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INDEPENDENT AUDITOR’S REPORT

May 2, 2018

To the Town Board of the
Town of Penfield, New York:

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.
INDEPENDENT AUDITOR’S REPORT
(Continued)

Other Matters

Report on Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of funding progress - other postemployment benefits plan, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The combining nonmajor governmental funds and special revenue funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds and special revenue funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds and special revenue funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Bonadio & Co., LLP
The management's discussion and analysis of the Town of Penfield, New York's (the Town's) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2017. Please read it in conjunction with the Town’s basic financial statements.

FINANCIAL HIGHLIGHTS

- On the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded liabilities by $93,171,096.

- General revenues, which include Non-Property Taxes, Mortgage Tax and Real Property Tax is $15,082,112, or 75%, of all revenues. Program specific revenues in the form of Charges for Services and Operating and Capital Grants accounted for $5,075,712, or 25%, of total revenues.

- The Town’s governmental fund financial statements report a combined ending fund balance of $15,738,786.

- At the end of the current year, the unassigned fund balance of the General Fund was $1,206,027.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management’s discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town’s basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

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/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

- The statement of activities presents information showing how the Town’s net position changed during the most recent 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.

- The governmental activities of the Town include highway maintenance, snow removal, general administrative support, community service, fire protection services, water services, and interest on long-term debt.
OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements
A fund is a self-balancing 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** 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 year. Such information may be useful in evaluating the Town’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 three major individual governmental funds; General Fund, Highway Fund, and Consolidated Sewer Fund. 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 each fund. The Town has elected to report the Public Library Fund, Capital Projects Fund, Drainage Fund, Special Grant Fund, Recreation Trust, Water Fund, Consolidated Lighting Fund, Debt Service Fund, and Special Parks Fund as non-major funds.

The Town adopts an annual budget for the General Fund, Highway Fund, Consolidated Sewer Fund, Public Library Fund, and Drainage Fund. A budgetary comparison statement has been provided for each major fund with an annually adopted budget within the basic financial statements to demonstrate compliance with the budget.

- **The Fiduciary Funds** are used to account for assets held by the Town in an agency capacity which accounts for assets held by the Town on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of these funds are not, and never will be, available to support the Town’s programs.
OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Major Features of the Town-Wide and Fund Financial Statements

<table>
<thead>
<tr>
<th>Features</th>
<th>Town-Wide Statements</th>
<th>Governmental Funds</th>
<th>Fiduciary Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Entire Town</td>
<td>The activities of the Town are not proprietary or fiduciary, such as General administration, Highway, and Library</td>
<td>Instances in which the Town administers resources on behalf of someone else</td>
</tr>
<tr>
<td>Statements</td>
<td>Statement of Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Basis and</td>
<td>Accrual accounting and economic resource focus</td>
<td>Modified accrual accounting and current financial focus</td>
<td>Accrual accounting and economic resources focus</td>
</tr>
<tr>
<td>Measurement Focus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Asset/Liability</td>
<td>All assets and liabilities, both financial and capital, short-term and long-term</td>
<td>Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included</td>
<td>All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Inflow/Outflow</td>
<td>All revenues and expenses during the year, regardless of when cash is received or paid</td>
<td>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable</td>
<td>All additions and deductions during the year, regardless of when cash is received or paid</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes to Basic 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.
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town’s financial position.

Table 1 - Net Position

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$ 16,329,880</td>
<td>$ 13,885,022</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>97,172,447</td>
<td>98,970,174</td>
</tr>
<tr>
<td>Total assets</td>
<td>113,502,327</td>
<td>112,855,196</td>
</tr>
<tr>
<td><strong>Deferred outflows of resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension related</td>
<td>1,969,246</td>
<td>3,783,803</td>
</tr>
<tr>
<td>Deferred amount on refunding</td>
<td>7,961</td>
<td>11,943</td>
</tr>
<tr>
<td>Total deferred outflows of resources</td>
<td>1,977,207</td>
<td>3,795,746</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>622,138</td>
<td>605,925</td>
</tr>
<tr>
<td>Noncurrent liabilities -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due in one year</td>
<td>1,774,771</td>
<td>1,728,260</td>
</tr>
<tr>
<td>Due in more than one year</td>
<td>19,594,895</td>
<td>21,995,056</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>21,991,804</td>
<td>24,329,241</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension related</td>
<td>316,634</td>
<td>407,246</td>
</tr>
<tr>
<td>Total deferred inflows of resources</td>
<td>316,634</td>
<td>407,246</td>
</tr>
<tr>
<td><strong>Net position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>85,424,160</td>
<td>85,502,397</td>
</tr>
<tr>
<td>Restricted</td>
<td>4,775,107</td>
<td>2,678,363</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,971,829</td>
<td>3,733,695</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 93,171,096</td>
<td>$ 91,914,455</td>
</tr>
</tbody>
</table>

By far, the largest component of the Town’s net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets represented 92% and 93% of the Town’s net position at December 31, 2017 and 2016, respectively. The Town uses these capital assets to provide services to the residents and consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The decreases in deferred outflows and inflows of resources are related to the change in the actuarial assumptions for the pension costs in the current year.
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The decrease in capital assets is mainly due to additions of approximately $2,431,000 offset by current year depreciation expense of approximately $4,220,000. There is a restricted net position balance for debt service and special districts by law, which constitutes 5.1% and 2.9% of total net position at December 31, 2017 and 2016, respectively.

Table 2 - Change in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>% of Total</th>
<th>2016</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$4,722,017</td>
<td>23%</td>
<td>$5,067,067</td>
<td>26%</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>61,482</td>
<td>1%</td>
<td>209,439</td>
<td>1%</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>292,213</td>
<td>1%</td>
<td>255,149</td>
<td>1%</td>
</tr>
<tr>
<td>Taxes</td>
<td>13,246,991</td>
<td>66%</td>
<td>12,635,976</td>
<td>64%</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,835,121</td>
<td>9%</td>
<td>1,500,373</td>
<td>8%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>20,157,824</td>
<td>100%</td>
<td>19,668,004</td>
<td>100%</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General governmental support</td>
<td>4,340,654</td>
<td>23%</td>
<td>4,253,007</td>
<td>23%</td>
</tr>
<tr>
<td>Public safety</td>
<td>767,234</td>
<td>4%</td>
<td>852,087</td>
<td>5%</td>
</tr>
<tr>
<td>Transportation</td>
<td>5,915,191</td>
<td>31%</td>
<td>6,595,505</td>
<td>36%</td>
</tr>
<tr>
<td>Economic assistance and opportunity</td>
<td>96,975</td>
<td>1%</td>
<td>106,468</td>
<td>1%</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>4,046,390</td>
<td>21%</td>
<td>4,174,635</td>
<td>23%</td>
</tr>
<tr>
<td>Home and community services</td>
<td>3,399,616</td>
<td>18%</td>
<td>1,698,842</td>
<td>9%</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>335,123</td>
<td>2%</td>
<td>627,482</td>
<td>3%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>18,901,183</td>
<td>100%</td>
<td>18,308,026</td>
<td>100%</td>
</tr>
<tr>
<td>Change in net position</td>
<td>1,256,641</td>
<td></td>
<td>1,359,978</td>
<td></td>
</tr>
<tr>
<td>Net position - beginning of year</td>
<td>91,914,455</td>
<td></td>
<td>90,554,477</td>
<td></td>
</tr>
<tr>
<td>Net position - end of year</td>
<td>$93,171,096</td>
<td></td>
<td>$91,914,455</td>
<td></td>
</tr>
</tbody>
</table>

The Town’s total revenues increased approximately $490,000 or 2.5%, primarily due to an increase in taxes. The Town relies upon taxes, charges for services, operating grants, and capital grants as its primary revenue sources.

The Town’s total expenses increased approximately $593,000 or 3.2% primarily due to an increase in home and community services expenses. This increase in home and community expenses is mainly due to significant capital asset additions to sewer infrastructure over the past couple of years, for which the depreciation expense is allocated to home and community services.
FINANCIAL ANALYSIS OF THE TOWN'S 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, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and amounts to be applied against next year's fund balance.

As of the end of 2017, the Town's combined governmental fund balances were $15,738,786 compared to $13,328,141 at December 31, 2016.

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance of the General Fund was $8,727,987 compared to $6,932,777 at December 31, 2016.

Budgetary Highlights
The key budget variances for the major funds are listed below.

