TOWN OF EVANS, NEW YORK

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

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Evans, 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 Evans, New York (the "Town"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Town has restated net position of Governmental Activities and Business-type Activities and fund balance of the General Fund, Water Fund, Highway Part-Town Fund, Capital Projects Fund, Debt Service Fund, and Nonmajor Funds as of December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Dresher & Malech LLP

April 11, 2018

As management of the Town of Evans, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $595,728 (*net position*). This consists of $6,466,520 net investment in capital assets and $594,112 restricted for specific purposes, offset by an unrestricted net position of $(6,464,904).

- The Town's total net position improved by $1,518,055 during the year ended December 31, 2017.

- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance deficit of $1,721,945, an improvement of $1,168,147 from the prior year's ending fund balance deficit of $2,890,092 (as restated).

- At the end of the current fiscal year, the General Fund had a total fund balance of $2,874,676 which included three components: nonspendable, $3,578,239; restricted $514,112; and unassigned $(1,217,675).

- The Town's total bonded indebtedness decreased by $400,000 as a result of scheduled principal payments.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges. As discussed in Note 2 to the financial statements, the Town no longer has business-type activities to report.

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

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

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

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

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Water Fund, Highway Part-town Fund, Capital Projects Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

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

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

The fiduciary fund financial statement can be found on page 18 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-47 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligation to provide postemployment benefits to its employees, the Town's net pension liability, and the Town's budgetary comparison schedules for the General Fund and Highway Part-town Fund. Required Supplementary Information and a related note to the required supplementary information can be found on pages 48-56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 57-58 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $595,728 at the close of the most recent fiscal year, as compared to a net position of $(922,327) (as restated) at the close of the fiscal year ended December 31, 2016.

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

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2017	2016 (as restated)
Current assets	$ 3,756,322	$ 4,697,431
Capital assets	19,821,554	19,768,174
Total assets	23,577,876	24,465,605
Deferred outflows of resources	2,797,567	4,569,291
Current liabilities	5,576,361	7,545,148
Noncurrent liabilities	19,420,191	21,726,476
Total liabilities	24,996,552	29,271,624
Deferred inflows of resources	783,163	685,599
Net position:		
Net investment in capital assets	6,466,520	6,871,289
Restricted	594,112	1,267,958
Unrestricted	(6,464,904)	(9,061,574)
Total net position	$ 595,728	$ (922,327)

The largest portion of the Town's net position, $6,466,520, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $594,112, represents resources that are subject to 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. Government-wide unrestricted net position was $(6,464,904).

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

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

	Governmental Activities	
	Year Ended December 31,	
	2017	2016 (as restated)
Program revenues:		
Charges for services	$ 2,486,791	$ 2,393,346
Operating grants and contributions	66,965	-
Capital grants and contributions	376,727	182,978
General revenues	13,997,099	13,491,639
Total revenues	16,927,582	16,067,963
Total expenses	15,409,527	16,872,454
Change in net position	1,518,055	(804,491)
Net position–beginning	(922,327)	(10,708,640)
Restatement	-	10,590,804
Net position–ending	$ 595,728	$ (922,327)

Overall revenues of the primary government increased 5.3 percent from the prior year. This increase was primarily the result of an increase in the real property tax levy. Overall expenses decreased 8.7 percent from the year ended December 31, 2016, primarily as a result of decreased public safety and transportation expenses relating to fringe benefits.

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

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
Charges for services	$ 2,486,791	$ 2,393,346	$ 93,445	3.9
Operating grants and contributions	66,965	-	66,965	100.0
Capital grants and contributions	376,727	182,978	193,749	105.9
Real property taxes	11,359,000	10,164,988	1,194,012	11.7
Property tax items	143,013	136,077	6,936	5.1
Non-property tax items	1,836,630	2,191,395	(354,765)	(16.2)
Use of money and property	114,824	29,063	85,761	295.1
Sale of property and compensation for loss	101,655	-	101,655	100.0
Miscellaneous	110,637	546,178	(435,541)	(79.7)
Unrestricted state aid	331,340	423,938	(92,598)	(21.8)
Total revenues	$ 16,927,582	$ 16,067,963	$ 859,619	5.3

The Town's most significant source of revenues for the year ended December 31, 2017 was real property taxes, which accounted for $11,359,000 or 67.1 percent of total revenues. The next largest sources of revenue were charges for services, which accounted for $2,486,791 or 14.7 percent of total revenues, and non-property tax items, which accounted for $1,836,630 or 10.8 percent of total revenues.

For the year ended December 31, 2016, the Town's most significant source of revenue was also property and other taxes, which accounted for $10,164,988 or 63.3 percent of total revenues. The next largest sources of revenue were charges for services, which accounted for $2,393,346 or 14.9 percent of total revenues, and non-property taxes, which accounted for $2,191,395 or 13.6 percent of total revenues.

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

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2017	2016	Dollars	Percent (%)
General government support	$ 2,265,046	$ 2,159,881	$ 105,165	4.9
Public safety	5,645,260	6,697,814	(1,052,554)	(15.7)
Health	93,220	106,902	(13,682)	(12.8)
Transportation	2,945,190	4,231,101	(1,285,911)	(30.4)
Economic assistance and opportunity	14,355	9,800	4,555	46.5
Culture and recreation	1,252,298	1,618,078	(365,780)	(22.6)
Home and community services	2,604,456	1,665,645	938,811	56.4
Interest and fiscal charges	589,702	383,233	206,469	53.9
Total expenses	$ 15,409,527	$ 16,872,454	$ (1,462,927)	(8.7)

The Town's most significant expense items for the year ended December 31, 2017 were public safety of $5,645,260, or 36.6 percent of total expenses; transportation of $2,945,190, or 19.1 percent of total expenses; home and community services of $2,604,456 or 16.9 percent of total expenses and general government support of $2,265,046 or 14.7 percent of total expenses.

During the year ended December 31, 2016, the Town's significant expense items were public safety of $6,697,814, or 39.7 percent of total expenses; transportation of $4,231,101, or 25.1 percent of total expenses; general government support of $2,159,881 or 12.8 percent of total expenses and home and community services of $1,665,645 or 9.9 percent of total expenses.

Financial Analysis of Governmental Funds

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

At December 31, 2017, the Town's governmental funds reported a combined ending fund balance deficit of $1,721,945, an improvement of $1,168,147 from the prior year fund balance deficit of $2,890,092 (as restated). The total unassigned fund balance is in a deficit position of $8,005,284 due to unassigned deficit fund balances of $1,217,675 within the General Fund, $3,436,471 within the Water Fund and $3,062,962 within the Capital Projects Fund. The remainder of fund balance is either *nonspendable, restricted* or *assigned* to indicate that it is (1) not in spendable form, $3,578,239, (2) restricted for particular purposes, $594,112, or (3) assigned for particular purposes, $2,110,988.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was a deficit of $1,217,675, while total fund balance increased to $2,874,676. The primary cause of the unassigned fund balance deficit position is a $3,578,239 receivable from the Water Fund which is long-term in nature, and, therefore considered nonspendable.

The Town's Water Fund fund balance increased $846,990 during the year ended December 31, 2017. The ending fund balance deficit in the Water Fund was $3,436,471, which is anticipated to be remedied through future surcharges. During the year ended December 31, 2017, the Water Fund reduced the amount it owed the General Fund (as restated) by $389,807.

