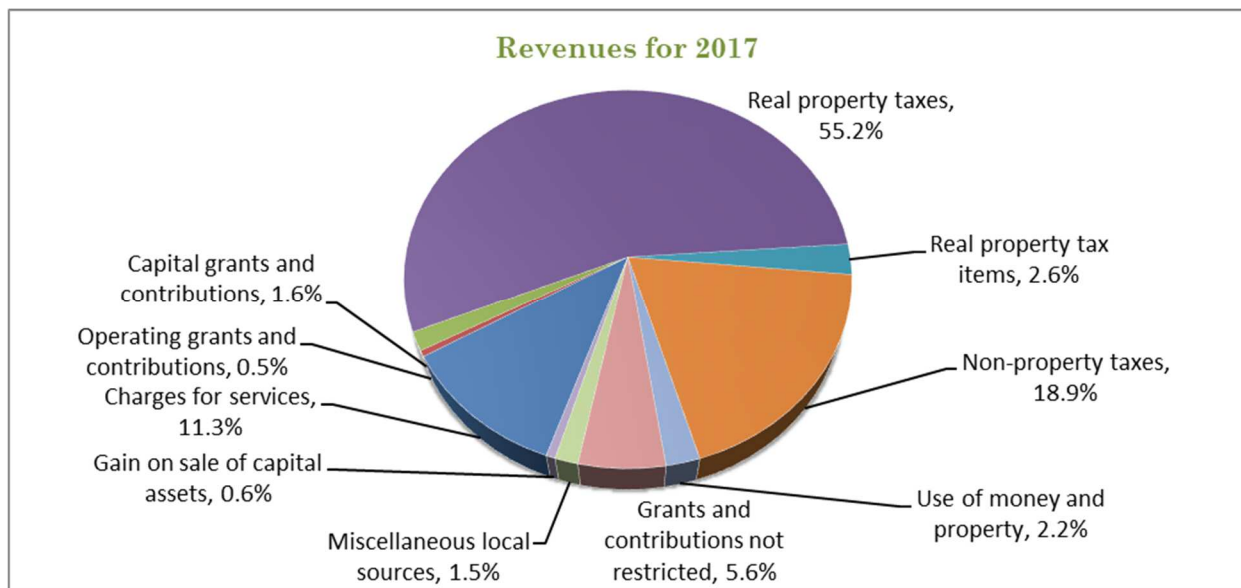
	Governmental Activities		% of Change
	2017	2016	
Program revenues:			
Charges for services	\$ 1,772	\$ 1,640	8.05%
Operating grants and contributions	85	55	54.55%
Capital grants and contributions	243	212	14.62%
General revenues			
Real property taxes	8,657	8,583	0.86%
Real property tax items	405	376	7.71%
Non-property taxes	2,965	2,698	9.90%
Use of money and property	343	53	547.17%
Grants and contributions not restricted	873	610	43.11%
Miscellaneous local sources	239	79	202.53%
Gain on sale of capital assets	89	103	-13.59%
Total revenues	15,671	14,409	8.76%
Program expenses:			
General government	3,025	3,031	-0.20%
Public safety	2,368	2,161	9.58%
Health	155	155	0.00%
Transportation	6,034	5,608	7.60%
Economic assistance and opportunity	208	182	14.29%
Culture and recreation	2,631	2,531	3.95%
Home and community service	887	880	0.80%
Interest on debt	21	29	-27.59%
Total expenses	15,329	14,577	5.16%
Change in net position	342	(168)	-303.57%
Net position - January 1, as previously stated	31,157	40,334	-22.75%
Restatement of net position (Note 5)	-	(9,009)	-100.00%
Net position - January 1, as restated	31,157	31,325	-0.54%
Net position - December 31	\$ 31,499	\$ 31,157	1.10%

Real property tax levy is the primary source of revenues to support taxpayer services and accounted for 55.2% of all revenues. Due to increases in other revenues, this reliance decreased from 59.6% the previous year.

Program revenues increased in 2017. These revenues include fees such as departmental fees (down \$57,000) and licenses and permits (up \$166,000), which shift certain expense burden from the general tax base to those specifically using the resources. There were a few large, one time permits causing the year over year increase. All other revenues in this category remained relatively flat.

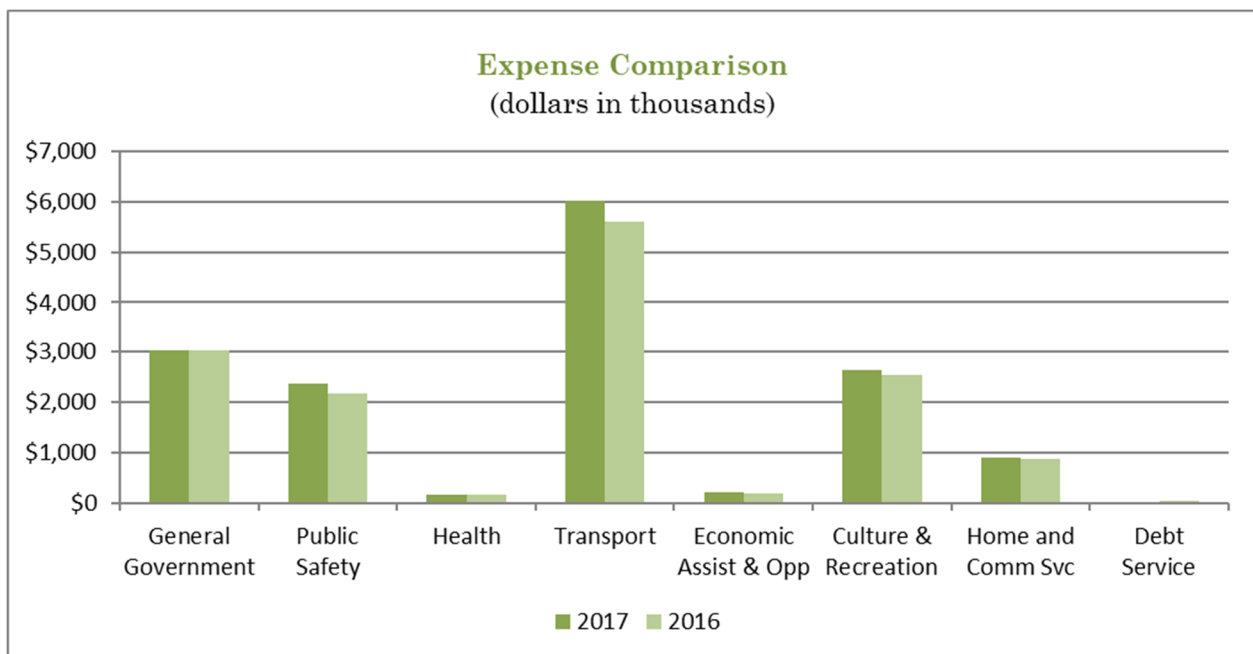
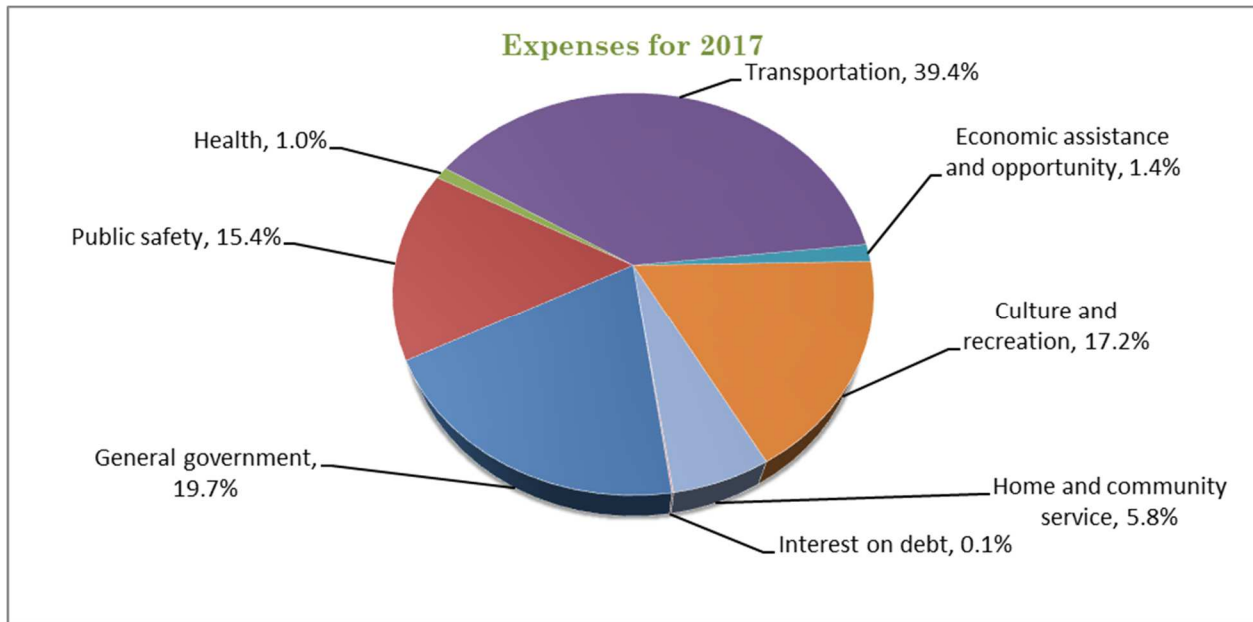
The Town also saw increases in sales tax and mortgage tax, which are highly volatile revenue streams. There was a significant self-insurance recovery, which was a one-time revenue.

The Town continuously seeks out opportunities to obtain grants from the County, State and Federal governments that are used to help offset many of the Town's special projects. The Town recognized revenues of over \$328,000 of grant money for various projects in 2017.



Transportation (39.4%), which includes the maintenance of roads and snow removal, remains the primary operational expense. Culture and recreation (17.2%) (i.e. parks and recreation & library) and Public safety (15.4%) (i.e. inspections of commercial properties new construction) are also significant operating expenses. General government expenses (19.7%) which includes administration wages, utilities, building maintenance, postage and liability insurances decreased slightly in 2017.

Operational expenses were down \$390,000 from 2016, but total program expenses went up 5.25% due to allocations for retirement benefits, including OPEB and pensions.



Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

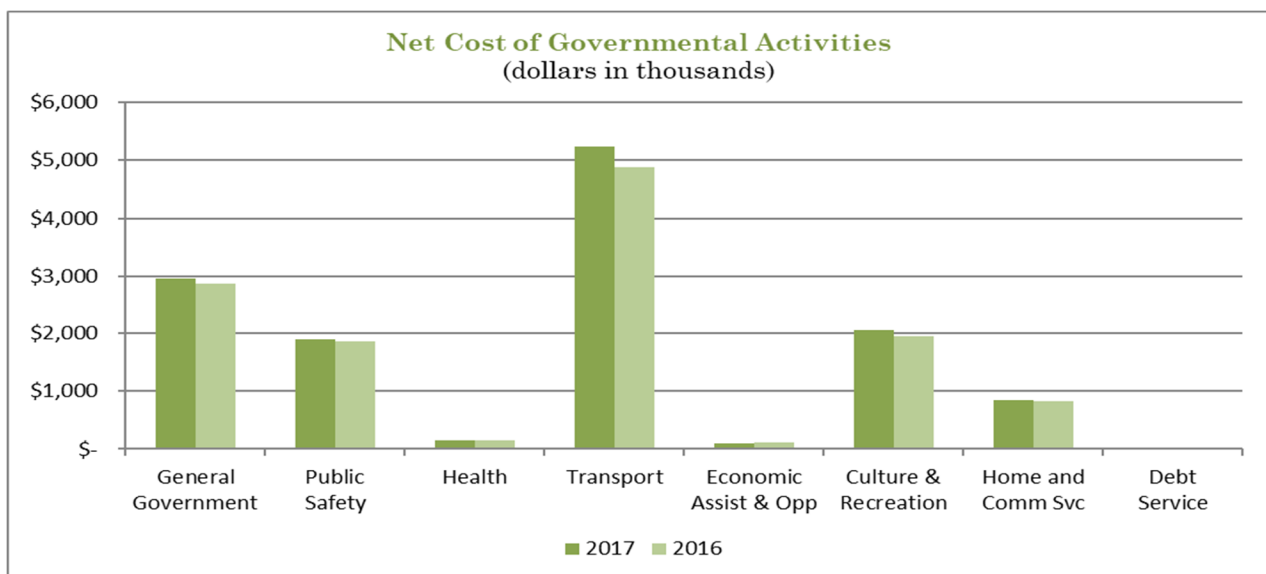
Interest on debt service continues to decrease as old debt is paid off and no new debt is taken on. The increases in each area are reflective of the significant increases to the pension liabilities and OPEB obligation.

There was a new revenue stream from the County in support of the Town's Senior Center, which helped reduce Economic Assistance and Opportunity expenses.

Table 3 reflects the Town's net cost of governmental activities (dollars in thousands) for the years ended December 31, 2017 and 2016.

Table 3

	Total Cost of Services			% of Change	Net Cost of Services		% of Change
	2017	2016			2017	2016	
General government	\$ 3,025	\$ 3,031	-0.20%		\$ 2,956	\$ 2,869	3.03%
Public safety	2,368	2,161	9.58%		1,887	1,861	1.40%
Health	155	155	0.00%		155	155	0.00%
Transportation	6,034	5,608	7.60%		5,236	4,882	7.25%
Economic assistance and opportunity	208	182	14.29%		91	109	-16.51%
Culture and recreation	2,631	2,531	3.95%		2,048	1,944	5.35%
Home and community service	887	880	0.80%		835	821	1.71%
Debt service	21	29	-27.59%		21	29	-27.59%
Total	<u>\$ 15,329</u>	<u>\$ 14,577</u>	<u>5.16%</u>		<u>\$ 13,229</u>	<u>\$ 12,670</u>	<u>4.41%</u>



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Overall, the Town continues to maintain healthy fund balances. The percentage of unassigned fund balances to current year expenditures for the General Fund is 43%. The Town has recorded \$3,000,000 to assigned unappropriated fund balance in anticipation of future costs surrounding the possible construction of a new community center (see Note 6).

The General Fund's overall fund balance increased by \$1,927,185. Of this total, \$943,558 was in restricted fund balance, increasing reserves to help the Town offset future expenditures. Unassigned fund balance decreased \$1,872,457 as the Town took further steps in defining future needs. The Town continues to budget conservatively for volatile and unpredictable revenues such as mortgage tax and sales tax. Mortgage tax revenues saw their third lowest figure over the past twenty years in 2016, but then rebounded in 2017 to their highest rates since 2004.

The Highway Townwide assigned unappropriated fund balance, excluding appropriations for next year, was \$1,342,479, or 32% of current year expenditures. The Highway Townwide fund balance decreased \$19,959. A decrease was expected due to a budgeted used of fund balance. Operating expenses were relatively flat, except for benefits, which were up significantly (12.70%). The largest increases were seen in workers' compensation expense as well as health insurance benefits. Capital reserves were increased by \$107,774.

The Fire Protection Districts' assigned unappropriated fund balance, excluding appropriations for next year, was \$ 144,706, or 8% of current year expenditures.

Table 4 reflects the Town's revenues, expenditures and changes in fund balances for the major governmental funds (dollars in thousands) for the years ended December 31, 2017 and 2016. Other financing sources and uses are included. Fire Protection Districts fund balance for 2016 has been restated to reflect the prior period adjustment made in 2017 for the implementation of GASB 73 (see Note 5).

Table 4

	2017			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 7,659	\$ 5,732	\$ 13,106	\$ 1,927
Highway Townwide Fund	4,161	4,181	2,514	(20)
Fire Protection Districts Fund	2,107	1,800	2,821	307

	2016			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 6,731	\$ 5,848	\$ 11,179	\$ 883
Highway Townwide Fund	4,022	4,076	2,534	(54)
Fire Protection Districts Fund	1,781	1,786	2,514	(5)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town Board may make amendments to the original budget. One type of budget amendment occurs shortly after the first of the year to modify the original budget with any approved grant items, as well as, supplemental appropriations which were carried over from the previous year. Another type of budget amendment includes changes the Town Board makes through the year to approve increases in appropriations to prevent budget overruns. Any budget amendment requires the approval of the Town Board.

The General Fund realized a fund balance at December 31, 2017 of \$13,106,193. Of this total fund balance, \$10,663,652 has been restricted or assigned for specific purposes. Unexpected increases in fund balance are always used towards funding subsequent years' budgets and the Town feels that its fund balances are reasonable and appropriate.

Contributing to these favorable variances from the budget are the following factors:

The Town's General Fund 2017 adopted budget for non-property tax revenue was \$1,840,000, but actually recognized revenues of \$2,964,890. The Town's portion of sales tax is included in this revenue category and actual sales tax collected exceeded the 2017 modified budget by approximately \$1,083,227. The Town takes a conservative approach when budgeting sales tax revenue due to its volatility and unpredictability, and the numerous factors that could affect it. The 2017 sales tax revenues were \$390,000 over the average of the previous three years.

Licenses and permits were \$195,000 over budget, due to a few, one-time, very large permits the Town received. The Town recognized revenues on two substantially sized permits. These permits were one-time permits, well above traditional revenue trends, so they were not expected or budgeted for. Departmental revenues were \$43,000 over modified budget.

The Town's General Fund 2017 modified budget for State and Federal aid was \$589,326, but had recognized revenues of \$875,299. State aid includes receipt of mortgage tax revenue. In 2017, the Town received mortgage tax revenue of approximately \$312,000 over budget. Similar to sales tax, this revenue stream can be volatile and unpredictable, and therefore the Town takes a conservative approach when budgeting it. Mortgage tax revenues had seen several years of falling revenues previous to 2017, and this year's revenues were \$200,000 over the average seen the previous three years. Shortfalls in other State and Federal aid were due to grant funds that will roll into future years.

The Town's General Fund expenditures (excluding other financing sources or uses) were approximately \$1,112,000 below modified budget amounts. The Town continues to focus on cost savings and responsible spending habits that have led to the reduction in expenditures compared to budget. The Town expended approximately \$427,000 less than the modified budget in the General Government accounts; \$73,000 less in the area of Public Safety; \$81,000 less in the area of Transportation; \$32,000 less in Economic Assistance and Opportunity; \$147,000 less in the area of Culture and Recreation and \$190,000 less in the area of Home and Community Services. Employee benefits were \$162,000 under budget due in part to favorable actual rates over budgeted medical benefits. Expenses were \$340,000 below modified budget for items pertaining to grants and reserve usages, which are expected to roll over and be spent in 2018. Specific other areas of savings include \$105,000 in labor costs, \$80,000 in facility costs and \$54,000 in vehicle costs. The Town has assigned an amount of \$1,350,000 to balance the 2018 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2017, amounts to approximately \$27,894,000 (net of related debt). This investment in capital assets includes land, construction work in progress, historical collections, buildings, improvements, machinery and equipment and infrastructure.

Table 5 reflects the Town's capital assets, net of depreciation (dollars in thousands) as of December 31, 2017 and 2016. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

Table 5

	Governmental Activities	
	2017	2016
Land	\$ 4,327	\$ 3,993
Historical collections	15	15
Buildings	10,455	10,800
Improvements	203	218
Machinery and equipment	3,755	3,673
Infrastructure	9,499	10,637
Total	<u>\$ 28,254</u>	<u>\$ 29,336</u>

Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$360,000. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2017, the Town's outstanding debt is rated Aa2 with Moody's Investor Service.

The Town implemented GASB 75 for Other Post-Employment Benefits (OPEB) in 2017. This updated the previously implemented GASB 45, and a prior period adjustment was made (see Note 5). The Town's liability now stands at \$10,746,000.

The Town implemented GASB 73, which covers the Town's LOSAP program with the Chili Fire Department. A prior period adjustment was made (see Note 5). The Town is now reporting a liability of \$4,405,000 at yearend for this liability.

Table 6 reflects the Town's outstanding long-term obligations (dollars in thousands) as of December 31, 2017 and 2016. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements. Balances for 2016 have been restated to reflect the prior period adjustments made in 2017 for the implementation of GASB 73 and 75 (see Note 5).