<table>
<thead>
<tr>
<th>Revenue Items</th>
<th>Budget Variance</th>
<th>Explanation for Budget Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund – nonproperty tax items</td>
<td>$ 1,004,785</td>
<td>Sales tax revenue was higher than anticipated as a result of positive economic conditions during the year.</td>
</tr>
<tr>
<td>General fund – state aid</td>
<td>$ 448,838</td>
<td>Mortgage tax revenues received from Monroe County in 2017 were higher than originally anticipated.</td>
</tr>
<tr>
<td>Highway fund – intergovernmental charges</td>
<td>$ 108,134</td>
<td>Various projects were completed by the Town for Monroe County. This is not a guaranteed annual revenue.</td>
</tr>
<tr>
<td>Highway fund – interfund revenue</td>
<td>$ (84,415)</td>
<td>Revenue from the drainage fund was lower than anticipated.</td>
</tr>
<tr>
<td>Highway fund – sale of property and compensation for loss</td>
<td>$ 56,248</td>
<td>The sale of equipment at auction was not originally anticipated.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure Items</th>
<th>Budget Variance</th>
<th>Explanation for Budget Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund – general governmental support</td>
<td>$ 146,490</td>
<td>Engineering contractual services lower due to reprioritization of projects, facility maintenance and utility costs lower than anticipated, IT projects moved to 2018.</td>
</tr>
<tr>
<td>General fund – culture and recreation</td>
<td>$ 92,726</td>
<td>Capital projects delayed until 2018 due to permits and scheduling.</td>
</tr>
<tr>
<td>General fund – employee benefits</td>
<td>$ 120,543</td>
<td>Retirement bill less than anticipated, social security less than budgeted, workers compensation actual bills less than anticipated.</td>
</tr>
<tr>
<td>Highway fund – transportation</td>
<td>$ 233,684</td>
<td>Less need for overtime work than anticipated, fuel and fuel-based products lower than budget.</td>
</tr>
<tr>
<td>Consolidated sewer fund – home and community</td>
<td>$ 45,509</td>
<td>Overtime, maintenance and general repairs lower than anticipated.</td>
</tr>
</tbody>
</table>
FINANCIAL ANALYSIS OF THE TOWN’S FUNDS (Continued)

Capital Assets
Capital assets, net of accumulated depreciation, are reflected below:

<table>
<thead>
<tr>
<th>Class</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$11,219,049</td>
<td>$11,219,049</td>
</tr>
<tr>
<td>Work in progress</td>
<td>455,087</td>
<td>1,762,532</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>81,122,178</td>
<td>81,857,945</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>1,855,666</td>
<td>1,991,957</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2,520,467</td>
<td>2,138,691</td>
</tr>
<tr>
<td>Total capital assets, net of accumulated depreciation</td>
<td>$97,172,447</td>
<td>$98,970,174</td>
</tr>
</tbody>
</table>

During the year ended December 31, 2017, the Town had $3,964,875 of capital asset additions. $1,534,050 of these additions were work in progress projects that were completed and placed in service during the year. In addition, the Town had capital asset disposals of $1,233,366. Annual depreciation expense for the year was $4,220,144. More detailed information about the Town’s capital assets is presented in the notes to the financial statements.

Long-Term Liabilities
At December 31, 2017, the Town had $21,369,666 in debt and other long-term obligations outstanding, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving fund revenue bonds</td>
<td>$2,910,000</td>
<td>$3,560,000</td>
</tr>
<tr>
<td>Serial bonds, net of premium</td>
<td>8,765,000</td>
<td>9,760,000</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>81,248</td>
<td>159,720</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>139,125</td>
<td>94,115</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>1,913,422</td>
<td>3,366,719</td>
</tr>
<tr>
<td>Other postemployment benefits</td>
<td>7,560,871</td>
<td>6,782,762</td>
</tr>
<tr>
<td>Total</td>
<td>$21,369,666</td>
<td>$23,723,316</td>
</tr>
</tbody>
</table>

The amount of principal paid on outstanding debt was $1,724,834 in 2017 and $5,260,722 in 2016. The significant decrease in principal was due to a refunding of $3,630,000 during 2016. Other postemployment benefits increased approximately $778,000 from the prior year due to the accrual of the Town’s obligations. Compensated absences increased approximately $45,010 from 2016. More detailed information about the Town’s long-term liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE TOWN’S FUTURE

The Town administration continues working to provide efficient, quality services to the residents at a reasonable cost. Escalating health care costs as well as reductions in State and Federal Aid are factors continuously considered.
Requests for Information
This financial report is designed to provide a general overview of the Town’s finances for those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Penfield, New York
Attn: Town Comptroller
3100 Atlantic Avenue
Penfield, New York 14526
TOWN OF PENFIELD, NEW YORK

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT

DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
</tr>
<tr>
<td>CURRENT ASSETS:</td>
</tr>
<tr>
<td>Cash and cash equivalents - unrestricted $10,253,909</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted 4,770,107</td>
</tr>
<tr>
<td>Other receivables 35,248</td>
</tr>
<tr>
<td>Due from other governments 1,069,752</td>
</tr>
<tr>
<td>Prepaid expenses 195,546</td>
</tr>
<tr>
<td>Due from Federal and State governments 5,318</td>
</tr>
<tr>
<td>Total current assets 16,329,880</td>
</tr>
<tr>
<td>NONCURRENT ASSETS:</td>
</tr>
<tr>
<td>Capital assets, net 97,172,447</td>
</tr>
<tr>
<td>Total assets 113,502,327</td>
</tr>
<tr>
<td>DEFERRED OUTFLOWS OF RESOURCES</td>
</tr>
<tr>
<td>Pension related 1,969,246</td>
</tr>
<tr>
<td>Deferred amount on refunding 7,961</td>
</tr>
<tr>
<td>Total deferred outflows of resources 1,977,207</td>
</tr>
<tr>
<td>LIABILITIES</td>
</tr>
<tr>
<td>CURRENT LIABILITIES:</td>
</tr>
<tr>
<td>Accounts payable 374,217</td>
</tr>
<tr>
<td>Accrued liabilities 198,625</td>
</tr>
<tr>
<td>Due to fiduciary funds 8,682</td>
</tr>
<tr>
<td>Due to other governments 10,400</td>
</tr>
<tr>
<td>Unearned revenue 30,214</td>
</tr>
<tr>
<td>Current portion of compensated absences 8,523</td>
</tr>
<tr>
<td>Current portion of long term debt 1,766,248</td>
</tr>
<tr>
<td>Total current liabilities 2,396,909</td>
</tr>
<tr>
<td>LONG-TERM LIABILITIES:</td>
</tr>
<tr>
<td>Compensated absences 130,602</td>
</tr>
<tr>
<td>Net pension liability 1,913,422</td>
</tr>
<tr>
<td>Other postemployment benefits 7,560,871</td>
</tr>
<tr>
<td>Long-term debt, net of current portion 9,990,000</td>
</tr>
<tr>
<td>Total long-term liabilities 19,594,895</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>21,991,804</td>
</tr>
<tr>
<td>DEFERRED INFLOWS OF RESOURCES</td>
</tr>
<tr>
<td>Pension related 316,634</td>
</tr>
<tr>
<td>Total deferred inflows of resources 316,634</td>
</tr>
<tr>
<td>NET POSITION</td>
</tr>
<tr>
<td>Net investment in capital assets 85,424,160</td>
</tr>
<tr>
<td>Restricted 4,775,107</td>
</tr>
<tr>
<td>Unrestricted 2,971,829</td>
</tr>
<tr>
<td>Total net position $93,171,096</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
TOWN OF PENFIELD, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Net (Expense) Revenue and Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY GOVERNMENT:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General governmental support</td>
<td>$ 4,340,654</td>
<td>$ 505,635</td>
<td>$ 664</td>
<td></td>
<td>$ (3,834,355)</td>
</tr>
<tr>
<td>Public safety</td>
<td>767,234</td>
<td>945</td>
<td></td>
<td></td>
<td>(766,289)</td>
</tr>
<tr>
<td>Transportation</td>
<td>5,915,191</td>
<td>846,640</td>
<td>292,213</td>
<td></td>
<td>(4,776,338)</td>
</tr>
<tr>
<td>Economic assistance and opportunity</td>
<td>96,975</td>
<td>35,694</td>
<td></td>
<td></td>
<td>(61,281)</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>4,046,390</td>
<td>646,998</td>
<td>26,068</td>
<td></td>
<td>(3,373,324)</td>
</tr>
<tr>
<td>Home and community services</td>
<td>3,399,616</td>
<td>2,686,105</td>
<td>34,750</td>
<td></td>
<td>(678,761)</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>335,123</td>
<td>-</td>
<td></td>
<td></td>
<td>(335,123)</td>
</tr>
<tr>
<td><strong>Total governmental activities</strong></td>
<td><strong>$ 18,901,183</strong></td>
<td><strong>$ 4,722,017</strong></td>
<td><strong>$ 61,482</strong></td>
<td><strong>$ 292,213</strong></td>
<td><strong>(13,825,471)</strong></td>
</tr>
</tbody>
</table>

GENERAL REVENUES:
- Real property taxes and real property tax items: $8,727,206
- Nonproperty tax items: $4,519,785
- State and federal aid not restricted for a specified purpose: $1,512,054
- Use of money and property: $66,660
- Sale of property and compensation for loss: $115,108
- Miscellaneous: $141,299