The Town's Highway Part-Town Fund ending fund balance was $792,351. During the year ended December 31, 2017, the Highway Part-Town Fund's fund balance increased $291,831.

The Town's Capital Projects Fund's fund balance decreased $756,732 during the year ended December 31, 2017. The ending fund deficit in the Capital Projects Fund was $3,062,962, which is anticipated to be remedied primarily through the conversion of current bond anticipation notes to long-term financing and capital grants.

The Town's Debt Service Fund ending fund balance was $0. During the year ended December 31, 2017, the Debt Service Fund's fund balance decreased $40,000.

General Fund Budgetary Highlights

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

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

Table 5—General Fund Budget

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues and other financing sources	$ 9,554,965	$ 9,656,980	$ 9,864,653	$ 207,673
Expenditures and other financing uses	9,554,965	9,656,980	9,078,875	578,105
Excess (deficiency) of revenues over expenditures and other financing uses	$ -	$ -	$ 785,778	$ 785,778

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by $102,015. Amendments to the budget were made of $102,215 related to additional funding from New York State.

Final budget compared to actual results—A review of actual revenues and expenditures compared to estimated revenues and appropriations in the final budget yields several favorable variances, most notably related to higher than anticipated licenses and permits revenue and state aid related to the Town's share of mortgage tax as well as less transfers out than anticipated.

Capital Assets and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of December 31, 2017, amounted to $19,821,554 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, and machinery and equipment.

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

Capital assets net of depreciation for the governmental activities at the years ended December 31, 2017 and are presented below:

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

	Governmental Activities	
	December 31,	
	2017	2016 (as restated)
Land	$ 3,347,606	$ 3,347,606
Construction in progress	439,108	-
Infrastructure	12,692,594	12,988,952
Buildings and improvements	902,012	830,172
Machinery and equipment	2,440,234	2,601,444
Total	$ 19,821,554	$ 19,768,174

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

Long-term liabilities—At December 31, 2017, the Town had net bonded debt outstanding of $10,330,000 as compared to $10,730,000 at December 31, 2016. During the year, the Town made scheduled principal payments of $400,000.

The Town's governmental activities also have recorded debt for compensated absences, retirement payable, installment purchase debt, net pension liability, and other postemployment benefits ("OPEB").

A summary of the Town's long-term liabilities at December 31, 2017 and December 31, 2016 is presented in Table 7 below:

Table 7—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2017	2016 (as restated)
Serial bonds	$ 10,330,000	$ 10,730,000
Compensated absences	1,205,690	1,236,272
Retirement payable	1,338,097	1,502,457
Installment purchase debt	88,590	109,033
Net pension liabilities	5,683,841	7,360,647
OPEB obligation	773,973	788,067
Total	$ 19,420,191	$ 21,726,476

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

Economic Factors and Next Year's Budgets and Rates

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

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2018 budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional information, contact Supervisor's Office, Town of Evans, 8787 Erie Road, Angola, NY 14006.

BASIC FINANCIAL STATEMENTS

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

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,871,112
Restricted cash and cash equivalents	809,698
Receivables	270,498
Due from Agency Fund	8,657
Intergovernmental receivables	796,357
Capital assets not being depreciated	3,786,714
Capital assets, net of accumulated depreciation	16,034,840
Total assets	23,577,876
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	2,797,567
Total deferred outflows of resources	2,797,567
LIABILITIES	
Accounts payable	595,985
Accrued liabilities	275,202
Intergovernmental payables	89,156
Due to retirement systems	863,988
Bond anticipation notes payable	3,152,030
Tax anticipation notes payable	600,000
Noncurrent liabilities:	
Due within one year	614,283
Due within more than one year	18,805,908
Total liabilities	24,996,552
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	783,163
Total deferred inflows of resources	783,163
NET POSITION	
Net investment in capital assets	6,466,520
Restricted for:	
Insurance	594,112
Unrestricted	(6,464,904)
Total net position	$ 595,728

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

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

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary government:					
Governmental activities:					
General government support	$ 2,265,046	$ 182,652	$ 56,535	$ -	$ (2,025,859)
Public safety	5,645,260	325,004	7,930	-	(5,312,326)
Health	93,220	-	-	-	(93,220)
Transportation	2,945,190	445,504	-	287,980	(2,211,706)
Economic assistance and opportunity	14,355	-	-	-	(14,355)
Culture and recreation	1,252,298	332,505	-	-	(919,793)
Home and community services	2,604,456	1,201,126	2,500	88,747	(1,312,083)
Interest and other fiscal charges	589,702	-	-	-	(589,702)
Total primary government	$ 15,409,527	$ 2,486,791	$ 66,965	$ 376,727	(12,479,044)
General revenues:					
Real property taxes					11,359,000
Property tax items					143,013
Non-property tax items					1,836,630
Use of money and property					114,824
Sale of property and compensation for loss					101,655
Miscellaneous					110,637
Unrestricted state aid					331,340
Total general revenues					13,997,099
Change in net position					1,518,055
Net position—beginning (as restated)					(922,327)
Net position—ending					$ 595,728

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

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

	General	Special Revenue: Water	Special Revenue: Highway Part-Town	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 334,745	$ 164,950	$ 352,241	$ -	$ -	$ 1,019,176	$ 1,871,112
Restricted cash and cash equivalents	514,112	-	-	215,586	-	80,000	809,698
Receivables	51,694	18,040	-	-	-	200,764	270,498
Due from other funds	3,586,896	-	-	-	-	289,000	3,875,896
Intergovernmental receivables	36,732	-	660,291	77,315	-	22,019	796,357
Total assets	$ 4,524,179	$ 182,990	$ 1,012,532	$ 292,901	$ -	$ 1,610,959	$ 7,623,561
LIABILITIES							
Accounts payable	$ 143,086	$ 1,383	$ 66,679	$ 203,833	$ -	$ 181,004	$ 595,985
Accrued liabilities	136,648	-	33,169	-	-	7,291	177,108
Due to other funds	-	3,578,239	-	-	-	289,000	3,867,239
Intergovernmental payables	73,491	15,665	-	-	-	-	89,156
Due to retirement systems	696,278	24,174	120,333	-	-	23,203	863,988
Bond anticipation notes payable	-	-	-	3,152,030	-	-	3,152,030
Tax anticipation notes payable	600,000	-	-	-	-	-	600,000
Total liabilities	1,649,503	3,619,461	220,181	3,355,863	-	500,498	9,345,506
FUND BALANCES (DEFICIT)							
Nonspendable	3,578,239	-	-	-	-	-	3,578,239
Restricted	514,112	-	-	-	-	80,000	594,112
Assigned	-	-	792,351	-	-	1,318,637	2,110,988
Unassigned	(1,217,675)	(3,436,471)	-	(3,062,962)	-	(288,176)	(8,005,284)
Total fund balances (deficits)	2,874,676	(3,436,471)	792,351	(3,062,962)	-	1,110,461	(1,721,945)
Total liabilities and fund balances (deficits)	$ 4,524,179	$ 182,990	$ 1,012,532	$ 292,901	$ -	$ 1,610,959	$ 7,623,561