Table 6

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 360	\$ 590
Compensated absences	196	174
Post employment benefits	10,746	10,272
Net pension liability	1,526	2,646
LOSAP liability	4,405	4,699
Total	<u>\$ 17,233</u>	<u>\$ 18,381</u>

FACTORS BEARING ON THE TOWN'S FUTURE

- New York State does not currently allow any sort of pre-funding vehicle for Other Post-Employment Benefits (OPEB), and so this liability is reflected on our Statement of Net Position in its entirety as unfunded. Historically the Town has paid its OPEB obligations from annual operating expenses, and expects to continue this practice into the foreseeable future. Should the NYS Legislature enact legislation that would allow the establishment of an OPEB reserve, the Town would consider its options at that time.
- Existing bond debt service of \$360,000 will continue to be paid off through 2023. Of this total debt, \$225,000 is due to be paid in 2018.
- On June 19, 2018, there will be a public referendum seeking approval to construct a new community center. The project would have a cost not to exceed \$20 million dollars, to be paid for with a new bond issuance. This new bond could affect future expenses, the Town's tax rate, and the Town's ability to stay within the Tax Cap guidelines.
- The Town and the Union operate under a contract that was ratified October 2016. This contract is valid from January 1, 2017 to December 31, 2021.
- The 2018 budget was the seventh to be adopted under the NYS Property Tax Cap guidelines. The Town was below the allowable levy limit, as it has been each year. A portion of this unused limit will be carried over to the 2019 budget process.
- The tax rate for 2018 remained stable at a rate of \$3.86 per \$1,000 of assessed value while reflecting taxable assessment base growth of 1.15%. Since 2010, there has been a trend of low increases in town-wide taxable assessment value. This is in contrast with the previous several decades where the average annual increases were higher.
- The continuously rising cost of certain necessary and contractual expenses, such as employee salaries and benefits, retiree benefits and equipment, is an internal challenge for the Town to cover while maintaining stable tax rates, in spite of a lower than historical taxable assessment base growth trend.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Dunning, Town Supervisor, Town of Chili, New York.

STATEMENT OF NET POSITION

December 31, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 16,558,545
Investments, restricted	2,662,178
Accounts receivable	5,299
State and federal receivables	63,857
Due from other governments	841,091
Prepaid items	154,439
Capital assets not being depreciated	4,342,644
Capital assets, net of accumulated depreciation	23,910,896
	<hr/>
Total assets	48,538,949
	<hr/>
Deferred Outflows of Resources	
Deferred outflows related to pensions	864,223
Deferred pension outflows, contributions subsequent to measurement date	562,825
	<hr/>
Total deferred outflows of resources	1,427,048
	<hr/>
Liabilities	
Accounts payable	356,332
Accrued liabilities	141,358
Unearned revenue	4,816
Noncurrent liabilities:	
Due within one year	244,630
Due in more than one year	16,988,674
	<hr/>
Total liabilities	17,735,810
	<hr/>
Deferred Inflows of Resources	
Deferred inflows related to pensions	730,946
	<hr/>
Total deferred inflows of resources	730,946
	<hr/>
Net Position	
Net investment in capital assets	27,893,540
Restricted for:	
Workers' compensation	908,177
Retirement contribution	275,268
Insurance	524,823
Capital projects	4,935,661
Debt service	10,189
Length of service award program	2,662,178
Other restricted	668,158
Unrestricted	(6,378,753)
	<hr/>
Total net position	\$ 31,499,241
	<hr/>

See accompanying notes to basic financial statements

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

Functions/ Programs	(14,118.00) Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government activities:					
General government	\$ 3,024,946	\$ 67,204	\$ 1,450	\$ -	\$ (2,956,292)
Public safety	2,368,453	481,428	-	-	(1,887,025)
Health	154,571	-	-	-	(154,571)
Transportation	6,033,639	554,767	-	242,899	(5,235,973)
Economic assistance and opportunity	208,217	115,952	926	-	(91,339)
Culture and recreation	2,631,142	518,548	65,109	-	(2,047,485)
Home and community services	886,969	34,377	18,012	-	(834,580)
Interest on debt	21,337	-	-	-	(21,337)
Total governmental activities	<u>\$ 15,329,274</u>	<u>\$ 1,772,276</u>	<u>\$ 85,497</u>	<u>\$ 242,899</u>	(13,228,602)
General revenues and gain on sale of capital assets:					
Real property taxes					8,657,143
Real property tax items					404,534
Non-property taxes					2,964,890
Use of money and property					342,867
Grants and contributions not restricted for a specific purpose					872,923
Miscellaneous local sources					239,229
Gain on sale of capital assets					88,805
Total general revenues and gain on sale of capital assets					<u>13,570,391</u>
Change in net position					341,789
Net position - January 1, as previously stated					40,165,926
Restatement of net position (Note 5)					<u>(9,008,474)</u>
Net position - January 1, as restated					<u>31,157,452</u>
Net position - December 31					<u>\$ 31,499,241</u>

See accompanying notes to basic financial statements

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

		Special Revenue			
	General	Highway Townwide	Fire Protection Districts	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 12,494,914	\$ 2,476,146	\$ 158,706	\$ 1,428,779	\$ 16,558,545
Investments, restricted	-	-	2,662,178	-	2,662,178
Accounts receivable	4,806	493	-	-	5,299
State and federal receivables	7,275	56,582	-	-	63,857
Due from other funds	-	64,045	-	-	64,045
Due from other governments	772,849	66,401	-	1,841	841,091
Prepaid items	78,488	56,008	-	19,943	154,439
Total assets	<u>\$ 13,358,332</u>	<u>\$ 2,719,675</u>	<u>\$ 2,820,884</u>	<u>\$ 1,450,563</u>	<u>\$ 20,349,454</u>
Liabilities					
Accounts payable	\$ 178,246	\$ 140,959	\$ -	\$ 37,127	\$ 356,332
Accrued liabilities	61,552	64,868	-	14,938	141,358
Due to other funds	12,341	-	-	51,704	64,045
Unearned revenues	-	-	-	4,816	4,816
Total liabilities	<u>252,139</u>	<u>205,827</u>	<u>-</u>	<u>108,585</u>	<u>566,551</u>
Fund Balances					
Non-spendable	78,488	56,008	-	19,943	154,439
Restricted	6,228,189	415,361	2,662,178	678,726	9,984,454
Assigned	4,356,975	2,042,479	158,706	643,309	7,201,469
Unassigned	2,442,541	-	-	-	2,442,541
Total fund balances	<u>13,106,193</u>	<u>2,513,848</u>	<u>2,820,884</u>	<u>1,341,978</u>	<u>19,782,903</u>
Total liabilities and fund balances	<u>\$ 13,358,332</u>	<u>\$ 2,719,675</u>	<u>\$ 2,820,884</u>	<u>\$ 1,450,563</u>	<u>\$ 20,349,454</u>

See accompanying notes to basic financial statements

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

December 31, 2017

Amounts reported for governmental activities in the Statement of Net Position (page 18) are different because:

Total fund balance - governmental funds (page 20)		\$ 19,782,903
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	68,104,380	
Accumulated depreciation	<u>(39,850,840)</u>	
Capital assets, net of depreciation		28,253,540
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Serial bonds	(360,000)	
Compensated absences	(196,303)	
Post employment benefits (OPEB)	(10,745,722)	
ERS net pension liability	(1,525,719)	
LOSAP pension liability	<u>(4,405,560)</u>	
Total long-term liabilities		(17,233,304)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds.		
ERS pension deferred outflows and inflows	963,308	
LOSAP pension deferred outflows and inflows	<u>(267,206)</u>	
Total deferred outflows and inflows		<u>696,102</u>
Net position of governmental activities		<u>\$ 31,499,241</u>

See accompanying notes to basic financial statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

		Special Revenue			
	General	Highway Townwide	Fire Protection Districts	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Real property taxes	\$ 1,913,495	\$ 3,256,917	\$ 1,816,798	\$ 1,669,933	\$ 8,657,143
Real property tax items	404,534	-	-	-	404,534
Non-property taxes	2,964,890	-	-	-	2,964,890
Departmental income	588,879	-	-	54,911	643,790
Intergovernmental charges	85,269	528,342	-	-	613,611
Use of money and property	49,194	2,244	289,816	1,613	342,867
Licenses and permits	358,826	-	-	-	358,826
Fines and forfeitures	124,487	-	-	-	124,487
Sales of property and compensation for loss	210,195	110,640	-	11,255	332,090
Miscellaneous local sources	54,870	-	-	40,573	95,443
State sources	875,299	242,899	-	15,184	1,133,382
Total revenues	7,629,938	4,141,042	2,106,614	1,793,469	15,671,063
Expenditures					
Current:					
General government	2,213,269	-	-	12,900	2,226,169
Public safety	387,366	-	1,519,929	-	1,907,295
Health	-	-	-	154,571	154,571
Transportation	262,225	3,100,618	-	159,955	3,522,798
Economic assistance and opportunity	148,880	-	-	7,611	156,491
Culture and recreation	989,738	-	-	1,262,533	2,252,271
Home and community services	443,284	-	-	135,480	578,764
Employee benefits	1,058,838	1,052,883	280,607	330,987	2,723,315
Capital outlay:					
General government	-	-	-	7,250	7,250
Debt service:					
Principal	188,450	-	-	41,550	230,000
Interest	11,707	-	-	9,630	21,337
Total expenditures	5,703,757	4,153,501	1,800,536	2,122,467	13,780,261

See accompanying notes to basic financial statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(continued)

For the Year Ended December 31, 2017

		<u>Special Revenue</u>			
	<u>General</u>	<u>Highway Townwide</u>	<u>Fire Protection Districts</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	1,926,181	(12,459)	306,078	(328,998)	1,890,802
Other Financing Sources (Uses)					
Interfund transfers in	29,229	20,000	-	8,225	57,454
Interfund transfers out	<u>(28,225)</u>	<u>(27,500)</u>	<u>-</u>	<u>(1,729)</u>	<u>(57,454)</u>
Total other financing sources (uses)	<u>1,004</u>	<u>(7,500)</u>	<u>-</u>	<u>6,496</u>	<u>-</u>
Net change in fund balances	1,927,185	(19,959)	306,078	(322,502)	1,890,802
Fund balances - January 1, as restated	<u>11,179,008</u>	<u>2,533,807</u>	<u>2,514,806</u>	<u>1,664,480</u>	<u>17,892,101</u>
Fund balances - December 31	<u><u>\$ 13,106,193</u></u>	<u><u>\$ 2,513,848</u></u>	<u><u>\$ 2,820,884</u></u>	<u><u>\$ 1,341,978</u></u>	<u><u>\$ 19,782,903</u></u>

See accompanying notes to basic financial statements

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2017

Amounts reported for governmental activities in the Statement of Activities (page 19) are different because:

Net change in fund balances - total governmental funds (page 23)	\$ 1,890,802
Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the their estimated useful lives	
Capital outlays	1,205,056
Current year depreciation	<u>(2,274,274)</u>
	(1,069,218)
In the Statement of Activities, only the gain (loss) on capital assets is reported while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset.	(13,537)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal bond repayments made	230,000
Expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Change in compensated absences liability	(22,346)
Change in OPEB obligation	(473,643)
Change in ERS net pension liability	1,120,926
Change in LOSAP pension liability	293,080
Change in deferred outflows and inflows related to ERS pensions	(1,347,069)
Change in deferred outflows and inflows related to LOSAP pensions	<u>(267,206)</u>
	<u>(696,258)</u>
Change in net position of governmental activities	<u>\$ 341,789</u>

See accompanying notes to basic financial statements

STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND

December 31, 2017

	<u>Agency</u>
Assets	
Cash and cash equivalents	<u>\$ 9,940</u>
Total assets	<u> 9,940</u>
 Liabilities	
Agency liabilities	<u> 9,940</u>
Total liabilities	<u><u>\$ 9,940</u></u>

See accompanying notes to basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Town reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is

considered separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Major Governmental Funds

The General Fund is the principal operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Highway Townwide Fund is established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes.