**Total general revenues**: $15,082,112

**Change in net position**: $1,256,641

**Net position - beginning of year**: $91,914,455

**Net position - end of year**: $93,171,096

The accompanying notes are an integral part of these statements.
### TOWN OF PENFIELD, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Highway Fund</th>
<th>Consolidated Sewer Fund</th>
<th>Total Nonmajor Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,373,358</td>
<td>$2,257,256</td>
<td>$532,844</td>
<td>$2,090,451</td>
<td>$10,253,909</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted</td>
<td>2,313,785</td>
<td>213,363</td>
<td>166,088</td>
<td>2,076,871</td>
<td>4,770,107</td>
</tr>
<tr>
<td>Due from Federal and State governments</td>
<td>5,318</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,318</td>
</tr>
<tr>
<td>Due from other governments</td>
<td>1,066,024</td>
<td>3,728</td>
<td>-</td>
<td>-</td>
<td>1,069,752</td>
</tr>
<tr>
<td>Other receivables</td>
<td>25,979</td>
<td>1,403</td>
<td>2,866</td>
<td>5,000</td>
<td>35,248</td>
</tr>
<tr>
<td>Prepaid expenditures</td>
<td>195,546</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>195,546</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>1,240</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,240</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$8,980,010</strong></td>
<td><strong>$2,475,750</strong></td>
<td><strong>$701,798</strong></td>
<td><strong>$4,173,562</strong></td>
<td><strong>$16,331,120</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>General Fund</th>
<th>Highway Fund</th>
<th>Consolidated Sewer Fund</th>
<th>Total Nonmajor Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$136,687</td>
<td>$138,608</td>
<td>$43,207</td>
<td>$55,715</td>
<td>$374,217</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>75,200</td>
<td>63,753</td>
<td>9,042</td>
<td>19,586</td>
<td>167,581</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>9,922</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,922</td>
</tr>
<tr>
<td>Due to other governments</td>
<td>-</td>
<td>-</td>
<td>10,400</td>
<td>-</td>
<td>10,400</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>30,214</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,214</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>252,023</strong></td>
<td><strong>202,361</strong></td>
<td><strong>62,649</strong></td>
<td><strong>75,301</strong></td>
<td><strong>592,334</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCES:</th>
<th>General Fund</th>
<th>Highway Fund</th>
<th>Consolidated Sewer Fund</th>
<th>Total Nonmajor Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>195,546</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>195,546</td>
</tr>
<tr>
<td>Restricted</td>
<td>2,313,785</td>
<td>213,363</td>
<td>166,088</td>
<td>2,081,871</td>
<td>4,775,107</td>
</tr>
<tr>
<td>Assigned</td>
<td>5,012,629</td>
<td>2,060,026</td>
<td>473,061</td>
<td>2,016,390</td>
<td>9,562,106</td>
</tr>
<tr>
<td>Unassigned</td>
<td>1,206,027</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,206,027</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td><strong>8,727,987</strong></td>
<td><strong>2,273,389</strong></td>
<td><strong>639,149</strong></td>
<td><strong>4,098,261</strong></td>
<td><strong>15,738,786</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and fund balances</strong></td>
<td><strong>$8,980,010</strong></td>
<td><strong>$2,475,750</strong></td>
<td><strong>$701,798</strong></td>
<td><strong>$4,173,562</strong></td>
<td><strong>$16,331,120</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
TOWN OF PENFIELD, NEW YORK

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fund balance - governmental funds</td>
<td>$15,738,786</td>
</tr>
<tr>
<td>Total net position reported for governmental activities in the statement of net position is different because:</td>
<td></td>
</tr>
<tr>
<td>Capital assets used in governmental activities are not current financial resources and; therefore, are not reported in the funds.</td>
<td></td>
</tr>
<tr>
<td>Cost of capital assets</td>
<td>218,575,310</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(121,402,863)</td>
</tr>
<tr>
<td></td>
<td>97,172,447</td>
</tr>
<tr>
<td>Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the funds.</td>
<td></td>
</tr>
<tr>
<td>Deferred outflows - ERS</td>
<td>1,969,246</td>
</tr>
<tr>
<td>Deferred inflows - ERS</td>
<td>(316,634)</td>
</tr>
<tr>
<td>Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.</td>
<td></td>
</tr>
<tr>
<td>Net pension liability - ERS</td>
<td>(1,913,422)</td>
</tr>
<tr>
<td>Bonds payable and other noncurrent liabilities are not due and payable in the current period and; therefore, are not reported in the funds.</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>(11,675,000)</td>
</tr>
<tr>
<td>Deferred amount on refunding</td>
<td>7,961</td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>(81,248)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(139,125)</td>
</tr>
<tr>
<td>Other postemployment benefits</td>
<td>(7,560,871)</td>
</tr>
<tr>
<td></td>
<td>(19,448,283)</td>
</tr>
<tr>
<td>Accrued interest on long-term debt is an expense in the funds when paid, but a liability in the statement of net position when incurred.</td>
<td>(31,044)</td>
</tr>
<tr>
<td>Total net position of governmental activities</td>
<td>$93,171,096</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
# TOWN OF PENFIELD, NEW YORK

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

FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>General Fund</th>
<th>Highway Fund</th>
<th>Sewer Fund</th>
<th>Consolidated Nonmajor Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real property taxes and tax items</td>
<td>2,828,385</td>
<td>3,967,009</td>
<td>1,992,165</td>
<td>2,594,582</td>
<td>11,382,141</td>
</tr>
<tr>
<td>Nonproperty tax items</td>
<td>4,519,785</td>
<td>-</td>
<td>-</td>
<td>4,519,785</td>
<td></td>
</tr>
<tr>
<td>Departmental income</td>
<td>712,086</td>
<td>-</td>
<td>8,622</td>
<td>145,229</td>
<td>865,937</td>
</tr>
<tr>
<td>Intergovernmental charges</td>
<td>39,244</td>
<td>846,134</td>
<td>506</td>
<td>885,884</td>
<td></td>
</tr>
<tr>
<td>Use of money and property</td>
<td>54,673</td>
<td>3,876</td>
<td>2,566</td>
<td>5,545</td>
<td>66,660</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>203,031</td>
<td>-</td>
<td>-</td>
<td>203,031</td>
<td></td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>112,230</td>
<td>-</td>
<td>-</td>
<td>112,230</td>
<td></td>
</tr>
<tr>
<td>Interfund revenue</td>
<td>162,906</td>
<td>30,453</td>
<td>50,000</td>
<td>243,359</td>
<td></td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>47,565</td>
<td>56,248</td>
<td>11,165</td>
<td>115,108</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>203,031</td>
<td>-</td>
<td>-</td>
<td>203,031</td>
<td></td>
</tr>
<tr>
<td>State aid</td>
<td>1,520,268</td>
<td>292,213</td>
<td>-</td>
<td>1,830,999</td>
<td></td>
</tr>
<tr>
<td>Federal aid</td>
<td>34,750</td>
<td>34,750</td>
<td>-</td>
<td>34,750</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>10,245,197</td>
<td>5,199,496</td>
<td>2,096,524</td>
<td>20,401,183</td>
<td></td>
</tr>
</tbody>
</table>

| EXPENDITURES:                         |              |              |            |                                      |       |
|---------------------------------------|              |              |            |                                      |       |
| General governmental support          | 2,934,736    | 68,299       | 19,987     | 15,851                                 | 3,038,873 |
| Public safety                         | 453,668      | -            | -          | 453,668                                |       |
| Transportation                        | 408,827      | 3,592,983    | -          | 189,910                                | 4,191,720 |
| Economic assistance and opportunity   | 69,512       | -            | -          | 69,512                                  |       |
| Culture and recreation                | 1,420,173    | -            | -          | 1,336,208                              | 2,756,381 |
| Home and community services           | 523,776      | -            | 609,553    | 1,717,725                              |       |
| Employee benefits                     | 1,876,782    | 1,099,916    | 258,557    | 3,869,114                              |       |
| Debt service                          |              |              |            |                                      |       |
| Principal                             | 690,000      | 10,000       | 969,236    | 1,723,472                              |       |
| Interest                              | 102,346      | 3,162        | 244,614    | 353,123                                |       |
| Total expenditures                    | 8,479,820    | 4,774,360    | 2,101,947  | 17,990,538                             |       |

<table>
<thead>
<tr>
<th>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating transfers - in</td>
<td>29,833</td>
<td>375</td>
<td>-</td>
<td>2,000</td>
<td>32,208</td>
</tr>
<tr>
<td>Operating transfers - out</td>
<td>-</td>
<td>(1,172)</td>
<td>-</td>
<td>(31,036)</td>
<td>(32,208)</td>
</tr>
<tr>
<td>Total other financing sources and uses</td>
<td>29,833</td>
<td>(797)</td>
<td>-</td>
<td>(29,036)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN FUND BALANCE</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE - beginning of year</td>
<td>1,765,377</td>
<td>425,136</td>
<td>(5,423)</td>
<td>225,555</td>
<td>2,410,645</td>
</tr>
<tr>
<td>FUND BALANCE - end of year</td>
<td>8,727,987</td>
<td>2,273,389</td>
<td>639,149</td>
<td>4,098,261</td>
<td>15,738,786</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
TOWN OF PENFIELD, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - governmental funds $ 2,410,645