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

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

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

Total fund balances (deficits)—governmental funds (page 14)		$ (1,721,945)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $40,988,639 and the accumulated depreciation is $21,167,085.		19,821,554
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	$ 863,989	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	1,933,578	
Deferred inflows related to pension plans	(783,163)	2,014,404
Net accrued interest expense for serial bonds and bond anticipation notes is not reported in the funds.		(98,094)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. The effects of this are:		
Serial bonds	$ (10,330,000)	
Compensated absences	(1,205,690)	
Retirement payable	(1,338,097)	
Installment purchase debt	(88,590)	
Net pension liability	(2,448,731)	
Net pension liability—LOSAP	(3,235,110)	
OPEB obligation	(773,973)	(19,420,191)
Net position of governmental activities		$ 595,728

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

TOWN OF EVANS, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2017

	General	Special Revenue: Water	Special Revenue: Highway Part-Town	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Real property taxes	$ 8,207,027	$ -	$ 865,378	$ -	$ -	$ 2,286,595	$ 11,359,000
Real property tax items	143,013	-	-	-	-	-	143,013
Non-property tax items	-	-	1,350,630	-	-	486,000	1,836,630
Departmental income	273,940	1,187,362	-	-	-	147,157	1,608,459
Intergovernmental charges	82,175	-	445,504	-	-	13,209	540,888
Use of money and property	114,258	178	-	388	-	-	114,824
Sale of property and compensation for loss	75,716	-	25,939	-	-	-	101,655
Licenses and permits	95,359	-	-	-	-	-	95,359
Fines and forfeitures	242,085	-	-	-	-	-	242,085
Miscellaneous	92,458	-	-	17,809	-	370	110,637
State aid	331,755	-	210,665	-	-	118,747	661,167
Federal aid	36,550	-	-	77,315	-	-	113,865
Total revenues	9,694,336	1,187,540	2,898,116	95,512	-	3,052,078	16,927,582
EXPENDITURES							
Current:							
General government support	1,628,231	-	-	-	-	17,082	1,645,313
Public safety	3,020,467	-	-	-	-	937,401	3,957,868
Health	57,000	-	-	-	-	7,935	64,935
Transportation	200,646	-	1,605,467	-	-	254,860	2,060,973
Economic assistance and opportunity	10,000	-	-	-	-	-	10,000
Culture and recreation	826,567	-	-	-	-	2,250	828,817
Home and community services	78,835	48,914	-	-	-	1,329,915	1,457,664
Employee benefits	2,950,958	171,124	902,643	-	-	316,456	4,341,181
Debt service:							
Principal	-	-	-	-	420,443	-	420,443
Interest and fiscal charges	7,062	82,648	3,362	67,050	328,703	2,783	491,608
Capital outlay:							
Transportation	-	-	-	165,605	-	-	165,605
Culture and recreation	-	-	-	303,523	-	-	303,523
Home and community services	-	-	-	11,505	-	-	11,505
Total expenditures	8,779,766	302,686	2,511,472	547,683	749,146	2,868,682	15,759,435
Excess (deficiency) of revenues over expenditures	914,570	884,854	386,644	(452,171)	(749,146)	183,396	1,168,147
OTHER FINANCING SOURCES (USES)							
Transfers in	170,317	705,743	-	333,346	709,146	-	1,918,552
Transfers out	(299,109)	(743,607)	(94,813)	(637,907)	-	(143,116)	(1,918,552)
Total other financing sources (uses)	(128,792)	(37,864)	(94,813)	(304,561)	709,146	(143,116)	-
Net change in fund balances (deficit)	785,778	846,990	291,831	(756,732)	(40,000)	40,280	1,168,147
Fund balances (deficit)—beginning (as restated)	2,088,898	(4,283,461)	500,520	(2,306,230)	40,000	1,070,181	(2,890,092)
Fund balances (deficit)—ending	$ 2,874,676	$ (3,436,471)	$ 792,351	$ (3,062,962)	$ -	$ 1,110,461	$ (1,721,945)

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

TOWN OF EVANS, NEW YORK

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2017

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

Net change in fund balances (deficits)—total governmental funds (page 16)		$ 1,168,147
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	$ 1,004,801	
Depreciation expense	(951,422)	53,379
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
Town pension contributions	$ 863,989	
Cost of benefits earned net of employee contributions	(1,098,845)	(234,856)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		(98,094)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized within the government-wide statements. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Principal payments on serial bonds	$ 400,000	
Change in compensated absences	30,582	
Change in retirement payable	164,360	
Payment of installment purchase debt	20,443	
Change in OPEB obligation	14,094	629,479
Change in net position of governmental activities		$ 1,518,055

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

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

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 48,167
LOSAP assets	2,090,739
Total assets	$ 2,138,906
LIABILITIES	
Agency liabilities	$ 39,510
Amounts held for LOSAP	2,090,739
Due to other funds	8,657
Total liabilities	$ 2,138,906

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges to external customers for support. As discussed in Note 2, the Town no longer reports business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Town reports no component units.

Reporting Entity

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

Independently elected officials of the Town include:

Supervisor	Town Clerk and Receiver of Taxes
Council Members (2)	Town Justices (2)
Superintendent of Highways	

Units of local government which operate within the boundaries of the Town consist of the County of Erie and the Village of Angola. Public education is provided by three independent school districts within the Town.

Basis of Presentation—Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

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

Basis of Presentation – Fund Financial Statements

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

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Water Fund*—The Water Fund is used to account for debt payments related metered water services previously provided by the Town. The principal source of revenue for the Water Fund is departmental income.
- *Highway Part-Town Fund*—This fund is used to record revenues and expenditures related to road maintenance and construction outside village boundaries. The principal source of revenue for the Highway Part-town Fund is real property taxes.
- *Capital Projects Fund*—This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- *Debt Service Fund*—The debt service fund is used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the Towns reports the following fund type:

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

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The Agency Fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

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

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

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such an allowance would not be material.

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

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

Assets	Years
Land improvements	25
Buildings and building improvements	25
Machinery and equipment	5-10
Infrastructure	10-50

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2017, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

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

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

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

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

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

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

Revenues and Expenses/Expenditures

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

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

Tax payments are due January 1st to February 15th without penalty; February 16th to 28th a 1.5% penalty; March 1st to 16th a 3.0% penalty; March 17th to March 31st a 4.5% penalty; April 1nd to 17th a 6.0% penalty; April 18th to May 1st a 7.5% penalty; and 1.5% added each month thereafter.

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

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

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

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

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

Service Awards—The Town has adopted a Length of Service Award Program ("LOSAP") for firefighters that serve on a volunteer basis. The program is administered by an outside agency, with the Town as trustee. More information is included in Note 8.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 9.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2017, the Town implemented GASB Statement No. 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 No. 67 and No. 68;* No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans;* No. 80, *Blending Requirements for Certain Component Units;* No. 81, *Irrevocable Split-Interest Agreement,* No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* effective for the year ending December 31, 2017. GASB

Statement No. 73 establishes a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and accessing accountability. GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 81 establishes recognition and measurement requirements for irrevocable split-interest agreements. GASB Statement No. 82 addresses issues regarding the (1) presentation of payroll-related measures in the supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 73 resulted in a $3,375,241 reduction of the Town's Governmental Activities net position at December 31, 2016 (see Note 2). GASB Statements No. 74, 80, 81, and 82 did not have a material impact on the Towns's financial position or results from operations.