Fire Protection District funds are used to account for revenues and expenditures for Fire Protection District purposes.

Fiduciary Fund Types

Fiduciary fund types include agency funds. Agency funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town generally considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. PROPERTY TAXES

The Monroe County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Monroe 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 and collected during the period January 1st to May 31st.

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

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

E. CASH AND CASH EQUIVALENTS

The Town's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

F. RESTRICTED ASSETS

Agency deposits are restricted for use due to the nature of such deposits.

Investments in the Length of Service Award Program (LOSAP) are held by RBC Wealth Management in a grantor/rabbi trust account in the Town's name. These assets are primarily invested in exchange traded funds, mutual funds and cash deposits. The Town's LOSAP investments are reported at fair value. None of the Town's investments are subject to concentration of credit risk.

G. ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds."

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in Note 2., A., 3.

I. 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 record as expense/expenditures when consumed rather than when purchased.

J. CAPITAL ASSETS

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Prior to January 1, 1980, governmental funds' infrastructure assets were not capitalized. The Town has elected to adopt the more liberal provisions of GASB Statement No. 34 which allows retroactive reporting of only major general infrastructure assets acquired, significantly reconstructed or that received significant improvements in fiscal years ending after December 31, 1979. Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2004.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 25,000	N/A	N/A
Buildings	50,000	straight-line	20 - 40 years
Improvements	50,000	straight-line	10 - 20 years
Machinery and equipment	5,000	straight-line	3 - 10 years
Infrastructure	50,000	straight-line	25 - 50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

K. DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

In addition to assets, the Statement of Net 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. The Town currently has two items that qualify for reporting in this category. Both are related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective ERS net pension liability as well as the LOSAP pension

liability and the difference during the measurement period between the Town's contributions and its proportional share of the total contributions to the pension systems not included in pension expense. Also included is the Town contributions to the pension system subsequent to the measurement date. See details of deferred ERS pension outflows in Note 2., B., 3, and details of the deferred LOSAP pension outflows in Note 2., B., 4.

In addition to liabilities, the Statement of Net 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has two items that qualify for reporting in this category. Both are related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the Town's proportion of the collective net pension liability as well as the LOSAP pension liability and difference during the measurement periods between the Town's contributions and its proportional share of total contributions to the pension systems not included in pension expense. See details of deferred ERS pension inflows in Note 2., B., 3, and details of the deferred LOSAP pension inflows in Note 2., B., 4.

L. UNEARNED REVENUE

The Town reports unearned revenue on its balance sheet. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2017, the Town recognized a liability for unearned revenue in the amount of \$4,816, for a New York Library Bullet Aid receipt.

M. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of serial bonds, compensated absences, other post-employment benefits, ERS net pension liability and LOSAP pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. COMPENSATED ABSENCES

The Town labor agreements provide for sick leave, vacations and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid medical premiums and/or payment for value of unused sick leave. These payments are budgeted annually without accrual.

Compensated absences for government fund type employees are reported as a fund liability and expenditure in the government-wide financial statements. The compensated absences liability for the Town at the year-end totaled \$196,303.

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

O. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits (as described in Note 2., B., 3 and 4), the Town provides health insurance coverage for current and future retirees and their families as described at Note 2., B., 2.

P. NET POSITION AND FUND BALANCE

Government-wide statements

In the government-wide statements there are three classes of fund balances to be reported including net investment in capital assets, restricted and unrestricted. These classes are explained further in Note 2., C.

Fund statements

In the fund statements there are potentially five classes of fund balances to be reported including non-spendable, restricted, committed, assigned and unassigned. These classes are explained further in Note 2., C.

Flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (i.e. 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.

Q. REVENUES

Revenue restrictions

The Town has various restrictions placed over certain revenues from sources subject to state or local requirements. The primary restricted revenues source are those revenues raised for the special district special revenue funds.

Program revenues

Amounts reported as program revenues include:

- a. Charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and

- b. 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.

R. INTERFUND TRANSFERS

The operations of the Town give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets.

S. INSURANCE

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

T. LABOR RELATIONS

Some Town employees are represented by a collective bargaining unit with the balance of employees governed by Town Board rules and regulations. The current contract with AFSCME expires December 31, 2021.

U. ENCUMBRANCES

In governmental funds, encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations is employed as a control in preventing over-expenditure of established appropriations.

Open encumbrances are reported as restriction, commitment, or assignment of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

V. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and 68*; Statement No. 74,

Financial Reporting for Postemployment Benefit Plans Other than Pension Plans; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; Statement No. 81, *Split-Interest Agreements*; and Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*.

The primary objective of Statement No. 73 is to improve the usefulness of information about pensions included in the financial statements that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

The primary objective of Statement No. 74 is to improve 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.

The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

The primary objective of Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The primary objective of Statement No. 81 is to improve 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.

The primary objective of Statement No. 82 is to address 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*.

The GASB has issued the following new statements:

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019;
- Statement No. 85, *Omnibus 2017*, which will be effective for the year ending December 31, 2018;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending December 31, 2018; and
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.

The Town is currently reviewing these statements and plans on adoption, as required.

NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**A. ASSETS****1. DEPOSITS AND INVESTMENTS**

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

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Town's deposits were fully collateralized as of December 31, 2017.

Investment and Deposit Policy

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Director of Finance of the Town.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's

investment and deposit policy, all deposits of the Town including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Town restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

2. RECEIVABLES

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

General Fund:	
Sales tax	\$ 688,892
Miscellaneous receivables	96,038
Total General	<u>\$ 784,930</u>
Highway Townwide Fund:	
Monroe County Snow & Ice	\$ 66,401
New York State Snow & Ice	56,582
Miscellaneous receivables	493
Total Highway	<u>\$ 123,476</u>
Library Fund:	
Miscellaneous receivables	\$ 1,841
Total Library	<u>\$ 1,841</u>

3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2017 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ -	\$ 12,341	\$ 29,229	\$ 28,225
Highway Townwide Fund	64,045	-	20,000	27,500
Capital Projects Fund	-	-	7,725	1,729
Drainage Fund	-	51,704	-	-
Miscellaneous Special Revenue Fund	-	-	500	-
Total	<u>\$ 64,045</u>	<u>\$ 64,045</u>	<u>\$ 57,454</u>	<u>\$ 57,454</u>

The amount owed by the General Fund to the Highway Townwide Fund is for fuel usage. The amount owed by the Drainage Fund to the Highway Townwide Fund is for temporary borrowings by the Drainage Fund related to employee benefits as well as fuel usage.

Transfers among funds are provided for as part of the annual budget process. They account for transfers to fund reserves and transfers to create and close various capital projects.

4. CAPITAL ASSETS

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

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, not being depreciated				
Land	\$ 3,992,818	\$ 334,351	\$ -	\$ 4,327,169
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	4,008,293	334,351	-	4,342,644
Capital assets, being depreciated				
Buildings	14,132,762	-	-	14,132,762
Improvements	358,462	-	-	358,462
Machinery & equipment	7,629,664	627,806	336,795	7,920,675
Infrastructure	41,106,938	242,899	-	41,349,837
Total capital assets, being depreciated	63,227,826	870,705	336,795	63,761,736
Less: accumulated depreciation				
Buildings	3,332,302	345,689	-	3,677,991
Improvements	140,196	15,094	-	155,290
Machinery & equipment	3,956,981	532,692	323,258	4,166,415
Infrastructure	30,470,345	1,380,799	-	31,851,144
Total accumulated depreciation	37,899,824	2,274,274	323,258	39,850,840
Total capital assets, being depreciated, net	25,328,002	(1,403,569)	13,537	23,910,896
Governmental activities capital assets, net	\$ 29,336,295	\$ (1,069,218)	\$ 13,537	\$ 28,253,540

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 149,240
Public safety	11,625
Transportation	1,921,190
Economic assistance and opportunity	8,060
Culture and recreation	113,018
Home and community	71,141
Total depreciation expense	\$ 2,274,274

B. LIABILITIES**1. ACCRUED LIABILITIES**

Accrued liabilities reported by the Town's governmental funds represent salary expense earned in the current year but not paid. As of December 31, 2017, the Town recognized an accrued liability of \$141,358.

2. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)Plan Description

The Town Board (the Board), administers the Town of Chili Retiree Medical and Dental Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Board subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Board pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The Town pays the costs of administering the plan.

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>88</u>
	<u>120</u>

The Town's total OPEB liability of \$10,745,722 was measured as of December 31, 2017, and was determined by an actuarial valuation date of January 1, 2017, rolled forward to the measurement date using update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.75%
Salary scale	4.00%
Healthcare cost trend rates	7.00% for 2017, with an ultimate rate of 4.50% for 2022 and later years

Retirees' share of benefit related costs

100% of future retirees will participate
in the retiree medical plan

The discount rate was based on the Bond Buyer 20-Bond GO Index as of the valuation date.

Mortality rates were based on the sex-distinct RP-2014 (headcount-weighted) Employee, Healthy Annuitant and Disabled tales with generational mortality improvements at scale MP-2016.

Changes in the Total OPEB Liability

Balance at January 1, 2017	\$ 10,272,079
Changes for the year:	
Service cost	380,116
Interest	393,827
Benefit payments	<u>(300,300)</u>
Net changes	<u>473,643</u>
Balance at December 31, 2017	\$ 10,745,722

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current discount rate:

	1% Decrease (2.75%)	Current Assumption (3.75%)	1% Increase (4.75%)
Total OPEB liability	\$12,121,362	\$10,745,722	\$8,790,050

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00%)	Current Assumption (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$8,608,206	\$10,745,722	\$12,438,657

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2017, the Town recognized OPEB expense of \$773,943.

At December 31, 2017, the Town had no deferred outflows of resources or deferred inflows of resources related to OPEB to report.