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. Also, depreciation is recorded in the statement of activities, but not as a change in fund balance of the governmental funds. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital additions</td>
<td>2,430,825</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(4,220,144)</td>
</tr>
<tr>
<td></td>
<td>(1,789,319)</td>
</tr>
</tbody>
</table>

Losses from the disposition of capital assets are not recorded on the fund financial statements but are recorded on the government-wide financial statements. (8,408)

Capital lease repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 78,472

Government funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense. (270,648)

Deferred amount on refunding is an expenditure in the governmental funds, but is recorded as a deferred outflow of resources in the statement of net position. (3,982)

Some expenses reported in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond principal</td>
<td>1,645,000</td>
</tr>
<tr>
<td>Change in accrued interest</td>
<td>18,000</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(45,010)</td>
</tr>
<tr>
<td>Other postemployment benefits</td>
<td>(778,109)</td>
</tr>
<tr>
<td></td>
<td>839,881</td>
</tr>
</tbody>
</table>

Change in net position of governmental activities $ 1,256,641

The accompanying notes are an integral part of these statements.
## TOWN OF PENFIELD, NEW YORK

### STATEMENT OF FIDUCIARY NET POSITION

**DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Private Purpose Trust Funds</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$20,437</td>
<td>$931,498</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>8,682</td>
</tr>
<tr>
<td>Total assets</td>
<td>$20,437</td>
<td>$940,180</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$-</td>
<td>$940,180</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>-</td>
<td>$940,180</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td>$20,437</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
### TOWN OF PENFIELD, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Private Purpose</th>
<th>Trust Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 179</td>
</tr>
<tr>
<td>Total additions</td>
<td>179</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>179</td>
</tr>
<tr>
<td>NET POSITION - beginning of year</td>
<td>20,258</td>
</tr>
<tr>
<td>NET POSITION - end of year</td>
<td>$ 20,437</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Penfield, New York (the Town) are prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Financial Reporting Entity
The Town is governed by its charter, Town Law, other general laws of the State of New York and various local laws. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of the Supervisor and four Councilpersons. The Supervisor serves as Chief Executive Officer and Chief Fiscal Officer of the Town. The Supervisor is elected to serve a two-year term. The Councilpersons are elected to serve four-year terms with two Councilpersons on the ballot every two years.

The Town provides the following basic services: highway maintenance, recreation facilities and programs, environmental services, sanitation and library services.

The financial reporting entity consists of (a) the primary government which is the Town, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete as set forth in generally accepted accounting principles.

The decision to include a potential component unit in the Town’s reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. A component unit is included in the Town’s reporting entity if it is both fiscally dependent on the Town and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town’s reporting entity.

A. Included in the Reporting Entity
A separate board has been established pursuant to Education Law to manage the operations of the public library. This board is administratively and financially dependent on the Town and, accordingly, the related financial activity is included as a blended component unit within the accompanying financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

B. Excluded From the Reporting Entity

Although the following organizations, functions or activities are related to the Town, they are not included in the Town reporting entity because of the reasons noted:

- The Penfield, Northeast and West Webster Fire Districts, which have been established pursuant to Article 11 of the Town Law, provide fire protection in the Town. The fire districts are governed by separately elected boards of fire commissioners. Although annual budgets prepared by the fire commissioners are included in the Town budget and district taxes are collected by the Town, the Town may not alter the district budgets. In addition, the commissioners have the responsibility for district finances and the management and operation of the districts. Accordingly, the districts have been excluded from the Town’s financial statements.

C. Basis of Presentation

1. Government-Wide Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Town’s services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town’s net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town’s functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Town’s fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town’s net position resulting from the current year’s activities.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements

The emphasis of fund financial statements is on the major fund in the governmental activities category. Non-major funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of the assets/deferred inflows of resources, liabilities/deferred outflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

a. Governmental Funds - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town’s governmental fund types:

1. Major Governmental Funds

   - **General Fund** - the primary operating fund of the Town and includes all revenues and expenditures not required by law to be accounted for in other funds.

   - **Highway Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide highway services to areas throughout the Town.

   - **Consolidated Sewer Fund** - a special revenue fund used to account for taxes, user fees, or other revenues which are raised or received to provide sewer services throughout the Town.

2. Non-Major Governmental Funds

   The other funds which do not meet the major fund criteria are aggregated and reported in one column as non-major governmental funds. The following are reported as non-major governmental funds:

   - **Debt Service Fund** - used to account for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

   - **Capital Projects Fund** - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Governmental Funds (Continued)

2. Non-Major Governmental Funds (Continued)

- **Special Revenue Funds** - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Town. The following are non-major special revenue funds utilized by the Town:
  - Public Library Fund
  - Drainage Fund
  - Consolidated Lighting Fund
  - Special Parks Fund
  - Water Fund
  - Recreation Trust
  - Special Grant Fund

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee or custodial capacity.

- **Agency Funds** - is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

- **Private Purpose Trust Funds** - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments, but not the Town itself.

D. Basis of Accounting and Measurement Focus

1. Accrual

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. On an accrual basis, revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied.
D. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the year.

Expenditures are recorded when incurred except that:

- Expenditures for prepaid expenditures and inventory-type items are recognized at the time of the disbursement.
- Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

E. Real Property Taxes

Real property taxes are levied January 1 and collected by the Receiver of Taxes without interest through February 10, and through May 31 with interest and penalties. Taxes for County purposes are levied together with taxes for town and special district purposes on a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Uncollected taxes at June 1 are turned over to Monroe County for collection. At year-end, all Town and special district taxes had been collected; and, therefore, no reserve was necessary.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

G. Cash and Cash Equivalents

The Town’s cash and cash equivalents consist of cash on hand and both demand and non-demand deposits. Restricted cash represents cash and cash equivalents whose use is limited by legal requirements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Receivables are stated at net realizable value. Town management has deemed the amounts to be fully collectible for the year ended December 31, 2017.

I. Due To/From Other Funds

The amounts reported on the Governmental Funds Balance Sheet for due to and from other funds represents amounts due between different fund types (i.e. general, highway, and non-major funds). A detailed description of the individual fund balances at year end is provided subsequently in these notes.

J. Inventories and Prepaid Items

Inventory purchases in the General and Special Revenue Funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

Prepaid items represent payments made by the Town for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

K. Capital Assets - Property, Plant and Equipment

1. Governmental Activities

Capital assets purchased or acquired with an original cost of $15,000 or more are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at fair market value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

<table>
<thead>
<tr>
<th>Class</th>
<th>Life in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and improvements</td>
<td>25 years</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5 - 12 years</td>
</tr>
<tr>
<td>Infrastructure:</td>
<td></td>
</tr>
<tr>
<td>Sanitary sewer systems</td>
<td>80 years</td>
</tr>
<tr>
<td>Sidewalks</td>
<td>60 years</td>
</tr>
<tr>
<td>Roads</td>
<td>40 years</td>
</tr>
<tr>
<td>Water distribution systems</td>
<td>40 years</td>
</tr>
</tbody>
</table>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

In accordance with policies adopted by the Town Board, Town employees can earn a maximum of six weeks vacation throughout a 23-year period, two days personal leave and twelve days sick leave. Town employees are granted vacation in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation at various rates subject to certain maximum limitations. Payment of vacation is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation when such payment is due and a liability is recorded in the government-wide financial statements for compensated absences to pay estimated accrued vacation time at year-end.

Sick leave can be accumulated up to a maximum of 2080 hours. Upon retirement, the value of unused sick leave is considered as continuous service time for retirement purposes, but does not result in additional liabilities for the Town.

M. Postemployment Benefits

The Town provides postemployment health insurance coverage to its retired employees and their spouses. Substantially all employees may become eligible for these benefits when they reach eligible retirement age and have worked 10 years for the Town. The Town made no provision for recognizing the cost of postemployment benefits which may eventually be paid to employees who have not yet retired, on the governmental funds statements. On the government-wide statements, these amounts have been recorded as a liability.

N. Unearned Revenue

The Town reports unearned revenues in its basic financial statements, if applicable. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period under the modified accrual method of accounting. Unearned revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Town’s future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the funds. Encumbrances are reported within the fund balance category from which their spending authorization has been recorded since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Q. Interfund Transactions

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with certain interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financial or other services.

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of resources that applies to a future period and so will not be recognized as an outflow until then. The Town's deferred loss on refunding is recognized as a deferred outflow and will be recognized over the remaining life of the related debt. In addition, the Town has a deferred outflow of resources related to the New York State Employee Retirement System.

The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Town has a deferred inflow of resources related to the New York State Employee Retirement System.

S. Fund Balances - Fund Financial Statements

Accounting principles generally accepted in the United States provide clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances**
  These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted Fund Balances**
  These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balances - Fund Financial Statements (Continued)

- **Committed Fund Balances**
  These are amounts that can be used only for specific purposes determined by a formal action of the Town Board prior to year-end. The Town Board is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Board.