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

Stewardship, Compliance and Accountability

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

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

Deficit Fund Balances—At December 31, 2017, the Town's Capital Projects Fund reported a fund deficit of $3,062,962. The deficit is caused by the Town's issued bond anticipation notes ("BANs"), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a

fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

Additionally, the Town's Water Fund and Refuse and Garbage Fund had net deficit fund balances at December 31, 2017. The Town anticipates these deficits will be remedied by future departmental income and property tax revenue.

2. RESTATEMENT OF NET POSITION AND FUND BALANCE

Water Enterprise Fund project prior year expenditures totaling $1,008,573 were inappropriately charged to the Capital Projects Fund. Additionally, prior to December 31, 2016, Water Enterprise Fund interest expense totaling $204,563 was inappropriately charged to various governmental funds. Therefore, the Town's Business-type Activities Net Position at December 31, 2016 was overstated by $1,213,136 and the Town's Governmental Activities net position was understated by the same amount. As a result, net position of the Town's Business-type Activities and Governmental Activities have been restated as of December 31, 2016.

The Town Board eliminated the Enterprise Fund for the Water Fund as of December 31, 2016 thereby changing its accounting policies to account for the Water Fund as a special revenue fund. As a result of this change in accounting policy, beginning net position of Business-type Activities was restated by $(16,873,258). Additionally, this restatement caused a $16,873,258 restatement to governmental activities.

During the year ended December 31, 2017, the Town determined that capital assets were understated by $14,754,112 at December 31, 2016. As a result, beginning net position of governmental activities was restated by $14,754,112.

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 Statements 67 and 68* for the fiscal year ended December 31, 2017. The implementation of GASB Statement No. 73 requires the Town's net pension liability related to the LOSAP to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the LOSAP plan's fiduciary net positon. As a result, the pension liability related to LOSAP was considered to be $3,375,241 at December 31, 2016. Net position of the Town's Governmental Activities has been restated by $(3,375,241).

For the fiscal year ended December 31, 2017, the Town implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 45 requires the Town's liability related to Other Postemployment Benefits ("OPEB") to be measured and disclosed. As a result, the liability related to OPEB was considered to be $788,067 at December 31, 2016. Net positon of the Town's Governmental Activities has been restated by $(788,067).

During the year ended December 31, 2017, the Town determined that Highway Part-Town cash was improperly recorded in the Highway Townwide Fund. As a result, the Highway Part-Town Fund fund

balance was restated by $432,707 and the Highway Townwide Fund fund balance was restated by $(432,707) at December 31, 2016.

During the year ended December 31, 2017, the Town recognized that reimbursement was not received from the Highway Part-Town fund for purchases of highway equipment made in previous years from the Capital Projects Fund. As a result, the Highway Part-Town Fund fund balance was restated by $(477,427) and the Capital Project Fund fund balance was restated by $477,427 at December 31, 2016.

During the year ended December 31, 2017, the Town determined that transfers for principal and interest were improperly recorded during previous years. This caused a restatement in the General Fund, Highway Part-Town Fund, and Water District Fund fund balance by $235,499, $304,513, and $172,146, respectively, and the Debt Service Fund fund balance by $(712,158).

The effect of the aforementioned restatements to the Town's primary government is summarized below:

	Primary Government	
	Governmental Activities Net Position	Business-type Activities Net Position
Net position—December 31, 2016, as previously stated	$ 4,146,991	$ (15,660,122)
Expenditure classification corrections	1,213,136	(1,213,136)
Water Fund change from enterprise fund to special revenue fund	(16,873,258)	16,873,258
Capital asset assessment	14,754,112	-
GASB Statement No. 73:		
Beginning system liability—LOSAP	(3,375,241)	-
GASB Statement No. 45:		
Beginning liability—OPEB	(788,067)	-
Net position—December 31, 2016, as restated	$ (922,327)	$ -

The effect of the restatements to the governmental funds is summarized as follows:

	General Fund	Water Fund	Highway Part-Town Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Fund balance—December 31, 2016, as previously stated	$ 1,853,399	$ -	$ 240,727	$ (1,888,424)	$ 547,595	$ 1,330,742	$ 2,084,039
Expenditure inappropriately charged	-	-	-	1,008,573	204,563	-	1,213,136
Cash classification corrections	-	-	432,707	-	-	(432,707)	-
Capital expenditures reimbursement	-	-	(477,427)	477,427	-	-	-
Debt service transfers	235,499	-	304,513	-	(712,158)	172,146	-
Water Fund change from enterprise fund to special revenue fund	-	(4,283,461)	-	(1,903,806)	-	-	(6,187,267)
Fund balance—December 31, 2016, as restated	$ 2,088,898	$ (4,283,461)	$ 500,520	$ (2,306,230)	$ 40,000	$ 1,070,181	$ (2,890,092)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	$ 2,002	$ -	$ 2,002
Deposits	2,678,808	48,167	2,726,975
Total	$ 2,680,810	$ 48,167	$ 2,728,977

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

	Bank Balance	Carrying Amount
FDIC insured	$ 255,626	$ 255,626
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	2,651,253	2,471,349
Total	$ 2,906,879	$ 2,726,975

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

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

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

Restricted cash and cash equivalents—The Town reports amounts to support restricted fund balance and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2017, the Town reported $809,698 of restricted cash and cash equivalents within its governmental activities.

4. RECEIVABLES

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

Receivables—Represents amounts due from various sources. Receivables at December 31, 2017 are presented below:

General Fund:		
Town Clerk fees and charges	$ 6,825	
Court fines and fees	27,268	
Revolving loan	17,057	
Other	544	$ 51,694
Water Fund:		
Water rents receivable	$ 17,949	
Town Clerk fees and charges	91	18,040
Nonmajor Funds:		
Town Clerk fees and charges	$ 9,764	
Franchise fees	191,000	200,764
Total governmental funds		$ 270,498

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

General Fund:		
Due from New York State	$ 35,000	
Miscellaneous	1,732	$ 36,732
Highway Part-Town Fund:		
Due from Erie County		660,291
Capital Projects Fund:		
Due from New York State		77,315
Nonmajor Funds:		
Due from Erie County	583	
Due from Evans-Brant CSD	21,436	22,019
Total governmental funds		$ 796,357

5. CAPITAL ASSETS

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

	Balance 1/1/2017 (as restated)	Increases	Decreases	Balance 12/31/2017
Captial assets, not being depreciated:				
Land	$ 3,347,606	$ -	$ -	$ 3,347,606
Construction in progress	-	443,353	4,245	439,108
Total capital assets, not being depreciated	3,347,606	443,353	4,245	3,786,714
Capital assets, being depreciated				
Infrastructure	26,072,059	335,474	-	26,407,533
Buildings and improvements	5,551,499	135,298	-	5,686,797
Machinery and equipment	5,012,673	94,922	-	5,107,595
Total capital assets, being depreciated	36,636,231	565,694	-	37,201,925
Less accumulated depreciation for:				
Infrastructure	13,083,107	631,832	-	13,714,939
Buildings and improvements	4,721,327	63,458	-	4,784,785
Machinery and equipment	2,411,229	256,132	-	2,667,361
Total accumulated depreciation	20,215,663	951,422	-	21,167,085
Total capital assets, being depreciated, net	16,420,568	(385,728)	-	16,034,840
Governmental activities capital assets, net	$ 19,768,174	$ 57,625	$ 4,245	$ 19,821,554