3. NYSERS DEFINED BENEFIT PENSION OBLIGATION

Plan Description

The Town of Chili participates in the New York State and Local Employees' Retirement System (ERS), which is also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's 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.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' 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 a liability of \$1,525,719 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town's proportion was 0.0162376%.

Through December 31, 2017, the Town has recognized pension expense of \$830,097. At December 31, 2017 the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,233	\$ 231,689
Changes of assumptions	521,242	-
Net difference between projected and actual earnings on pension plan investments	304,748	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	-	127,839
Total	<u>\$ 864,223</u>	<u>\$ 359,528</u>
Town's contributions subsequent to the measurement date	<u>\$ 458,613</u>	

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 Ended:	
2018	\$ 244,920
2019	244,920
2020	233,746
2021	(218,893)
2022	0
Thereafter	0

Net Pension Liability of Participating Employers

The components of the net pension liability of the employers participating in the system as of March 31, 2017 were as follows (dollars in thousands):

Employers' total pension liability	\$177,400,586
Fiduciary net position	<u>168,004,363</u>
Employers' net pension liability	<u>\$ 9,396,223</u>

Ratio of fiduciary net position to the employers' total pension liability	94.7%
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Actuarial Assumptions

The total pension liability as of the March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.8%
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected 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 return, net of investment expenses 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 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 as of March 31, 2017, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	36.0%	4.55%
International equity	14.0	6.35
Private equity	10.0	7.75
Real estate	10.0	5.80
Absolute return strategies	2.0	4.00
Opportunistic portfolio	3.0	5.89
Real assets	3.0	5.54
Bonds and mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation-indexed bonds	4.0	1.50
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability 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 following presents the Town's proportionate share of the current-period net pension liability calculated using the current-period discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current assumption:

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Town's proportionate share of the net pension liability (asset)	\$4,872,845	\$1,525,719	\$(1,304,269)

Prepays to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Prepaid retirement contributions as of December 31, 2017 represent the employer contribution for the period of January 1, 2018 through March 31, 2018, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2017 amounted to \$147,441.

4. VOLUNTEER FIREFIGHTER LOSAP DEFINED BENEFIT PENSION OBLIGATION

Plan Description

The Town established a defined benefit LOSAP for the active volunteer firefighters of the Chili Fire Department, Inc. The program took effect on January 1, 1995. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program. The program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the Town's general creditors.

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service

or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Participants covered by the benefit terms

At December 31, 2016 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	35
Inactive participants entitled to but not yet receiving benefit payments	83
Active participants	<u>92</u>
Total	210

Contributions

The Town is required to transfer to the grantor/rabbi trust amounts necessary to finance the Program as actuarially determined using the attained age normal cost method.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2016 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate

The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch, or AA by Standard & Poor's Rating Services.

Trust Assets

Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program's assets is vested in the Town. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town.

The Town accounts for Program assets as restricted investments in the Fire Protection Districts Fund. Benefit payments are recognized as an expenditure within the Fire Protection Districts Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted Fire Protection Districts Fund assets to the trust (restricted investments).

Changes in the Total Pension Liability

Balance as of 12/31/15 measurement date	\$4,698,640
Service cost	80,343
Interest	151,201
Changes of assumptions or other inputs	(369,839)
Differences between expected and actual experience	(46,875)
Benefit payments	<u>(107,910)</u>
Net Changes	<u>(293,080)</u>
Balance as of 12/31/16 measurement date	<u>\$4,405,560</u>

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the Town as of the December 31, 2016 measurement date, calculated using the discount rate of 3.71 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71 percent) or 1 percentage point higher (4.71 percent) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total pension liability	\$5,172,455	\$4,405,560	\$3,788,695

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Town recognized pension expense of \$194,574. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,779
Changes of assumptions or other inputs	-	329,639
Benefit payments & administrative expenses Subsequent to the measurement date	<u>104,212</u>	<u>-</u>
Total	<u>\$ 104,212</u>	<u>\$ 371,418</u>

Deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date reported in the amount of \$104,212 will be recognized as a reduction of the total pension liability in the year ended 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 Ended:	
2018	(45,295)
2019	(45,295)
2020	(45,295)
2021	(45,295)
2022	(45,295)
Thereafter	(144,943)

5. LONG-TERM LIABILITIES

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. 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 serial bonds, compensated absences, other post-employment benefits, ERS net pension liability and LOSAP pension liability.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 590,000	\$ -	\$ 230,000	\$ 360,000	\$ 225,000
Other Liabilities:					
Compensated absences	173,957	257,625	235,279	196,303	19,630
OPEB obligation	10,272,079	773,943	300,300	10,745,722	-
Net pension liability*	2,646,645	-	1,120,926	1,525,719	-
LOSAP liability*	4,698,640	-	293,080	4,405,560	-
Total government activities	<u>\$ 18,381,321</u>	<u>\$ 1,031,568</u>	<u>\$ 2,179,585</u>	<u>\$ 17,233,304</u>	<u>\$ 244,630</u>

*Reductions to net pension liability and LOSAP liability are presented net of additions

January 1 OPEB liability has been restated to reflect the implementation of GASB 75 (see Note 5).

January 1 LOSAP pension liability has been restated to reflect the implementation of GASB 73 (see Note 5).

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the Town. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute. Serial bonds will be partially paid by special assessments of the benefited property owners.

The following is a summary of serial bonds with corresponding maturity schedules:

	Year of <u>Issue</u>	Amount of Original <u>Issue</u>	Interest <u>Rate</u>	Year of Final <u>Maturity</u>	Principal Outstanding <u>Balance</u>
General Fund:					
Public Improvements- Refunding	2011	\$1,565,000	2.0-3.3%	2018	\$ 183,450
Sewer Fund:					
Public Improvements	2004	375,000	4.296%	2023	115,000
Water Fund:					
Public Improvements	2004	315,000	4.296%	2020	60,000

Public Improvements- Refunding	2011	615,000	2.0-3.3%	2018	<u>1,550</u>
Grand Total					<u>\$ 360,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds as of December 31, 2017:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 225,000	\$ 13,958
2019	40,000	6,132
2020	40,000	4,373
2021	20,000	2,572
2022	20,000	1,653
2023 & beyond	<u>15,000</u>	<u>712</u>
Totals	<u>\$ 360,000</u>	<u>\$ 29,400</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2017, the Town has exhausted 0.27% of its constitutional debt limit and is in compliance with this regulation.

C. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation	\$ 28,253,540
Less: Serial bonds	<u>(360,000)</u>
Net investment in capital assets	<u>\$ 27,893,540</u>

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position are consistent with restricted fund balance balances at December 31, 2017, which are disclosed further in these notes.

Unrestricted – This category represents net position of the Town not restricted for any project or other purpose.

The fund basis statements categorize fund balances as non-spendable, restricted, committed, assigned and unassigned.

Nonspendable - amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used 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 resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. As of December 31, 2017, the Town had no committed fund balances.

Assigned - amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Town Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation 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.

Unassigned - all other spendable amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

As of December 31, 2017, fund balances were classified as follows:

	General	Highway Townwide	Fire Protection Districts	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Prepaid items	\$ 78,488	\$ 56,008	\$ -	\$ 19,943	\$ 154,439
Restricted					
Workers' compensation	908,177	-	-	-	908,177
Retirement contribution	275,268	-	-	-	275,268
Insurance	524,823	-	-	-	524,823
Capital	4,519,921	415,361	-	379	4,935,661
Debt service	-	-	-	10,189	10,189
Length of service program	-	-	2,662,178	-	2,662,178
Other restricted	-	-	-	668,158	668,158
Assigned					
Subsequent years' expenditures	1,350,000	700,000	14,000	95,411	2,159,411
Other assigned	3,000,000	-	-	-	3,000,000
Encumbrances:					
General government	6,975	-	-	-	6,975
Highway Townwide	-	1,342,479	-	-	1,342,479
Library	-	-	-	205,234	205,234
Fire Protection Districts	-	-	144,706	-	144,706
Capital Projects fund	-	-	-	23,012	23,012
Drainage Districts	-	-	-	124,197	124,197
Lighting Districts	-	-	-	56,109	56,109
Miscellaneous Districts	-	-	-	74,648	74,648
Park Districts	-	-	-	1,189	1,189
Sewer Districts	-	-	-	3,600	3,600
Water Districts	-	-	-	59,909	59,909
Unassigned					
General fund	2,442,541	-	-	-	2,442,541
TOTAL	<u>\$ 13,106,193</u>	<u>\$ 2,513,848</u>	<u>\$ 2,820,884</u>	<u>\$ 1,341,978</u>	<u>\$ 19,782,903</u>

The Town adopted a formal spending policy, under the provisions of GASB Statement No. 54, stating the Town Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classifications will be charged.

Encumbrances are recorded at the time a purchase order, construction contract or a service agreement is finalized and are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Encumbrances material to the financial statements are considered significant. There were no encumbrances material to the financial statements as of December 31, 2017.

Certain restricted fund balances are described in more detail below:

The General Fund restriction for capital projects is established for the following purposes:

Recreation Building	\$ 1,505,806
Highway Building	738,955
Townwide Drainage	55,776
Assessment	332,123
General Fleet/ Vehicle	188,505
Conservation/ Wetlands/ Drainage	104,770
Administration Building	1,353,093
Comprehensive Plan	22,073
Sidewalks	218,820
	<u>\$ 4,519,921</u>

The Highway Townwide Fund restriction for capital projects is established for the following purposes:

Highway Equipment	\$ 369,360
General Repairs/ Maintenance	46,001
	<u>\$ 415,361</u>

The Library Fund restriction for capital projects is established for the following purposes:

Library Reserve	<u>\$ 379</u>
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The Water Districts Fund restriction for debt service is established for the following purpose:

South Chili Water Benefit #2 Project	<u>\$ 10,189</u>
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The Miscellaneous Special Revenue Fund restrictions for other restricted funds are established for the following purposes:

Parks and Recreation	\$ 567,358
Landscaping	44,640
Brick Walk	2,354
Senior Center Fundraiser	25,249
Senior Initiative Programs	17,612
Maintenance - 241 Chili Scottsville Rd	8,610
Historical Property	2,335
	<u>\$ 668,158</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**A. BUDGETARY INFORMATION**

The procedures for establishing the budgetary data reflected in the financial statements are as follows:

- a. 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.
- b. The full Town Board reviews the tentative budget and may make some revisions before approving a "preliminary" budget and calling for a public hearing which is generally held in October.
- c. Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Monroe County by December 20th.
- d. Formal annual budgetary accounts are employed as a management control device for the General Fund and each individual Special Revenue Fund Type.
- e. During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

NOTE 4 – OTHER INFORMATION**A. RISK FINANCING AND RELATED INSURANCE**Workers' Compensation Plan

The Town is a participant in the Upstate New York Municipal Workers' Compensation Program (the Program). The Program was established under the provisions of Workers' Compensation Law of the State of New York and provides the Town the opportunity to participate in a group self-insurance program for providing workers' compensation benefits to its employees.