- **Assigned Fund Balances**
  These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is at the discretion of the Town Board or the Town Supervisor to make assignments as they see fit.

- **Unassigned Fund Balances**
  These are all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds unless the Town Board has provided otherwise. The Town’s policy is to maintain a minimum unrestricted (unassigned or assigned) fund balance of 10-12% of the total general fund appropriations. For the year ended December 31, 2017, the Town was in compliance with this policy.

T. Net Position

1. Government-Wide Statements

   Equity is classified as net position and displayed in three components:

   - **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

   - **Restricted net position** - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of an other government; or (2) law through constitutional provisions or enabling legislation.

   - **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.
2. STEWARDSHIP

A. Budgetary Data

1. Budget Policies - The budget policies are as follows:

   a. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for submission to the Town Board for the year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.

   b. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Town Board adopts the budget.

   c. All modifications of the budget must be approved by the Town Board. (However, the Comptroller is authorized to transfer certain budgeted amounts within departments).

   d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. Budgetary Basis of Accounting

   Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary comparison schedules are presented in the financial statements.

   The Town reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the fund balances computed on GAAP basis and budgetary basis:

   **General Fund:**
   - GAAP basis fund balance at December 31, 2017: $8,727,987
   - Less: Outstanding encumbrances: (207,409)
   - Budgetary basis fund balance at December 31, 2017: $8,520,578

   **Highway Fund:**
   - GAAP basis fund balance at December 31, 2017: $2,273,389
   - Less: Outstanding encumbrances: (53,953)
   - Budgetary basis fund balance at December 31, 2017: $2,219,436

   No adjustments were necessary to convert the Consolidated Sewer Fund fund balance on the GAAP basis to the budgetary basis at December 31, 2017.

3. Revenue Restrictions

   The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.
3. **CASH AND CASH EQUIVALENTS**

**Primary Government, Including Fiduciary Funds**

State statutes govern the Town’s investment policies. The Town has its own written deposit and investment policy, which is compliant with Section 39 of the General Municipal Law. Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within New York State.

The Town is authorized to invest in interest bearing savings accounts, certificates of deposit, obligations of the United States, obligations guaranteed by agencies of the United States for which the payment of principal and interest on the obligations are guaranteed by the United States, obligations of the State of New York, obligations issued pursuant to Local Finance Law Section 24 or 25 by any municipality, school district, or district corporation other than the Town, and obligations of public authorities, public housing authorities, and urban renewal agencies where the State statutes governing such entities or whose specific enabling legislation authorize such investments.

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town’s investment policies.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the Town were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

The Town’s aggregate bank balances were insured and collateralized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Bank Balance</th>
<th>Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary government</td>
<td>$15,187,830</td>
<td>$15,024,016</td>
</tr>
<tr>
<td>Fiduciary funds</td>
<td>951,935</td>
<td>951,935</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$16,139,765</td>
<td>$15,975,951</td>
</tr>
<tr>
<td>Category 1: Covered by FDIC insurance</td>
<td>$886,794</td>
<td></td>
</tr>
<tr>
<td>Category 2: Collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name</td>
<td>15,259,359</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,146,153</strong></td>
<td></td>
</tr>
</tbody>
</table>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end was $4,770,107 within the governmental funds.
4. **CAPITAL ASSETS**

A summary of changes in capital assets follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Balance 1/1/2017</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance 12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$11,219,049</td>
<td>-</td>
<td>-</td>
<td>$11,219,049</td>
</tr>
<tr>
<td>Work in progress</td>
<td>1,762,532</td>
<td>226,605</td>
<td>(1,534,050)</td>
<td>455,087</td>
</tr>
<tr>
<td><strong>Total capital assets not being depreciated</strong></td>
<td>12,981,581</td>
<td>226,605</td>
<td>(1,534,050)</td>
<td>11,674,136</td>
</tr>
<tr>
<td><strong>Depreciable capital assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>7,859,652</td>
<td>-</td>
<td>-</td>
<td>7,859,652</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>7,043,065</td>
<td>775,686</td>
<td>(1,233,366)</td>
<td>6,585,385</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>189,493,553</td>
<td>2,962,584</td>
<td>-</td>
<td>192,456,137</td>
</tr>
<tr>
<td><strong>Total depreciable capital assets</strong></td>
<td>204,396,270</td>
<td>3,738,270</td>
<td>(1,233,366)</td>
<td>206,901,174</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>(5,867,695)</td>
<td>(136,291)</td>
<td>-</td>
<td>(6,003,986)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(4,904,374)</td>
<td>(385,502)</td>
<td>1,224,958</td>
<td>(4,064,918)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(107,635,608)</td>
<td>(3,698,351)</td>
<td>-</td>
<td>(111,333,959)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation for depreciable capital assets, net</strong></td>
<td>(118,407,677)</td>
<td>(4,220,144)</td>
<td>1,224,958</td>
<td>(121,402,863)</td>
</tr>
<tr>
<td><strong>Total depreciable assets, net</strong></td>
<td>85,988,593</td>
<td>(481,874)</td>
<td>(8,408)</td>
<td>85,498,311</td>
</tr>
<tr>
<td><strong>Governmental activities capital assets, net</strong></td>
<td>98,970,174</td>
<td>(255,269)</td>
<td>(1,542,458)</td>
<td>97,172,447</td>
</tr>
</tbody>
</table>

Depreciation expense for the period was charged to functions/programs as follows:

**Governmental Activities:**

- General government: $136,291
- Transportation: 2,097,382
- Home and community services: 1,986,471

**Total depreciation expense:** $4,220,144
5. **INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

Interfund receivables, payables, revenues and expenditures at December 31, 2017 were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Interfund Receivables</th>
<th>Interfund Payables</th>
<th>Interfund Revenues</th>
<th>Interfund Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>$9,922</td>
<td>-</td>
<td>$29,833</td>
<td>-</td>
</tr>
<tr>
<td>Highway fund</td>
<td>-</td>
<td>-</td>
<td>375</td>
<td>1,172</td>
</tr>
<tr>
<td>Nonmajor funds</td>
<td>1,240</td>
<td>-</td>
<td>2,000</td>
<td>31,036</td>
</tr>
<tr>
<td>Fiduciary funds</td>
<td>8,682</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,922</strong></td>
<td><strong>$9,922</strong></td>
<td><strong>$32,208</strong></td>
<td><strong>$32,208</strong></td>
</tr>
</tbody>
</table>

Interfund transactions between governmental activities are eliminated on the Statement of Net Position. The Town typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

6. **PENSION PLANS**

**New York State and Local Employees’ Retirement System Plan Description**
The Town participates in the New York State Employees’ Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to 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, New York 12244.
6. PENSION PLANS (Continued)

New York State and Local Employees' Retirement System Plan Description (Continued)

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. 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. Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 888,845</td>
</tr>
<tr>
<td>2016</td>
<td>$ 904,938</td>
</tr>
<tr>
<td>2015</td>
<td>$1,056,495</td>
</tr>
</tbody>
</table>

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported a net pension liability of $1,913,422 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The Town's proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Town’s proportionate share was .0203637%, which was a decrease from its proportionate share measured at December 31, 2016 of .0209761%.

For the year ended December 31, 2017, the Town recognized pension expense of $1,095,733. At December 31, 2017, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$47,949</td>
<td>$290,564</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>653,695</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>382,188</td>
<td>-</td>
</tr>
<tr>
<td>Changes in proportion and differences between the Town's contributions and proportionate share of contributions</td>
<td>218,780</td>
<td>26,070</td>
</tr>
<tr>
<td>Contributions subsequent to measurement date</td>
<td>666,634</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,969,246</strong></td>
<td><strong>$316,634</strong></td>
</tr>
</tbody>
</table>
6. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Plan's Year Ended March 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$429,636</td>
</tr>
<tr>
<td>2019</td>
<td>$429,636</td>
</tr>
<tr>
<td>2020</td>
<td>$368,481</td>
</tr>
<tr>
<td>2021</td>
<td>$(241,775)</td>
</tr>
</tbody>
</table>

$985,978

The Town recognized $666,634 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

- Inflation: 2.50%
- Salary scale: 3.8% indexed by service
- Projected COLAs: 1.3% compounded annually
- Decrement: Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
- Mortality improvement: Society of Actuaries Scale MP-2014
- Investment Rate of Return: 7.0% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
6. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)
The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Target Allocations in %</th>
<th>Long-Term expected real rate of return in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>36</td>
<td>4.55</td>
</tr>
<tr>
<td>International Equity</td>
<td>14</td>
<td>6.35</td>
</tr>
<tr>
<td>Private Equity</td>
<td>10</td>
<td>7.75</td>
</tr>
<tr>
<td>Real Estate</td>
<td>10</td>
<td>5.80</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>2</td>
<td>4.00</td>
</tr>
<tr>
<td>Opportunistic Portfolio</td>
<td>3</td>
<td>5.89</td>
</tr>
<tr>
<td>Real Asset</td>
<td>3</td>
<td>5.54</td>
</tr>
<tr>
<td>Bonds &amp; Mortgages</td>
<td>17</td>
<td>1.31</td>
</tr>
<tr>
<td>Cash</td>
<td>1</td>
<td>(0.25)</td>
</tr>
<tr>
<td>Inflation-Indexed Bonds</td>
<td>4</td>
<td>1.50</td>
</tr>
<tr>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption
The following presents the Town’s proportionate share of the net pension liability 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 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