Depreciation expense was charged to the functions of the governmental activities for the year ended December 31, 2017 as follows:

General government support	$ 22,310
Public safety	70,121
Transportation	213,844
Culture and recreation	57,664
Home and community services	587,483
Total	$ 951,422

6. ACCRUED LIABILITIES

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

	General Fund	Highway Part-Town Fund	General Part-Town Fund	Total Governmental Funds
Salary and employee benefits	$ 136,648	$ 33,169	$ 7,291	$ 177,108

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

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

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

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

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Net pension liability	$ 1,417,047	$ 1,031,684
Town's portion of the Plan's total net pension liability	0.0683688%	0.0109798%

For the year ended December 31, 2017, the Town recognized pension expenses of $800,160 and $617,894, respectively, for PFRS and ERS. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from sources presented on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	$ 185,892	$ 25,853	$ 244,834	$ 156,667
Changes of assumptions	698,119	352,461	-	-
Net difference between projected and actual earnings on pension plan investments	211,634	206,069	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	3,274	108,732	137,276	20,560
Town contributions subsequent to the measurement date	436,643	427,346	-	-
Total	$ 1,535,562	$ 1,120,461	$ 382,110	$ 177,227

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

Year Ending December 31,	PFRS	ERS
2018	$ 247,628	$ 222,200
2019	247,628	222,200
2020	231,832	194,155
2021	(31,781)	(122,667)
2022	21,502	-

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

	PFRS	ERS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	4.50%	3.80%
Decrement tables	April 1, 2010-March 31, 2015	April 1, 2010-March 31, 2015
Inflation rate	2.50%	2.50%
Cost-of-living adjustments	1.30%	1.30%

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

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

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2016	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.8
Real estate	10.0	5.8
Absolute return strategies	2.0	4.0
Opportunistic portfolio	3.0	5.9
Real assets	3.0	5.5
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
Total	100.0 %	

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 chart presented on the following page presents the Town's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	$ 4,017,245	$ 1,417,047	$ (763,883)
Employer's proportionate share of the net pension liability/(asset)—ERS	3,294,994	1,031,684	(881,940)

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

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

8. PENSION OBLIGATIONS—LOSAP

Plan Description—The Town established a defined benefit LOSAP for the active volunteer firefighters of Evans Center and Lake Erie Beach Volunteer Fire Companies. 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.

Certain information contained in this note is based on information for the LOSAP as of December 31, 2016, which is the most recent valuation date for which complete information related to the year ended December 31, 2017 is available.

Participation, Vesting and Service Credit—Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award upon attaining the program's entitlement age or becoming totally and permanently disabled or dying while an active member. The program's entitlement age is age 60. 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.

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

Fiduciary Investment and Control—The governing board of the sponsor has retained and designated Penflex, Inc. to assist in the administration of the program. The designated program administrator's functions include making benefit payments based on written direction. The administrator will withhold applicable federal and state income taxes, prepare applicable forms and direct deposit individual benefit payments to the participant's financial institution.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and the beneficiaries or the purpose of defraying the reasonable expenses of the operation and administration of the program.

Authority to invest program assets is vested in the Investment Committee. Subject to restriction in the program document, program assets are invested in accordance with a statutory "prudent person" rule. The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the Plan. The actuary retained by the sponsor for this purpose is Penflex.

Benefits Provided—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 forty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month, except in the case of disability or death.

Participants Covered by the Benefit Terms—At the December 31, 2016 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	39
Inactive participants entitled to but not yet receiving benefit payments	30
Active participants	68
Total	137

Contributions—New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

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 Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source:

	Total Pension Liability
Balance as of 12/31/2015 measurement date	$ 3,375,241
Changes for the year:	
Service cost	93,972
Interest	109,199
Changes of assumptions or other inputs	(252,522)
Differences between expected and actual experience	22,740
Benefit payments	(113,520)
Net changes	(140,131)
Balance as of 12/31/2016 measurement date	$ 3,235,110

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 one percentage point lower (2.71 percent) or one percentage point higher (4.71 percent) than the current rate:

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Net pension liability	$ 3,758,051	$ 3,235,110	$ 2,812,054

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the year ended December 31, 2017, the Town recognized pension expense of $184,039. 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	$ 20,156	$ -
Changes of assumptions or other inputs	-	223,826
Benefit payments & administrative expenses subsequent to the measurement date	121,388	-
Total	$ 141,544	$ 223,826

$121,388 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2018	$	(26,112)
2019		(26,112)
2020		(26,112)
2021		(26,112)
2022		(26,112)
Thereafter		(73,110)

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents. There were 33 retirees receiving health care benefits at December 31, 2017.

Funding Policy—Authorization for the Town to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Town Board or through union contracts, which are ratified by the Town Board. For an employee to be eligible for the Town's postemployment health plan they must qualify for retirement as a member of the New York State retirement system. Eligible retirees are required to pay 10% to 40% of the cost of premiums depending on years of service.

The Town's annual postemployment benefit ("OPEB") cost is calculated based on annual required contributions ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The table on the following page shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation.

	Year Ended December 31, 2017
Annual requried contribution	$ 52,265
Adjustment to ARC	337
Annual OPEB costs (expense)	52,602
Contributions made	(66,696)
Increase in net OPEB obligation	(14,094)
Net OPEB obligation—beginning of year (as restated)	788,067
Net OPEB obligation—end of year	$ 773,973
Percentage of ARC contributed	127%

Funding Status and Funding Progress—As of December 31, 2017, the most recent valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was $1,272,588.

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

The Town's schedule of contributions is shown below:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage Contributed	Net OPEB Obligation
2017	$ 52,602	$ 66,696	127%	$ 733,973

The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liability for benefits.

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

In the December 31, 2017 valuation, the alternative method was used. The actuarial assumptions included a valuation and measurement date of December 31, 2017. The rate is based on the projected long-term earning rate of the assets expected to be available to pay benefits. The rates of decrement due to disability are assumed to be zero. The unfunded actuarial accrued liability is amortized as a level dollar amount over a 30-year period.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for: property coverage, general liability coverage, inland marine, employment practices liability, employee benefit liability, law enforcement liability, public officials liability, commercial umbrella, automobile, commercial crime, and business environmental and storage tank legal liability. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

Property insurance is limited based on scheduled locations. The general liability insurance is limited to $1 million per occurrence with a $3 million annual aggregate limit. Inland marine coverage has various limits for each individually scheduled property and equipment. The employment practices liability is limited to $1 million per claim with a $1 million annual aggregate limit. Employee benefits liability insurance is limited to $1 million per occurrence with a $3 million annual aggregate limit. Law enforcement liability is limited to $1 million per occurrence with a $2 million annual aggregate limit. Public officials liability is limited to $1 million per occurrence with a $1 million annual aggregate limit. Umbrella coverage is limited to $5 million per occurrence with a $5 million annual aggregate limit. Automobile insurance is limited to $1 million per accident. Business environmental and storage tank legal liability is limited to $1 million per tank incident with a limit of $2 million for all storage tank incidents. Property coverage and commercial crime have various limits depending on the type of incident. The deductibles applicable to the Town include $10,000 for auto liability, $10,000 for general liability, public official, and law enforcement, and $20,000 for property coverage.

11. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvements projects may be renewed for periods equivalent to the life of the permanent financing, provided that annual reductions of principal are made.

In addition to BANs, the Town has also authorized and issued tax anticipation notes in the General Fund and revenue anticipation notes in the Highway Part-Town fund.

A summary of the Town's short-term debt for the fiscal year ended December 31, 2017 is presented below:

	Maturity Date	Interest Rate	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Bond anticipation notes:						
Capital projects	6/9/2017	1.50%	$ 4,470,000	$ -	$ 4,470,000	$ -
Capital projects	5/24/2018	2.25%	-	3,152,030	-	3,152,030
Total			$ 4,470,000	$ 3,152,030	$ 4,470,000	$ 3,152,030
Tax anticipation notes:						
Various purposes	3/2/2017	2.00%	$ 995,000	$ -	$ 995,000	$ -
Various purposes	3/30/2018	2.25%	-	600,000	-	600,000
Total			$ 995,000	$ 600,000	$ 995,000	$ 600,000
Revenue anticipation notes:						
Various purposes	3/31/2017	2.00%	$ 600,000	$ -	$ 600,000	$ -
Total			$ 600,000	$ -	$ 600,000	$ -

12. LONG-TERM LIABILITIES

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements.

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

The Town's outstanding long-term liabilities include serial bonds, compensated absences, retirement payable, installment purchase debt, net pension liability, and OPEB. The bonds payable of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term debt at December 31, 2017 is presented on the following page.

	Balance 1/1/2017 (as restated)	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Serial bonds	$ 10,730,000	$ -	$ 400,000	$ 10,330,000	$ 355,000
Compensated absences	1,236,272	-	30,582	1,205,690	60,785
Retirement payable	1,502,457	-	164,360	1,338,097	177,395
Installment purchase debt	109,033	-	20,443	88,590	21,103
Net pension liability*	3,985,406	-	1,536,675	2,448,731	-
Net pension liability—LOSAP*	3,375,241	-	140,131	3,235,110	-
OPEB obligation	788,067	52,739	66,833	773,973	-
Total	$ 21,726,476	$ 52,739	$ 2,359,024	$ 19,420,191	$ 614,283

(*Reductions in the net pension liabilities and compensated absences are shown net of additions.)

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 10 to 30 years.

A summary of additions and payments for the year ended December 31, 2017 is presented below:

	Year of Issue/ Maturity	Amount of Original Issue	Interest Rate (%)	Balance 1/1/2017	Additions	Payments	Balance 12/31/2017
Improvement District 5	2004/2017	$ 97,000	3.50%	$ 45,000	$ -	$ 45,000	$ -
Waterline looping	2013/2023	360,000	4.27%	255,000	-	35,000	220,000
EFC Series 2011C	2011/2041	11,989,606	2.65%	10,430,000	-	320,000	10,110,000
Total				$ 10,730,000	$ -	$ 400,000	$ 10,330,000

Compensated Absences—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable. Typically, the General and Highway Part-Town Funds have been used to liquidate the current liability. The value recorded at December 31, 2017, for governmental activities is $1,205,690. While the payments of compensated absences are dependent upon many factors, the Town has estimated that $60,785 will become due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Retirement Payable—This amount represents previous charges from the New York State Retirement System that the Town elected to amortize over ten or twelve year periods. The outstanding balance at December 31, 2017 for the Town's retirement payable was $1,338,097. The final payment is due in 2029.

Installment Purchase Debt—This amount represents financing for equipment. The outstanding balance at December 31, 2017 for the Town's capital lease was $88,590. The final payment is due in 2021.

OPEB—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contribution a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated OPEB liability is estimated to be $773,973 at December 31, 2017.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System, Police and Fire Retirement System, and LOSAP. The net pension liability is estimated to be $5,683,841. Typically, the General Fund and Fire District Fund have been used to liquidate this liability within the governmental funds. Refer to Notes 7 and 8 for additional information related to the Town's net pension liability.

The following is a maturity schedule of the Town's indebtedness.

Year ending December 31,	Serial Bonds	Compensated Absences	Retirement Payable	Installment Purchase Debt	Net Pension Liabilities	OPEB	Total
2018	$ 355,000	$ 60,785	$ 177,395	$ 21,103	$ -	$ -	$ 614,283
2019	360,000	-	177,392	21,785	-	-	559,177
2020	365,000	-	177,394	22,488	-	-	564,882
2021	370,000	-	177,392	23,214	-	-	570,606
2022	380,000	-	152,814	-	-	-	532,814
2023-2027	1,830,000	-	449,643	-	-	-	2,279,643
2028-2032	1,955,000	-	26,067	-	-	-	1,981,067
2033-2037	2,355,000	-	-	-	-	-	2,355,000
2038 and thereafter	2,360,000	1,144,905	-	-	5,683,841	773,973	9,962,719
	$ 10,330,000	$ 1,205,690	$ 1,338,097	$ 88,590	$ 5,683,841	$ 773,973	$ 19,420,191

Interest requirements on serial bonds payable are as follows:

Year ending December 31,	Interest
2018	$ 313,260
2019	308,677
2020	303,539
2021	297,970
2022	291,843
2023-2027	1,358,702
2028-2032	1,191,028
2033-2037	848,274
2038 and thereafter	231,325
Total	$ 5,144,618

13. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation	$ 19,821,554
Related debt:	
Serial bonds	(10,330,000)
Bond anticipation notes	(3,152,030)
Installment purchase debt	(88,590)
Unspent BAN proceeds	215,586
Net investment in capital assets	$ 6,466,520

- ***Restricted Net Position***—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation.

- ***Unrestricted Net Position***—This category represents the net position of the Town not restricted for any project or other purpose.

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

- ***Long-term Due from Other Funds***—Represents the long-term portion of funds, $3,578,259, reported within the Town's General Fund as receivable from the Water Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2017 include:

	General Fund	Nonmajor Funds
Insurance	$ 514,112	$ -
Retirement contributions	-	80,000
Total	$ 514,112	$ 80,000

- ***Restricted for insurance***—According to General Municipal Law Section 6-n, this restriction is used to pay liability, casualty, and other types of uninsured losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

- ***Restricted for retirement contributions***—According to General Municipal Law Section 6-r, this restriction must be used for the payment of any portion of the amount payable to the New York State and Local Employees' Retirement System, pursuant to Sections 17 or 317 of the Retirement and Social Security Law. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the Town Board. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. At December 31, 2017, the following fund balances were considered to be assigned:

	Highway Part-Town Fund	Nonmajor Funds
Specific use:		
Highway—Part-Town	$ 792,351	$ -
General—Part-Town	-	585,628
Highway—Townwide	-	30,000
Fire District	-	3,052
Lighting District	-	373,239
Derby Hydrants	-	10,070
Water District	-	316,648
Total	$ 792,351	$ 1,318,637

- ***Assigned to Specific Use***—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

Unassigned fund balance represents the residual classification of the government's General Fund, Water Fund, Capital Projects Fund, and Refuse and Garbage Fund fund balance deficits.

If the Town must use funds for emergency expenditures, the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committee and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds.