Through effective risk management techniques, promotion of safety and proactive claims administration, the Program intends to provide the aforementioned benefits substantially at cost. Premiums, which are based upon members' payroll and experience factors and administrative costs, are subject to prospective adjustment. The Town records the expense for workers' compensation in the period the payments to the Program are due. The Town has not recorded any additional accrual for workers' compensation expense due to the fact that the estimation for unpaid claims incurred but not reported is built into their annual premium payments to the Program. Historical experience has shown that the Program's calculation of premiums has been adequate to cover claims incurred but not reported.

B. TAX ABATEMENTS

The Town enters into property tax abatement agreements with a variety of businesses. Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements of the JobsPlus Tax Abatement Policy and LeasePlus Tax Abatement Policy, both as adopted by the County of Monroe Industrial Development Agency (COMIDA) as created by Chapter 55 of the Laws of 1972 of the State of New York pursuant to Title I and of Article 18A and by the Monroe County adoption of Resolution 154 of 1989 and revised further in the year 2000, for the purpose of creating jobs (JobsPlus); and the affordable housing compliance as outlined in Article V or Article XI of the Private Housing Finance Law of the State of New York (PHFL) for the purpose of creating or preserving affordable housing for persons and families of low income (LeasePlus). Should the property owner not comply with policies and Law as set forth in each contract, the PILOT will discontinue as outlined in each PILOT agreement.

For the year ended December 31, 2017, The Town abated property taxes totaling \$79,575. Of this total, \$43,074 was from JobsPlus and LeasePlus tax abatements and \$36,501 was from affordable housing tax abatements.

C. FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- a. Quoted prices for similar assets in active markets;
- b. Quoted prices for identical or similar assets in inactive markets;
- c. Inputs other than quoted prices that are observable for the asset;
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measure at fair value:

Cash and Money Market, Held for Investment

The carrying amount approximates fair value because of the short maturity of the instruments.

Exchange Traded Funds and Mutual Funds

Reported at current quoted fair values.

Federal Agency Securities

Fixed income securities held by the Town, including bonds, are generally priced using pricing matrix models and quoted prices for identical or similar securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The following table summarizes as of December 31, 2017, the Town's LOSAP investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 75,412	\$ -	\$ -	\$ 75,412
Exchange traded funds and mutual funds:				
US large cap core equities	1,089,803	-	-	1,089,803
International equities	322,541	-	-	322,541
Emerging markets equities	125,514	-	-	125,514
US taxable fixed income	787,521	-	-	787,521
International fixed income	261,387	-	-	261,387
	<u>\$ 2,662,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,662,178</u>

NOTE 5 - RESTATEMENT OF NET POSITION

For the fiscal year ended December 31, 2017, the Town implemented GASB Statement 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 67 and 68*. The implementation of Statement No. 73 resulted in the Town reporting a LOSAP pension liability as well as related deferred outflows and inflows; and therefore, necessitated a restatement of net position in the Governmental Activities.

Prior to the adoption of GASB 73, the Town reported assets accumulated for the LOSAP benefit plan in the Trust and Agency Fund. In accordance with New York State General Municipal Law, Article 11-A, LOSAP assets are held in grantor/rabbi trusts, which are not protected from the Town's creditors. GASB 73 requires assets held in such trust arrangements to be reported as assets of the sponsoring municipality.

For the fiscal year ended December 31, 2017, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of Statement No. 75 resulted in the reporting of the full OPEB liability, which was previously being recognized over a period of time per GASB Statement No. 45. This resulted in a restatement of net position in the Governmental Activities.

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

Governmental Activities

Net position beginning of year, as previously stated	\$ 40,165,926
GASB Statement No. 73 implementation	
Beginning investment, restricted	2,358,353
Beginning plan liability	(4,698,640)
GASB Statement No. 75 implementation	
Beginning plan liability under GASB Statement No. 75	(10,272,079)
Beginning plan liability under GASB Statement No. 45	3,603,892
Net position beginning of year, as restated	<u><u>\$ 31,157,452</u></u>

Fire Protection Districts

Beginning fund balance, as previously stated	\$ 156,453
GASB Statement No. 73 implementation	
Beginning investment/ fund balance	<u>2,358,353</u>
Beginning fund balance, as restated	<u><u>\$ 2,514,806</u></u>

NOTE 6 - SUBSEQUENT EVENTS

Subsequent to year-end, the Town Board passed a resolution setting a date of June 19, 2018, for a referendum seeking approval to construct a new community center. The project would have a cost not to exceed \$20 million dollars, to be paid for with a new bond issuance.

Management has evaluated subsequent events through May 10, 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 other than the community center referendum referred to above.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2017

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Real property taxes	\$ 1,913,495	\$ 1,913,495	\$ 1,913,495	\$ -
Real property tax items	382,100	382,100	404,534	22,434
Non-property taxes	1,840,000	1,840,000	2,964,890	1,124,890
Departmental income	545,580	545,580	588,879	43,299
Intergovernmental charges	36,630	73,542	85,269	11,727
Use of money and property	46,813	46,813	49,194	2,381
Licenses and permits	164,000	164,000	358,826	194,826
Fines and forfeitures	125,000	125,000	124,487	(513)
Sales of property and compensation for loss	-	210,195	210,195	-
Miscellaneous local sources	-	149,445	54,870	(94,575)
State sources	520,000	589,326	875,299	285,973
Total revenues	5,573,618	6,039,496	7,629,938	1,590,442
Expenditures				
General government	2,556,777	2,640,714	2,213,269	427,445
Public safety	426,216	460,710	387,366	73,344
Transportation	285,536	343,558	262,225	81,333
Economic assistance and opportunity	143,002	180,840	148,880	31,960
Culture and recreation	1,057,271	1,136,298	989,738	146,560
Home and community services	466,569	633,014	443,284	189,730
Employee benefits	1,197,589	1,220,589	1,058,838	161,751
Debt service:				
Principal	188,450	188,450	188,450	-
Interest	11,708	11,708	11,707	1
Total expenditures	6,333,118	6,815,881	5,703,757	1,112,124
Excess (deficit) of revenues over expenditures	(759,500)	(776,385)	1,926,181	2,702,566
Other Financing Sources (Uses)				
Interfund transfers in	-	-	29,229	29,229
Interfund transfers out	(740,500)	(950,695)	(28,225)	922,470
Total other financing sources (uses)	(740,500)	(950,695)	1,004	951,699
Net change in fund balance*	(1,500,000)	(1,727,080)	1,927,185	3,654,265
Fund balances - January 1	11,179,008	11,179,008	11,179,008	-
Fund balances - December 31	\$ 9,679,008	\$ 9,451,928	\$ 13,106,193	\$ 3,654,265

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

See accompanying notes to required supplemental information

BUDGETARY COMPARISON SCHEDULE - HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND

For the Year Ended December 31, 2017

	Highway Townwide Fund				Fire Protection Districts Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues								
Real property taxes	\$ 3,256,917	\$ 3,256,917	\$ 3,256,917	\$ -	\$ 1,816,798	\$ 1,816,798	\$ 1,816,798	\$ -
Intergovernmental charges	493,000	493,000	528,342	35,342	-	-	-	-
Use of money and property	2,000	2,000	2,244	244	-	-	289,816	289,816
Sales of property and compensation for loss	1,500	89,068	110,640	21,572	-	-	-	-
State sources	140,000	327,899	242,899	(85,000)	-	-	-	-
Total revenues	<u>3,893,417</u>	<u>4,168,884</u>	<u>4,141,042</u>	<u>(27,842)</u>	<u>1,816,798</u>	<u>1,816,798</u>	<u>2,106,614</u>	<u>289,816</u>
Expenditures								
Public safety	-	-	-	-	1,530,298	1,530,298	1,519,929	10,369
Transportation	3,448,704	3,843,937	3,100,618	743,319	-	-	-	-
Employee benefits	1,244,713	1,244,713	1,052,883	191,830	299,500	303,500	280,607	22,893
Total expenditures	<u>4,693,417</u>	<u>5,088,650</u>	<u>4,153,501</u>	<u>935,149</u>	<u>1,829,798</u>	<u>1,833,798</u>	<u>1,800,536</u>	<u>33,262</u>
Excess (deficit) of revenues over expenditures	(800,000)	(919,766)	(12,459)	907,307	(13,000)	(17,000)	306,078	323,078
Other Financing Sources (Uses)								
Interfund transfers in	-	-	20,000	20,000	-	-	-	-
Interfund transfers out	-	(87,568)	(27,500)	60,068	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(87,568)</u>	<u>(7,500)</u>	<u>80,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(800,000)	(1,007,334)	(19,959)	987,375	(13,000)	(17,000)	306,078	323,078
Fund balances - January 1, as restated	<u>2,533,807</u>	<u>2,533,807</u>	<u>2,533,807</u>	<u>-</u>	<u>2,514,806</u>	<u>2,514,806</u>	<u>2,514,806</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,733,807</u>	<u>\$ 1,526,473</u>	<u>\$ 2,513,848</u>	<u>\$ 987,375</u>	<u>\$ 2,501,806</u>	<u>\$ 2,497,806</u>	<u>\$ 2,820,884</u>	<u>\$ 323,078</u>

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

See accompanying notes to required supplemental information

**SCHEDULE OF CHANGES IN THE
TOWN'S TOTAL OPEB LIABILITY**

For the Year Ended December 31,

	<u>2017</u>
Measurement date	12/31/17
Service cost	\$ 380,116
Interest	393,827
Benefit payments	<u>(300,300)</u>
Net change in total OPEB liability	473,643
Total OPEB liability - beginning	<u>10,272,079</u>
Total OPEB liability - ending	<u><u>\$ 10,745,722</u></u>
Covered-employee payroll	\$ 3,911,720
Total OPEB liability as a percentage of covered-employee payroll	274.71%

* This schedule is intended to show information for ten years.
Since 2017 was the first year for this presentation, ten
years of data is not available. Additional years will be
included as they become available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
NYSERS PENSION PLAN**