14. INTERFUND BALANCES AND ACTIVITY

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

	Interfund	
Fund	Receivables	Payables
Governmental funds:		
General Fund	$ 3,586,896	$ -
Water Fund	-	3,578,239
Nonmajor Funds	289,000	289,000
Fiduciary fund:		
Agency Fund	-	8,657
Total	$ 3,875,896	$ 3,875,896

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. With the exception of the funds loaned to the Water Fund, all of these balances are expected to be collected/paid within the subsequent year.

The amount owed by the Water Fund to the General Fund represents amounts accumulated for system improvements relating to the execution of a Lease Management Agreement between the Erie County Water Authority and the Town which is dated March 25, 2013. It is long-term in nature and will be repaid over the next twelve years with interest at 3.0%. A summary of changes of the Town's long-term interfund debt is presented below:

	Balance 1/1/2017 (as restated)	Additions	Reductions	Balance 12/31/2017	Due within one year
Water Fund					
Due to General Fund	$ 3,968,046	$ -	$ 389,807	$ 3,578,239	$ 359,477

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

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

	Transfers in:				
	General Fund	Water Fund	Capital Projects Fund	Debt Service Fund	Total
Transfers out:					
General Fund	$ -	$ -	$ 299,109	$ -	$ 299,109
Water Fund	65,000	-	-	678,607	743,607
Highway Part-Town Fund	47,817	-	23,032	23,964	94,813
Capital Projects Fund	-	637,907	-	-	637,907
Nonmajor Funds	57,500	67,836	11,205	6,575	143,116
Total	$ 170,317	$ 705,743	$ 333,346	$ 709,146	$ 1,918,552

15. AGENCY FUND

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

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
ASSETS				
Cash	$ 155,124	$ 6,405,583	$ (6,512,540)	$ 48,167
LOSAP Assets	1,736,364	481,449	(127,074)	2,090,739
Total assets	$ 1,891,488	$ 6,887,032	$ (6,639,614)	$ 2,138,906
LIABILITIES				
Agency liabilities	$ 74,505	$ 6,546,293	$ (6,581,288)	$ 39,510
Amounts held for LOSAP	1,736,364	481,449	(127,074)	2,090,739
Due to other funds	80,620	68,749	(140,712)	8,657
Total liabilities	$ 1,891,489	$ 7,096,491	$ (6,849,074)	$ 2,138,906

16. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. The International Brotherhood of Electrical Workers Local 41, Civil Service Employees Association Local 1000, and United Automobile Workers No. 55 have contracts through December 31, 2017; the Service Employees International Union Local 200 has a contract through December 31, 2019; the Town of Evans Police Benevolent Association has a contract through December 31, 2020.

17. CONTINGENCIES

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

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

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

18. JOINT VENTURE

The following activity is undertaken jointly with other municipalities. This activity is excluded from the financial statements of all participating municipalities.

Inter-Community Water-Line Agreement—The Town of Evans and Hanover, the Village of Silver Creek and the Seneca Nation of Indians jointly own the Inter-Community Water Transmission line. The venture operates under the terms of an agreement finalized in April 1990, pursuant to Article 5G of the New York State General Municipal Law. The villages of Angola and Farnham were added in a revised agreement in 1992 and 1993. Significant provisions of the agreement are as follows:

- Each party to the agreement shall have one representative on the Inter-Community Water Board. Each municipality's representative must be a member of the municipality's government body. The Seneca Nation's board representative may not be a member of the governing body. The Board shall elect, among themselves a chairman, vice chairman, secretary and treasurer who must be the fiscal officer of the member municipality.

- Capital cost and maintenance for each member are shared in the following ratios:

Angola	8.35%	Evans	43.32%
Farnham	1.19%	Seneca Nation	16.31%
Hanover	8.16%	Silver Creek	22.67%

19. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and include the abatement of state, county, local, and school district taxes, in addition to other assistance. In the case of the Town, the abatements have resulted in reductions of property taxes, which the Town administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by ECIDA, the Town collected $75,635 during the 2017 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $129,959 in property taxes.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 11, 2018, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
December 31, 2017	$ -	$ 1,272,588	$ 1,272,588	0%	$ 5,222,360	24.4%

*Information prior to the year ended December 31, 2017 is not available.

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

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.0683688%	0.0725225%	0.0692411%	0.0692411%
Town's proportionate share of the net pension liability (asset)	$ 1,417,047	$ 2,147,238	$ 190,593	$ 288,257
Town's covered-employee payroll	$ 2,099,438	$ 2,102,574	$ 2,024,465	$ 1,993,759
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.5%	102.1%	9.4%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	93.5%	90.2%	99.0%	98.5%

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

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

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contribution	$ 513,240	$ 579,307	$ 550,472	$ 476,873
Contributions in relation to the contractually required contribution	(513,240)	(579,307)	(550,472)	(476,873)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 2,042,937	$ 2,141,852	$ 2,151,330	$ 1,993,759
Contributions as a percentage of covered-employee payroll	25.1%	27.0%	25.6%	23.9%

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

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

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.0109798%	0.0114526%	0.0117735%	0.0117735%
Town's proportionate share of the net pension liability (asset)	$ 1,031,684	$ 1,838,138	$ 397,737	$ 532,028
Town's covered-employee payroll	$ 2,956,245	$ 2,960,848	$ 3,034,688	$ 3,071,213
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.9%	62.1%	13.1%	17.3%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%	97.2%

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

TOWN OF EVANS, NEW YORK

Schedule of the Town's Contributions—
Employees' Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contribution	$ 532,205	$ 638,595	$ 620,910	$ 655,920
Contributions in relation to the contractually required contribution	(532,205)	(638,595)	(620,910)	(655,920)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 3,179,423	$ 2,929,460	$ 3,091,222	$ 3,071,213
Contributions as a percentage of covered-employee payroll	16.7%	21.8%	20.1%	21.4%

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

TOWN OF EVANS, NEW YORK
Schedule of Changes in the Town's Total Pension Liability—LOSAP
For the Year Ended December 31, 2017*

Total Pension Liability	
Service cost	$ 93,972
Interest	109,199
Changes of assumptions or other inputs	(252,522)
Differences between expected and actual experience	22,740
Benefit payments	(113,520)
Net changes in total pension liability	(140,131)
Total pension liability—beginning	3,375,241
Total pension liability—ending	$ 3,235,110
Covered-employee payroll	N/A
Total pension liability as a percentage of covered-employee payroll	N/A

*Information prior to the year ended December 31, 2017 is not available.