For the Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Measurement Date	3/31/14	3/31/15	3/31/16	3/31/17
Town's proportion of the net pension liability (asset)	0.0165612%	0.0165612%	0.0164897%	0.0162376%
Town's proportionate share of the net pension liability (asset)	\$ 748,377	\$ 559,477	\$ 2,646,645	\$ 1,525,719
Town's covered-employee payroll	\$ 4,034,579	\$ 3,914,474	\$ 4,000,436	\$ 4,232,767
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.55%	14.29%	66.16%	36.05%
Plan fiduciary net position as a percentage of the total pension liability	97.20%	97.90%	90.70%	94.70%

* This schedule is intended to show information for ten years. Since 2014 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

**SCHEDULE OF TOWN CONTRIBUTIONS
NYSERS PENSION PLAN**

For the Years Ended December 31,

	<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>
Contractually required contribution	\$ 285,898	\$ 285,363	\$ 431,103	\$ 602,039	\$ 691,408	\$ 744,080	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054
Contributions in relation to the contractually required contribution	<u>285,898</u>	<u>285,363</u>	<u>431,103</u>	<u>602,039</u>	<u>691,408</u>	<u>744,080</u>	<u>725,142</u>	<u>656,093</u>	<u>581,437</u>	<u>606,054</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,794,478	\$ 4,019,653	\$ 3,941,363	\$ 3,922,342	\$ 3,891,123	\$ 4,023,294	\$ 4,034,579	\$ 3,914,474	\$ 4,000,436	\$ 4,232,767
Contributions as a percentage of covered-employee payroll	8%	7%	11%	15%	18%	18%	18%	17%	15%	14%

**SCHEDULE OF CHANGES IN THE
TOWN'S TOTAL PENSION LIABILITY
VOLUNTEER FIREFIGHTER SERVICE
AWARD PROGRAM (LOSAP)**

For the Year Ended December 31,

	<u>2017</u>
Measurement Date	12/31/16
Total Pension Liability	
Service Cost	\$ 80,343
Interest	151,201
Changes of assumptions or other inputs	(369,839)
Differences between expected and actual experience	(46,875)
Benefit payments	<u>(107,910)</u>
Net change in total pension liability	(293,080)
Total pension liability - beginning	<u>\$ 4,698,640</u>
Total pension liability - ending	<u><u>\$ 4,405,560</u></u>
Covered employee payroll	N/A
Total pension liability as a percentage of covered employee payroll	N/A

* This schedule is intended to show information for ten years. Since 2017 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

BUDGETARY INFORMATION**Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Project Fund and the Miscellaneous Special Revenue Fund. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. All unencumbered appropriations lapse at the end of the fiscal year.

The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through Town Board resolution at the project's inception and lapse upon termination of the project.

The Miscellaneous Special Revenue Fund does not have an appropriated budget since there are other means to control the use of these resources.

The appropriated budget is prepared by fund, department and object classification. Transfers of appropriations require approval of the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Town Board. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the object classification.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2017, there were no significant encumbrances.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, to pay OPEB benefits. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program's assets is vested in the Town. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town.

Changes of Assumptions or Other Inputs

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2015: 3.20%

December 31, 2016: 3.71%

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

SUPPLEMENTAL SCHEDULES

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue									
	Capital Projects	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	Total
Assets										
Cash and cash equivalents	\$ 23,012	\$ 202,146	\$ 274,020	\$ 98,077	\$ 88,179	\$ 668,158	\$ 1,489	\$ 3,600	\$ 70,098	\$ 1,428,779
Due from other governments	-	-	1,841	-	-	-	-	-	-	1,841
Prepaid items	-	-	19,943	-	-	-	-	-	-	19,943
Total assets	<u>\$ 23,012</u>	<u>\$ 202,146</u>	<u>\$ 295,804</u>	<u>\$ 98,077</u>	<u>\$ 88,179</u>	<u>\$ 668,158</u>	<u>\$ 1,489</u>	<u>\$ 3,600</u>	<u>\$ 70,098</u>	<u>\$ 1,450,563</u>
Liabilities										
Accounts payable	\$ -	\$ 2,051	\$ 5,327	\$ 26,968	\$ 2,781	\$ -	\$ -	\$ -	\$ -	\$ 37,127
Accrued liabilities	-	194	14,744	-	-	-	-	-	-	14,938
Due to other funds	-	51,704	-	-	-	-	-	-	-	51,704
Unearned revenues	-	-	4,816	-	-	-	-	-	-	4,816
Total liabilities	<u>-</u>	<u>53,949</u>	<u>24,887</u>	<u>26,968</u>	<u>2,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,585</u>
Fund Balances										
Non-spendable	-	-	19,943	-	-	-	-	-	-	19,943
Restricted	-	-	379	-	-	668,158	-	-	10,189	678,726
Assigned	<u>23,012</u>	<u>148,197</u>	<u>250,595</u>	<u>71,109</u>	<u>85,398</u>	<u>-</u>	<u>1,489</u>	<u>3,600</u>	<u>59,909</u>	<u>643,309</u>
Total fund balances	<u>23,012</u>	<u>148,197</u>	<u>270,917</u>	<u>71,109</u>	<u>85,398</u>	<u>668,158</u>	<u>1,489</u>	<u>3,600</u>	<u>70,098</u>	<u>1,341,978</u>
Total liabilities and fund balances	<u>\$ 23,012</u>	<u>\$ 202,146</u>	<u>\$ 295,804</u>	<u>\$ 98,077</u>	<u>\$ 88,179</u>	<u>\$ 668,158</u>	<u>\$ 1,489</u>	<u>\$ 3,600</u>	<u>\$ 70,098</u>	<u>\$ 1,450,563</u>

Note: Miscellaneous consists of Sidewalk Districts and Ambulance Districts; Miscellaneous Special Revenue consists of various expendable trusts for which the Town is the beneficiary.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue									
	Capital Projects	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	Total
Revenues										
Real property taxes	\$ -	\$ 224,332	\$ 1,100,231	\$ 141,350	\$ 151,476	\$ -	\$ 1,362	\$ 26,054	\$ 25,128	\$ 1,669,933
Departmental income	-	-	31,911	-	-	23,000	-	-	-	54,911
Use of money and property	13	152	728	98	53	500	1	14	54	1,613
Sales of property and comp. for loss	-	-	11,255	-	-	-	-	-	-	11,255
Miscellaneous local sources	-	-	31,945	-	-	8,628	-	-	-	40,573
State sources	-	-	15,184	-	-	-	-	-	-	15,184
Total revenues	13	224,484	1,191,254	141,448	151,529	32,128	1,363	26,068	25,182	1,793,469
Expenditures										
Current:										
General government	-	-	12,900	-	-	-	-	-	-	12,900
Health	-	-	-	-	154,571	-	-	-	-	154,571
Transportation	-	-	-	153,585	6,370	-	-	-	-	159,955
Economic assistance and opportunity	-	-	-	-	-	7,611	-	-	-	7,611
Culture and recreation	-	-	927,074	-	-	334,351	1,108	-	-	1,262,533
Home and community services	-	135,480	-	-	-	-	-	-	-	135,480
Employee benefits	-	59,473	271,453	-	-	-	61	-	-	330,987
Capital outlay:										
General government	7,250	-	-	-	-	-	-	-	-	7,250
Debt service:										
Principal	-	-	-	-	-	-	-	20,000	21,550	41,550
Interest	-	-	-	-	-	-	-	6,052	3,578	9,630
Total expenditures	7,250	194,953	1,211,427	153,585	160,941	341,962	1,169	26,052	25,128	2,122,467
Excess (deficit) of revenues over expenditures	(7,237)	29,531	(20,173)	(12,137)	(9,412)	(309,834)	194	16	54	(328,998)
Other Financing Sources (Uses)										
Interfund transfers in	7,725	-	-	-	-	500	-	-	-	8,225
Interfund transfers out	(1,729)	-	-	-	-	-	-	-	-	(1,729)
Total other financing sources (uses)	5,996	-	-	-	-	500	-	-	-	6,496
Net change in fund balances	(1,241)	29,531	(20,173)	(12,137)	(9,412)	(309,334)	194	16	54	(322,502)
Fund balances - January 1	24,253	118,666	291,090	83,246	94,810	977,492	1,295	3,584	70,044	1,664,480
Fund balances - December 31	\$ 23,012	\$ 148,197	\$ 270,917	\$ 71,109	\$ 85,398	\$ 668,158	\$ 1,489	\$ 3,600	\$ 70,098	\$ 1,341,978

Note: Miscellaneous consists of Sidewalk Districts and Ambulance Districts; Miscellaneous Special Revenue consists of various expendable trusts for which the Town is the beneficiary.

COMPARATIVE BALANCE SHEET - GENERAL FUND

	December 31,		
	2017	2016	% Change
Assets			
Cash and cash equivalents	\$ 12,494,914	\$ 10,527,876	18.68%
Accounts receivable	4,806	9,461	-49.20%
State and federal receivables	7,275	5,600	29.91%
Due from other governments	772,849	749,562	3.11%
Prepaid items	78,488	73,799	6.35%
Total assets	<u>\$ 13,358,332</u>	<u>\$ 11,366,298</u>	<u>17.53%</u>
Liabilities			
Accounts payable	\$ 178,246	\$ 130,655	36.42%
Accrued liabilities	61,552	52,684	16.83%
Due to other funds	12,341	3,951	212.35%
Total liabilities	<u>252,139</u>	<u>187,290</u>	<u>34.62%</u>
Fund Balances			
Non-spendable	78,488	73,799	6.35%
Restricted	6,228,189	5,284,631	17.85%
Assigned	4,356,975	1,505,580	189.39%
Unassigned	2,442,541	4,314,998	-43.39%
Total fund balances	<u>13,106,193</u>	<u>11,179,008</u>	<u>17.24%</u>
Total liabilities and fund balances	<u>\$ 13,358,332</u>	<u>\$ 11,366,298</u>	<u>17.53%</u>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND**