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 8,187,723	$ 8,187,723	$ 8,207,027	$ 19,304
Real property tax items	111,548	111,548	143,013	31,465
Departmental income	260,350	260,350	273,940	13,590
Intergovernmental charges	82,175	82,175	82,175	-
Use of money and property	124,107	124,107	114,258	(9,849)
Sale of property and compensation for loss	90,300	90,300	75,716	(14,584)
Licenses and permits	20,000	20,000	95,359	75,359
Fines and forfeitures	270,000	270,000	242,085	(27,915)
Miscellaneous	-	45,480	92,458	46,978
State aid	215,000	271,535	331,755	60,220
Federal aid	23,445	23,445	36,550	13,105
Total revenues	9,384,648	9,486,663	9,694,336	207,673
EXPENDITURES				
Current:				
General government support	1,979,025	1,642,757	1,628,231	14,526
Public safety	3,221,742	3,029,820	3,020,467	9,353
Health	57,000	57,000	57,000	-
Transportation	164,749	205,176	200,646	4,530
Economic assistance and opportunity	11,100	10,000	10,000	-
Culture and recreation	1,183,625	833,890	826,567	7,323
Home and community services	15,820	80,335	78,835	1,500
Employee benefits	2,880,562	2,951,614	2,950,958	656
Debt service:				
Interest and fiscal charges	-	7,062	7,062	-
Total expenditures	9,513,623	8,817,654	8,779,766	37,888
Excess (deficiency) of revenues over expenditures	(128,975)	669,009	914,570	245,561
OTHER FINANCING SOURCES (USES)				
Transfers in	170,317	170,317	170,317	-
Transfers out	(41,342)	(839,326)	(299,109)	540,217
Total other financing sources (uses)	128,975	(669,009)	(128,792)	540,217
Net change in fund balances	-	-	785,778	785,778
Fund balances—beginning (as restated)	2,088,898	2,088,898	2,088,898	-
Fund balances—ending	$ 2,088,898	$ 2,088,898	$ 2,874,676	$ 785,778

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 865,378	$ 865,378	$ 865,378	$ -
Non property tax items	1,550,000	1,550,000	1,350,630	(199,370)
Intergovernmental charges	270,000	270,000	445,504	175,504
Sale of property and compensation for loss	13,000	13,000	25,939	12,939
State aid	182,000	182,000	210,665	28,665
Total revenues	2,880,378	2,880,378	2,898,116	17,738
EXPENDITURES				
Current:				
Transportation	1,900,554	1,878,751	1,605,467	273,284
Employee benefits	885,011	903,452	902,643	809
Debt service:				
Interest and fiscal charges	-	3,362	3,362	-
Total expenditures	2,785,565	2,785,565	2,511,472	274,093
Excess of revenues over expenditures	94,813	94,813	386,644	291,831
OTHER FINANCING USES				
Transfers out	(94,813)	(94,813)	(94,813)	-
Total other financing uses	(94,813)	(94,813)	(94,813)	-
Net change in fund balances	-	-	291,831	291,831
Fund balances—beginning (as restated)	500,520	500,520	500,520	-
Fund balances—ending	$ 500,520	$ 500,520	$ 792,351	$ 291,831

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

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Water Fund and Capital Projects Fund. The Water Fund does not have an appropriated budget because it was considered an Enterprise Fund during the year ended December 31, 2017 budget process. The Capital Projects Fund does not have an appropriated budget since there are other means to control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The appropriated budget is prepared by fund, function and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is as the department level.

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

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

2. PENSION LIABILITY—LOSAP

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.

SUPPLEMENTARY INFORMATION

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

	Special Revenue Funds							Total
	General Part-Town	Highway Townwide	Fire District	Lighting District	Derby Hydrants	Refuse and Garbage	Water District	Nonmajor Funds
ASSETS								
Cash and cash equivalents	$ 129,114	$ 30,000	$ 136,259	$ 396,261	$ 10,070	$ 824	$ 316,648	$ 1,019,176
Restricted cash and cash equivalents	80,000	-	-	-	-	-	-	80,000
Receivables	200,764	-	-	-	-	-	-	200,764
Due from other funds	289,000	-	-	-	-	-	-	289,000
Intergovernmental receivables	583	-	21,436	-	-	-	-	22,019
Total assets	$ 699,461	$ 30,000	$ 157,695	$ 396,261	$ 10,070	$ 824	$ 316,648	$ 1,610,959
LIABILITIES								
Accounts payable	$ 3,339	$ -	$ 154,643	$ 23,022	$ -	$ -	$ -	$ 181,004
Accrued liabilities	7,291	-	-	-	-	-	-	7,291
Due to other funds	-	-	-	-	-	289,000	-	289,000
Due to retirement system	23,203	-	-	-	-	-	-	23,203
Total liabilities	33,833	-	154,643	23,022	-	289,000	-	500,498
FUND BALANCES (DEFICIT)								
Restricted	80,000	-	-	-	-	-	-	80,000
Assigned	585,628	30,000	3,052	373,239	10,070	-	316,648	1,318,637
Unassigned	-	-	-	-	-	(288,176)	-	(288,176)
Total fund balances (deficit)	665,628	30,000	3,052	373,239	10,070	(288,176)	316,648	1,110,461
Total liabilities and fund balances (deficit)	$ 699,461	$ 30,000	$ 157,695	$ 396,261	$ 10,070	$ 824	$ 316,648	$ 1,610,959

TOWN OF EVANS, NEW YORK

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds

Year Ended December 31, 2017

	Special Revenue Funds							Total
	General Part-Town	Highway Townwide	Fire District	Lighting District	Derby Hydrants	Refuse and Garbage	Water District	Nonmajor Funds
REVENUES								
Real property taxes	$ -	$ -	$ 850,194	$ 264,150	$ -	$ 1,111,047	$ 61,204	$ 2,286,595
Non-property tax items	486,000	-	-	-	-	-	-	486,000
Departmental income	146,602	-	-	-	-	555	-	147,157
Intergovernmental charges	-	-	-	-	-	-	13,209	13,209
Miscellaneous	370	-	-	-	-	-	-	370
State aid	118,747	-	-	-	-	-	-	118,747
Total revenues	751,719	-	850,194	264,150	-	1,111,602	74,413	3,052,078
EXPENDITURES								
Current:								
General government support	17,082	-	-	-	-	-	-	17,082
Public safety	167,747	-	769,654	-	-	-	-	937,401
Health	7,935	-	-	-	-	-	-	7,935
Transportation	-	-	-	254,860	-	-	-	254,860
Culture and recreation	2,250	-	-	-	-	-	-	2,250
Home and community services	154,872	-	-	-	-	1,175,043	-	1,329,915
Empolyee benefits	227,860	-	88,596	-	-	-	-	316,456
Debt service							-	
Interest and fiscal charges	671	177	871	-	-	1,064	-	2,783
Total expenditures	578,417	177	859,121	254,860	-	1,176,107	-	2,868,682
Excess of revenues over expenditures	173,302	(177)	(8,927)	9,290	-	(64,505)	74,413	183,396
OTHER FINANCING USES								
Transfers out	(68,705)	-	-	-	-	-	(74,411)	(143,116)
Total other financing uses	(68,705)	-	-	-	-	-	(74,411)	(143,116)
Net change in fund balances	104,597	(177)	(8,927)	9,290	-	(64,505)	2	40,280
Fund balances—beginning (as restated)	561,031	30,177	11,979	363,949	10,070	(223,671)	316,646	1,070,181
Fund balances—ending	$ 665,628	$ 30,000	$ 3,052	$ 373,239	$ 10,070	$ (288,176)	$ 316,648	$ 1,110,461

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Certified Public Accountants

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

Honorable Town Board
Town of Evans, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Evans, New York (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 11, 2018 which includes an emphasis-of-matter paragraph because of restatements to net position of Governmental Activities and Business-type Activities and fund balances of the General Fund, Water Fund, Highway Part-Town Fund, Capital Projects Fund, Debt Service Fund, and Nonmajor Funds as of December 31, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

April 11, 2018