For the Years Ended

	December 31,		
	2017	2016	% Change
Revenues			
Real property taxes	\$ 1,913,495	\$ 1,840,130	3.99%
Real property tax items	404,534	375,937	7.61%
Non-property taxes	2,964,890	2,697,866	9.90%
Departmental income	588,879	588,092	0.13%
Intergovernmental charges	85,269	117,825	-27.63%
Use of money and property	49,194	49,401	-0.42%
Licenses and permits	358,826	192,947	85.97%
Fines and forfeitures	124,487	108,076	15.18%
Sales of property and compensation for loss	210,195	70,778	196.98%
Miscellaneous local sources	54,870	18,157	202.20%
State sources	875,299	622,241	40.67%
Federal sources	-	5,366	-100.00%
Total revenues	<u>7,629,938</u>	<u>6,686,816</u>	<u>14.10%</u>
Expenditures			
General government	2,213,269	2,204,935	0.38%
Public safety	387,366	393,088	-1.46%
Transportation	262,225	253,209	3.56%
Economic assistance and opportunity	148,880	134,200	10.94%
Culture and recreation	989,738	937,610	5.56%
Home and community services	443,284	552,326	-19.74%
Employee benefits	1,058,838	1,134,062	-6.63%
Debt service:			
Principal	188,450	193,400	-2.56%
Interest	11,707	15,817	-25.98%
Total expenditures	<u>5,703,757</u>	<u>5,818,647</u>	<u>-1.97%</u>
Excess of revenues over expenditures	1,926,181	868,169	121.87%
Other Financing Sources (Uses)			
Interfund transfers in	29,229	44,748	-34.68%
Interfund transfers out	(28,225)	(29,475)	-4.24%
Total other financing sources (uses)	<u>1,004</u>	<u>15,273</u>	<u>-93.43%</u>
Net change in fund balances	1,927,185	883,442	118.15%
Fund balances - January 1	<u>11,179,008</u>	<u>10,295,566</u>	<u>8.58%</u>
Fund balances - December 31	<u>\$ 13,106,193</u>	<u>\$ 11,179,008</u>	<u>17.24%</u>

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND

For the Year Ended December 31, 2017

	Authorized Budget	Expenditures	Balance
General Government			
Town Board	\$ 77,942	\$ 77,144	\$ 798
Justices	244,166	227,973	16,193
Supervisor	147,460	146,665	795
Director of Finance	111,856	110,050	1,806
Independent Auditing & Accounting	21,275	14,714	6,561
Tax Collector	74,826	74,629	197
Assessor	187,884	182,743	5,141
Credit Card Fees	9,830	6,501	3,329
Town Clerk	137,116	132,257	4,859
Attorney	149,775	137,853	11,922
Personnel	38,723	37,743	980
Town Engineer	60,580	49,551	11,029
Elections	39,130	25,015	14,115
Records Management	6,130	5,431	699
Department of Public Works	118,400	116,948	1,452
Buildings	582,000	392,970	189,030
Central Garage	158,100	104,445	53,655
Central Communications	23,400	19,576	3,824
Central Storeroom	6,000	5,982	18
Central Print & Mail	37,600	22,787	14,813
Information Technology	154,224	148,415	5,809
Unallocated Insurance	164,175	150,789	13,386
Municipal Association Dues	4,700	4,390	310
Taxes & Assessments on Municipal Properties	17,100	15,267	1,833
Other General Government Support	7,400	3,431	3,969
Contingency	60,922	-	60,922
Total General Government	2,640,714	2,213,269	427,445
Public Safety			
Traffic & Safety Committee	3,940	2,455	1,485
Police & Constable	19,844	18,816	1,028
Traffic Control	64,452	63,972	480
Fire Marshall	54,394	51,904	2,490
Dog Control	44,658	36,432	8,226
Other Dog Control	250	245	5
Safety Inspection	272,322	213,264	59,058
Other Public Safety	850	278	572
Total Public Safety	460,710	387,366	73,344

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND
(continued)

For the Year Ended December 31, 2017

	Authorized Budget	Expenditures	Balance
Transportation			
Superintendent of Highway	136,626	134,642	1,984
Garage	21,102	15,014	6,088
Street Lighting	100,000	96,466	3,534
Sidewalks	85,830	16,103	69,727
Total Transportation	<u>343,558</u>	<u>262,225</u>	<u>81,333</u>
Economic Assistance and Opportunity			
Veterans Service	10,700	1,313	9,387
Programs for Aging	170,140	147,567	22,573
Total Economic Assistance and Opportunity	<u>180,840</u>	<u>148,880</u>	<u>31,960</u>
Culture and Recreation			
Recreation Administration	244,339	229,161	15,178
Parks	502,492	437,711	64,781
Youth Programming	252,773	208,469	44,304
Historian	14,644	10,062	4,582
Celebrations	70,550	59,571	10,979
Adult Recreation	51,500	44,764	6,736
Total Culture and Recreation	<u>1,136,298</u>	<u>989,738</u>	<u>146,560</u>
Home and Community Services			
Zoning	15,439	11,171	4,268
Planning	51,284	27,861	23,423
Environmental/ Conservation	61,725	21,497	40,228
Refuse/ Garbage	289,300	271,380	17,920
Drainage	192,266	88,786	103,480
Cemeteries	1,000	1,000	-
Special Reserves	22,000	21,589	411
Total Home and Community Services	<u>633,014</u>	<u>443,284</u>	<u>189,730</u>
Other Expenditures			
Employee Benefits	1,220,589	1,058,838	161,751
Debt Principal	188,450	188,450	-
Debt Interest	11,708	11,707	1
Total Other Expenditures	<u>1,420,747</u>	<u>1,258,995</u>	<u>161,752</u>
Total	<u><u>\$ 6,815,881</u></u>	<u><u>\$ 5,703,757</u></u>	<u><u>\$ 1,112,124</u></u>

COMPARATIVE BALANCE SHEET - HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND

	Highway Townwide Fund			Fire Protection Districts Fund		
	December 31,			December 31,		
	2017	2016	% Change	2017	2016	% Change
Assets						
Cash and cash equivalents	\$ 2,476,146	\$ 2,604,286	-4.92%	\$ 158,706	\$ 156,453	1.44%
Investments, restricted	-	-	-	2,662,178	-	-
Accounts receivable	493	-	-	-	-	-
State and federal receivables	56,582	-	-	-	-	-
Due from other funds	64,045	49,396	29.66%	-	-	-
Due from other governments	66,401	72,325	-8.19%	-	-	-
Prepaid items	56,008	56,206	-0.35%	-	-	-
Total assets	<u>\$ 2,719,675</u>	<u>\$ 2,782,213</u>	<u>-2.25%</u>	<u>\$ 2,820,884</u>	<u>\$ 156,453</u>	<u>1703.02%</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 140,959	\$ 75,767	86.04%	\$ -	\$ -	-
Accrued liabilities	64,868	40,615	59.71%	-	-	-
Unearned revenues	-	132,024	-100.00%	-	-	-
Total liabilities	<u>205,827</u>	<u>248,406</u>	<u>-17.14%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Non-spendable	56,008	56,206	-0.35%	-	-	-
Restricted	415,361	307,587	35.04%	2,662,178	-	-
Assigned	2,042,479	2,170,014	-5.88%	158,706	156,453	1.44%
Total fund balances	<u>2,513,848</u>	<u>2,533,807</u>	<u>-0.79%</u>	<u>2,820,884</u>	<u>156,453</u>	<u>1703.02%</u>
Total liabilities and fund balances	<u>\$ 2,719,675</u>	<u>\$ 2,782,213</u>	<u>-2.25%</u>	<u>\$ 2,820,884</u>	<u>\$ 156,453</u>	<u>1703.02%</u>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND**

For the Years Ended

	Highway Townwide Fund			Fire Protection Districts Fund		
	December 31,		% Change	December 31,		% Change
	2017	2016		2017	2016	
Revenues						
Real property taxes	\$ 3,256,917	\$ 3,196,526	1.89%	\$ 1,816,798	\$ 1,781,111	2.00%
Intergovernmental charges	528,342	493,553	7.05%	-	-	-
Use of money and property	2,244	2,144	4.66%	289,816	105	275915.24%
Sales of property and compensation for loss	110,640	97,828	13.10%	-	-	-
State sources	242,899	211,957	14.60%	-	-	-
Total revenues	<u>4,141,042</u>	<u>4,002,008</u>	<u>3.47%</u>	<u>2,106,614</u>	<u>1,781,216</u>	<u>18.27%</u>
Expenditures						
Public safety	-	-	-	1,519,929	1,500,023	-
Transportation	3,100,618	3,098,776	0.06%	-	-	-
Employee benefits	1,052,883	934,274	12.70%	280,607	285,766	-1.81%
Total expenditures	<u>4,153,501</u>	<u>4,033,050</u>	<u>2.99%</u>	<u>1,800,536</u>	<u>1,785,789</u>	<u>0.83%</u>
Excess (deficit) of revenues over expenditures	(12,459)	(31,042)	-59.86%	306,078	(4,573)	-6793.16%
Other Financing Sources (Uses)						
Interfund transfers in	20,000	20,000	0.00%	-	-	-
Interfund transfers out	(27,500)	(43,091)	-36.18%	-	-	-
Total other financing sources (uses)	<u>(7,500)</u>	<u>(23,091)</u>	<u>-67.52%</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	(19,959)	(54,133)	-63.13%	306,078	(4,573)	-6793.16%
Fund balances - January 1, as restated	<u>2,533,807</u>	<u>2,587,940</u>	<u>-2.09%</u>	<u>2,514,806</u>	<u>161,026</u>	<u>1461.74%</u>
Fund balances - December 31	<u>\$ 2,513,848</u>	<u>\$ 2,533,807</u>	<u>-0.79%</u>	<u>\$ 2,820,884</u>	<u>\$ 156,453</u>	<u>1703.02%</u>

**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND**

For the Year Ended December 31, 2017

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
Public Safety						
Fire Protection	\$ -	\$ -	\$ -	\$ 1,530,298	\$ 1,519,929	\$ 10,369
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530,298</u>	<u>1,519,929</u>	<u>10,369</u>
Transportation						
Maintenance of Streets	975,426	893,770	81,656	-	-	-
Permanent Improvements Highway	242,899	242,899	-	-	-	-
Machinery	1,296,986	954,188	342,798	-	-	-
Brush and Weeds	42,872	41,301	1,571	-	-	-
Snow Removal	956,562	674,604	281,958	-	-	-
Services to Other Governments	329,192	293,856	35,336	-	-	-
Total Transportation	<u>3,843,937</u>	<u>3,100,618</u>	<u>743,319</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Expenditures						
Employee Benefits	1,244,713	1,052,883	191,830	303,500	280,607	22,893
Total Other Expenditures	<u>1,244,713</u>	<u>1,052,883</u>	<u>191,830</u>	<u>303,500</u>	<u>280,607</u>	<u>22,893</u>
Total	<u>\$ 5,088,650</u>	<u>\$ 4,153,501</u>	<u>\$ 935,149</u>	<u>\$ 1,833,798</u>	<u>\$ 1,800,536</u>	<u>\$ 33,262</u>