<table>
<thead>
<tr>
<th>1% Current 1% Decrease Discount Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.0%</td>
</tr>
<tr>
<td>Proportionate Share of Net Pension liability (asset)</td>
</tr>
</tbody>
</table>

Pension Plan Fiduciary Net Position (000's)
The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension liability</td>
<td>$ 177,400,586</td>
</tr>
<tr>
<td>Net position</td>
<td>(168,004,363)</td>
</tr>
<tr>
<td>Net pension liability (asset)</td>
<td>$ 9,396,223</td>
</tr>
<tr>
<td>ERS net position as a percentage of total pension liability</td>
<td>94.7%</td>
</tr>
</tbody>
</table>
7. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description
The Town provides postemployment medical benefits for retirees and spouses through the Town's Postretirement Health Care Benefits Program (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and collective bargaining agreements and can be amended by the Town through its personnel manual and through labor negotiations. The Town offers benefits through a community related medical plan, and provides three plan options to all eligible employees and spouses, including an under 65 medical plan, Preferred Care Gold, and dental coverage.

All full time employees of the Town are eligible to participate. Upon retirement, participants and their spouses are eligible for continued medical benefits provided through the Town's Plan. Participants are eligible for benefits once they have reached age fifty-five and have ten years of experience and have retired from the Town. At December 31, 2017, there were 71 retirees receiving benefits under the Plan.

Contribution Policy
The obligations of the Plan are established by action of the Town pursuant to applicable collective bargaining and employment agreements. The costs of administering the Plan are paid by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The retiree pays the full cost of all Medicare premiums for the retiree and eligible dependents. The amount paid during 2017 was approximately $540,000.

Annual OPEB Cost and Net OPEB Obligation
The Town's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution</td>
<td>$1,758,002</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>335,199</td>
</tr>
<tr>
<td>Adjustment to ARC</td>
<td>(775,170)</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
<td>1,318,031</td>
</tr>
<tr>
<td>Contributions made</td>
<td>(539,922)</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
<td>778,109</td>
</tr>
<tr>
<td>Net OPEB obligation - beginning of year</td>
<td>6,782,762</td>
</tr>
<tr>
<td>Net OPEB obligation - end of year</td>
<td>$7,560,871</td>
</tr>
</tbody>
</table>

Percentage of Annual OPEB Cost Contributed: 41%
7. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funded Status and Funding Progress
The projection of future benefits for an ongoing plan involves 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 Plan is currently not funded. The Plan does not issue a stand alone report as there are no assets legally separated for the Plan.

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

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the following methods and assumptions were used:

<table>
<thead>
<tr>
<th>Actuarial cost method</th>
<th>Aggregate Cost Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate*</td>
<td>5.0%</td>
</tr>
<tr>
<td>Medical care cost trend rate</td>
<td>7.0% initially, reduced by decrements to an ultimate rate of 4.5% in 2022.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unfunded actuarial accrued liability:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization period**</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Amortization method**</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Amortization basis**</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

* As the plan is unfunded, the assumed discount rate considers that the Town's investment assets are low risk in nature, such as money market funds or certificates of deposit.

** Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.
8. **LONG-TERM OBLIGATIONS**

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

**Environmental Facilities Corporation/Revolving Fund Revenue Bonds**
The Town has borrowed money from the New York State Environmental Facilities Corporation (EFC) for water pollution control in the Town.

**Other Long-Term Obligations**
In addition to the above long-term debt the Town had the following non-current liabilities:

- **Compensated absences** - represents the value earned and unused portion of the liability for compensated absences.

- **Capital leases** - represents future obligations to be repaid under non-cancellable lease agreements for certain vehicles and equipment.

Long-term debt obligation balances and activity for the year are summarized below:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Balance 1/1/2017</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 12/31/2017</th>
<th>Classified as</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving fund revenue bonds</td>
<td>$3,560,000</td>
<td>-</td>
<td>$(650,000)</td>
<td>$2,910,000</td>
<td>Current $610,000</td>
</tr>
<tr>
<td>Serial bonds</td>
<td>$9,760,000</td>
<td>-</td>
<td>$(995,000)</td>
<td>$8,765,000</td>
<td>Current $1,075,000</td>
</tr>
<tr>
<td>Capital lease</td>
<td>$159,720</td>
<td>-</td>
<td>$(78,472)</td>
<td>$81,248</td>
<td>Current $81,248</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>$94,115</td>
<td>45,010</td>
<td>-</td>
<td>$139,125</td>
<td>Current $8,523</td>
</tr>
</tbody>
</table>

**Total obligations**

| Total obligations | $13,573,835 | $45,010 | $(1,723,472) | $11,895,373 | Current $1,774,771 | Non-Current $10,120,602 |

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.
### Other Long-Term Obligations (Continued)

The following is a statement of bonds with corresponding maturity schedules:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Issue Date</th>
<th>Interest Rate</th>
<th>Amount Outstanding</th>
<th>Final Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serial Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2009</td>
<td>3.25-4.38%</td>
<td>$ 145,000</td>
<td>2028</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.25%</td>
<td>$ 275,000</td>
<td>2032</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.25%</td>
<td>$ 350,000</td>
<td>2032</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.13%</td>
<td>$ 100,000</td>
<td>2027</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.25%</td>
<td>$ 235,000</td>
<td>2019</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.25%</td>
<td>$ 35,000</td>
<td>2019</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2012</td>
<td>2.75-3.13%</td>
<td>$ 30,000</td>
<td>2019</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2014</td>
<td>3.75%-4.00%</td>
<td>$ 1,890,000</td>
<td>2022</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2016</td>
<td>2.00%-4.00%</td>
<td>$ 3,715,000</td>
<td>2028</td>
</tr>
<tr>
<td>Public Improvement</td>
<td>2016</td>
<td>3.00%-3.25%</td>
<td>$ 1,990,000</td>
<td>2035</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 8,765,000</td>
<td></td>
</tr>
<tr>
<td>Revolving Fund Revenue Bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State water pollution control</td>
<td>2000A</td>
<td>Various*</td>
<td>$ 80,000</td>
<td>2019</td>
</tr>
<tr>
<td>State water pollution control</td>
<td>2001A</td>
<td>Various*</td>
<td>$ 130,000</td>
<td>2020</td>
</tr>
<tr>
<td>State water pollution control</td>
<td>2002G</td>
<td>Various*</td>
<td>$ 635,000</td>
<td>2021</td>
</tr>
<tr>
<td>State water pollution control</td>
<td>2004D</td>
<td>Various*</td>
<td>$ 1,520,000</td>
<td>2022</td>
</tr>
<tr>
<td>State water pollution control</td>
<td>2004D</td>
<td>Various*</td>
<td>$ 545,000</td>
<td>2023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 2,910,000</td>
<td></td>
</tr>
</tbody>
</table>

* This interest is subsidized by the Environmental Facilities Corporation through the State Revolving Fund by approximately one half of total interest paid.

The following table summarizes the Town’s future debt service requirements as of December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Bonds</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,685,000</td>
<td>$346,434</td>
</tr>
<tr>
<td>2019</td>
<td>1,670,000</td>
<td>296,987</td>
</tr>
<tr>
<td>2020</td>
<td>1,520,000</td>
<td>216,774</td>
</tr>
<tr>
<td>2021</td>
<td>1,475,000</td>
<td>174,663</td>
</tr>
<tr>
<td>2022</td>
<td>1,345,000</td>
<td>136,109</td>
</tr>
<tr>
<td>2023-2027</td>
<td>2,640,000</td>
<td>376,290</td>
</tr>
<tr>
<td>2028-2032</td>
<td>935,000</td>
<td>148,244</td>
</tr>
<tr>
<td>2033-2037</td>
<td>405,000</td>
<td>26,487</td>
</tr>
<tr>
<td>Total</td>
<td>$11,675,000</td>
<td>$1,721,988</td>
</tr>
</tbody>
</table>
8. **LONG-TERM OBLIGATIONS (Continued)**

**Other Long-Term Debt (Continued)**

Interest on long-term debt for the year was composed of:

- Interest paid: $353,123
- Plus: Interest accrued in the current year: $31,044
- Less: Interest accrued in the prior year: $(49,044)

Total interest expense: $335,123

The following table summarizes the Town’s future capital lease debt requirements as of December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$81,324</td>
</tr>
</tbody>
</table>

Less: Interest (76)

Total: $81,248

9. **FUND BALANCES**

As of December 31, 2017, fund balances were composed of the following:

<table>
<thead>
<tr>
<th>Fund</th>
<th>General</th>
<th>Highway</th>
<th>Sewer</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenditures</td>
<td>$195,546</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$195,546</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General reserve</td>
<td>2,313,785</td>
<td>213,363</td>
<td>41,245</td>
<td></td>
<td>2,546,393</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>254,608</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special parks fund</td>
<td></td>
<td>87,437</td>
<td>211,724</td>
<td></td>
<td>299,161</td>
</tr>
<tr>
<td>Reserve for repairs</td>
<td></td>
<td>-</td>
<td>124,844</td>
<td></td>
<td>124,844</td>
</tr>
<tr>
<td>Debt service</td>
<td></td>
<td>290,793</td>
<td>290,793</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td></td>
<td></td>
<td>1,870,147</td>
<td></td>
<td>1,870,147</td>
</tr>
<tr>
<td>Assigned:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General governmental support</td>
<td>105,560</td>
<td>-</td>
<td>-</td>
<td></td>
<td>105,560</td>
</tr>
<tr>
<td>Public safety</td>
<td></td>
<td>53,953</td>
<td>-</td>
<td></td>
<td>53,953</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td>30,000</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>87,437</td>
<td>-</td>
<td>-</td>
<td></td>
<td>87,437</td>
</tr>
<tr>
<td>Home and community services</td>
<td>14,412</td>
<td>-</td>
<td>19,489</td>
<td></td>
<td>33,901</td>
</tr>
<tr>
<td>Appropriations</td>
<td>290,000</td>
<td>-</td>
<td>16,136</td>
<td>51,593</td>
<td>357,729</td>
</tr>
<tr>
<td>Other spendable amounts</td>
<td>4,515,220</td>
<td>2,006,073</td>
<td>456,924</td>
<td>1,624,515</td>
<td>8,602,732</td>
</tr>
<tr>
<td>Unassigned</td>
<td>1,206,027</td>
<td>-</td>
<td>-</td>
<td></td>
<td>1,206,027</td>
</tr>
<tr>
<td>Total</td>
<td>$8,727,987</td>
<td>$2,273,389</td>
<td>$639,149</td>
<td>$4,098,261</td>
<td>$15,738,786</td>
</tr>
</tbody>
</table>
10. **NET POSITION**

The following table shows the net position restricted as shown on the Statement of Net Position:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Restricted By</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water fund</td>
<td>Law</td>
<td>$ 5,671</td>
</tr>
<tr>
<td>Library fund</td>
<td>Law</td>
<td>79,073</td>
</tr>
<tr>
<td>General fund</td>
<td>Law</td>
<td>2,313,785</td>
</tr>
<tr>
<td>Highway fund</td>
<td>Law</td>
<td>213,363</td>
</tr>
<tr>
<td>Drainage fund</td>
<td>Law</td>
<td>164,304</td>
</tr>
<tr>
<td>Consolidated lighting fund</td>
<td>Law</td>
<td>206,953</td>
</tr>
<tr>
<td>Consolidated sewer fund</td>
<td>Law</td>
<td>166,088</td>
</tr>
<tr>
<td>Debt service fund</td>
<td>Debt Service</td>
<td>290,793</td>
</tr>
<tr>
<td>Recreation trust</td>
<td>Law</td>
<td>1,123,353</td>
</tr>
<tr>
<td>Special parks fund</td>
<td>Law</td>
<td>211,724</td>
</tr>
</tbody>
</table>

Total restricted net position $ 4,775,107

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

11. **DEFERRED COMPENSATION PLAN**

Employees of the Town may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. As of December 31, 2017, the fair value of the assets of the Plan totaled $7,587,137.

12. **OTHER INFORMATION**

A. **Risk Management**

   1. **General Information**

      The Town is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance for the past three years.

   2. **Dental Plan**

      The Town self insures for dental coverage for its employees. The Town uses a third party administrator who is responsible for processing claims and estimating liabilities. The Town does not carry excess insurance coverage relative to this plan. The Town records expenditures in the governmental funds on January 1st of each year based on the current costs of dental coverage. All liabilities are paid by the administrator as expenses are incurred.
12. OTHER INFORMATION (Continued)

B. Commitments and Contingencies

1. Commitments
   The Town participates in a number of federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

2. Litigation
   The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on its financial condition.

13. TAX ABATEMENT

The Town has three real property tax abatement agreements entered into by the County of Monroe Industrial Development Agency (COMIDA) under Article 18-A of the real property tax law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) and are under one of five possible programs:

**JobsPlus Program**
Under the JobsPlus program the recipient can be manufacturers, technology-based producer service companies, commercial projects which will increase the tax assessment with new construction and the rehabilitation of existing commercial buildings that have been vacant for a long period of time. They must meet a minimum of 10% job creation goal over impacted employment within three years. The project must use all local labor for the construction of new, expanded or renovated facilities.

**Enhanced JobsPlus Program**
Under the Enhanced JobsPlus program the recipient can be manufacturers or technology based producer service companies. The requirements are an investment minimum of $15 million in new plant, machinery and equipment or renovation of existing buildings, a minimum of 100 new jobs from new companies locating in Monroe County, or existing companies expanding operations within Monroe County within 3 years, and in the absence of a waiver permitting otherwise, the project must use all local labor for the construction of new, expanded or renovated facilities.

**Shelter Rent**
Property tax abated under the Shelter rent program is for new building or renovation projects for student or affordable housing. This program requires job creation of a minimum of 10% within 3 years as well as the use of local labor for the construction of new or renovation of facilities.

**Green JobsPlus**
Under the Green JobsPlus program the recipient can be manufacturers, technology-based producer service companies, or commercial projects which will increase the tax assessment with new construction. Requirements for this program are that the project must be rated as certified, gold, silver or platinum by the United States Green Building Council’s Leadership in Energy and Environmental Design Green Building Rating System must meet the minimum of 10% job creation in 3 years and must use all local labor.
13. TAX ABATEMENT (Continued)

LeasePlus Program
For the new building construction or renovation projects for universities and medical related facilities in which a 501(c)(3) entity leases from a for-profit entity. The requirements under this program are job creation of 10% within 3 years and the use of local labor.

The following information relates to the PILOT agreements entered into under the aforementioned programs:

<table>
<thead>
<tr>
<th>Year Began</th>
<th>Agreement / Property</th>
<th>Total Assessed Value</th>
<th>Assessed Abatement Rate</th>
<th>Pilot Taxable Value</th>
<th>Town Tax Rate / 1000</th>
<th>Regular Taxable Payment Amount Received</th>
<th>Pilot Taxes Abated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Wegmans Enterprises</td>
<td>$8,716,800</td>
<td>0%</td>
<td>$</td>
<td>0.269%</td>
<td>$23,448</td>
<td>$23,448</td>
</tr>
<tr>
<td>2008</td>
<td>Berinmar, LLC</td>
<td>$2,225,000</td>
<td>10%</td>
<td>$222,500</td>
<td>0.269%</td>
<td>$5,985</td>
<td>$599</td>
</tr>
<tr>
<td>2009</td>
<td>Bach Properties, LLC</td>
<td>$850,800</td>
<td>20%</td>
<td>$170,160</td>
<td>0.269%</td>
<td>$2,289</td>
<td>$458</td>
</tr>
<tr>
<td>2014</td>
<td>Laureland Inc.</td>
<td>$2,209,600</td>
<td>70%</td>
<td>$1,542,520</td>
<td>0.269%</td>
<td>$5,928</td>
<td>$4,149</td>
</tr>
<tr>
<td>2013</td>
<td>Laureland 2010, LLC</td>
<td>$1,053,800</td>
<td>60%</td>
<td>$632,280</td>
<td>0.269%</td>
<td>$2,635</td>
<td>$1,701</td>
</tr>
<tr>
<td>2015</td>
<td>DiMarco Baytowne Assoc.</td>
<td>$1,994,100</td>
<td>80%</td>
<td>$1,595,280</td>
<td>0.269%</td>
<td>$5,364</td>
<td>$4,291</td>
</tr>
<tr>
<td>2007</td>
<td>H&amp;T Development, LLC</td>
<td>$972,100</td>
<td>0%</td>
<td>$</td>
<td>0.269%</td>
<td>$2,615</td>
<td>$2,615</td>
</tr>
<tr>
<td>2008</td>
<td>RCC Penfield, LLC</td>
<td>$1,600,000</td>
<td>10%</td>
<td>$160,000</td>
<td>0.269%</td>
<td>$4,304</td>
<td>$430</td>
</tr>
<tr>
<td>2012</td>
<td>Nine Mile Line Associates, LLC</td>
<td>$3,685,100</td>
<td>50%</td>
<td>$1,842,550</td>
<td>0.269%</td>
<td>$9,913</td>
<td>$4,956</td>
</tr>
<tr>
<td>2009</td>
<td>North Forest Properties #3, LLC</td>
<td>$769,400</td>
<td>20%</td>
<td>$153,880</td>
<td>0.269%</td>
<td>$2,070</td>
<td>$414</td>
</tr>
</tbody>
</table>

The Town is also subject to Mortgage and Sales tax abatements granted by COMIDA in order to increase business activity and employment in the region. The amount of sales tax abated in the Town for the year ended December 31, 2017 was $48,488. This was 1.2% of the sales tax apportioned to the Town in 2017.

14. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The Town is required to adopt the provisions of these Statements for the year ending December 31, 2018, with early adoption encouraged.

In March 2016, GASB issued Statement No. 82, Pension Issues-An Amendment of GASB Statements No. 67, Financial Reporting for pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GAS 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The Statement addresses issues related to the presentation of payroll related measures in required supplementary information, selection of assumptions and the treatment of deviations and classification of payments made by employers to meet employee contribution requirements. The Statement takes effect for reporting periods beginning after June 15, 2016 except for the selection of assumptions in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end in which the effective date is on or after June 15, 2017. Earlier adoption is encouraged.
14. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Town is required to adopt the provisions of this Statement for the year ending December 31, 2020.

15. SUBSEQUENT EVENT

In April 2018, the Town issued a bond anticipation note in the amount of $3,390,000 with an interest rate of 2.75% for the acquisition of multiple parcels of land, constituting a portion of the former Shadow Pines Golf Club. The bond anticipation note will mature in April 2019.
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF PENFIELD, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Variance with Final Budget</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts (Budgetary Basis)</th>
<th>Positive Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property taxes and tax items</td>
<td>$2,825,258</td>
<td>$2,825,258</td>
<td>$2,828,385</td>
<td>$3,127</td>
</tr>
<tr>
<td>Nonproperty tax items</td>
<td>$3,515,000</td>
<td>$3,515,000</td>
<td>$4,519,785</td>
<td>$1,004,785</td>
</tr>
<tr>
<td>Departmental income</td>
<td>$652,200</td>
<td>$670,514</td>
<td>$712,086</td>
<td>$41,572</td>
</tr>
<tr>
<td>Intergovernmental charges</td>
<td>$46,475</td>
<td>$46,475</td>
<td>$39,244</td>
<td>$(7,231)</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>$39,275</td>
<td>$39,275</td>
<td>$54,673</td>
<td>$15,398</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>$191,000</td>
<td>$191,000</td>
<td>$203,031</td>
<td>$12,031</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>$110,000</td>
<td>$110,000</td>
<td>$112,230</td>
<td>$2,230</td>
</tr>
<tr>
<td>Interfund revenues</td>
<td>$167,186</td>
<td>$172,186</td>
<td>$162,906</td>
<td>$(9,280)</td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47,565</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$6,000</td>
<td>$16,000</td>
<td>$45,024</td>
<td>$29,024</td>
</tr>
<tr>
<td>State aid</td>
<td>$1,071,430</td>
<td>$1,071,430</td>
<td>$1,520,268</td>
<td>$448,838</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$8,623,824</td>
<td>$8,657,138</td>
<td>$10,245,197</td>
<td>$1,588,059</td>
</tr>
</tbody>
</table>

| EXPENDITURES:             |                 |              |                                |                   |
| General governmental support | $3,131,525 | $3,186,786 | $3,040,296 | $146,490 |
| Public safety             | $516,247 | $489,248 | $453,668 | $35,580 |
| Transportation            | $330,050 | $428,882 | $408,827 | $20,055 |
| Economic assistance and opportunity | $63,077 | $75,315 | $69,512 | $5,803 |
| Culture and recreation    | $1,500,971 | $1,600,336 | $1,507,610 | $92,726 |
| Home and community services | $596,280 | $604,843 | $538,188 | $66,655 |
| Employee benefits         | $1,997,328 | $1,997,325 | $1,876,782 | $120,543 |
| Debt service              | $792,346 | $792,346 | $792,346 | 0 |
| **Total expenditures**    | $8,927,824 | $9,175,081 | $8,687,229 | $487,852 |

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

| (304,000) | (517,943) | 1,557,968 | 2,075,911 |

OTHER FINANCING SOURCES (USES):

| Operating transfers - in | 15,000 | 43,896 | 29,833 | (14,063) |
| Appropriations           | $289,000 | - | - | - |
| **Total other financing sources (uses)** | $304,000 | $43,896 | $29,833 | (14,063) |

CHANGE IN FUND BALANCE

| $ | - | $(474,047) | 1,587,801 | $2,061,848 |

FUND BALANCE - beginning of year

| 6,932,777 |

FUND BALANCE - end of year

| $8,520,578 |
## TOWN OF PENFIELD, NEW YORK

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
**BUDGET AND ACTUAL - HIGHWAY FUND (UNAUDITED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Variance with Final Budget</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts (Budgetary Basis)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Positive</td>
<td></td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td>Positive</td>
<td></td>
</tr>
<tr>
<td>Real property taxes and tax items</td>
<td>$ 3,967,009 $</td>
<td>3,967,009 $</td>
<td>$ 3,967,009 $</td>
<td>- $</td>
</tr>
<tr>
<td>Intergovernmental charges</td>
<td>738,000</td>
<td>738,000</td>
<td>846,134 $</td>
<td>108,134 $</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>2,000</td>
<td>2,000</td>
<td>3,876 $</td>
<td>1,876 $</td>
</tr>
<tr>
<td>Interfund revenue</td>
<td>114,868</td>
<td>114,868</td>
<td>30,453 $</td>
<td>(84,415) $</td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>-</td>
<td>-</td>
<td>56,248 $</td>
<td>56,248 $</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>3,563 $</td>
<td>3,563 $</td>
</tr>
<tr>
<td>State aid</td>
<td>207,732</td>
<td>292,182</td>
<td>292,213 $</td>
<td>31 $</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>5,029,609</td>
<td>5,114,059</td>
<td>5,199,496 $</td>
<td>85,437 $</td>
</tr>
</tbody>
</table>

### EXPENDITURES:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General governmental support</td>
<td>81,865</td>
<td>81,865</td>
<td>68,299 $</td>
<td>13,566 $</td>
</tr>
<tr>
<td>Transportation</td>
<td>3,746,045</td>
<td>3,880,620</td>
<td>3,646,936 $</td>
<td>233,684 $</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,188,911</td>
<td>1,188,911</td>
<td>1,099,916 $</td>
<td>88,995 $</td>
</tr>
<tr>
<td>Debt service</td>
<td>13,163</td>
<td>13,163</td>
<td>13,162 $</td>
<td>1 $</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>5,029,984</td>
<td>5,164,559</td>
<td>4,828,313 $</td>
<td>336,246 $</td>
</tr>
</tbody>
</table>

### EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(375)</td>
<td>(50,500)</td>
<td>371,183</td>
<td>421,683 $</td>
<td></td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES):

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating transfers - in</td>
<td>375</td>
<td>375</td>
<td>375 $</td>
<td>- $</td>
</tr>
<tr>
<td>Operating transfers - out</td>
<td>-</td>
<td>(1,172)</td>
<td>(1,172) $</td>
<td>- $</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>375</td>
<td>(797)</td>
<td>(797)</td>
<td>-</td>
</tr>
</tbody>
</table>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td>$ -</td>
<td>$ (51,297)</td>
<td>370,386 $</td>
<td>$ 421,683 $</td>
</tr>
</tbody>
</table>

**FUND BALANCE - beginning of year**

|                             | 1,849,050 |

**FUND BALANCE - end of year**

|                             | 2,219,436 |
TOWN OF PENFIELD, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONSOLIDATED SEWER FUND (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts (Budgetary Basis)</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property taxes and tax items</td>
<td>$1,992,165</td>
<td>$1,992,165</td>
<td>$1,992,165</td>
</tr>
<tr>
<td>Departmental income</td>
<td>9,043</td>
<td>9,043</td>
<td>8,622</td>
</tr>
<tr>
<td>Intergovernmental charges</td>
<td>-</td>
<td>-</td>
<td>506</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>600</td>
<td>1,468</td>
<td>2,566</td>
</tr>
<tr>
<td>Interfund revenue</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>-</td>
<td>-</td>
<td>11,165</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15,000</td>
<td>15,000</td>
<td>31,500</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$2,066,808</td>
<td>$2,067,676</td>
<td>$2,096,524</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General governmental support</td>
<td>19,987</td>
<td>19,987</td>
<td>19,987</td>
</tr>
<tr>
<td>Home and community services</td>
<td>548,503</td>
<td>655,062</td>
<td>609,553</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>275,246</td>
<td>275,246</td>
<td>258,557</td>
</tr>
<tr>
<td>Debt service</td>
<td>1,211,759</td>
<td>1,226,759</td>
<td>1,213,850</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>$2,055,495</td>
<td>$2,177,054</td>
<td>$2,101,947</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</strong></td>
<td>11,313</td>
<td>(109,378)</td>
<td>(5,423)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating transfers - in</td>
<td>12,000</td>
<td>12,000</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations</td>
<td>8,687</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating transfers - out</td>
<td>(32,000)</td>
<td>(32,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other financing sources (uses)</strong></td>
<td>(11,313)</td>
<td>(20,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td>$ -</td>
<td>$(129,378)</td>
<td>$(5,423)</td>
</tr>
</tbody>
</table>

FUND BALANCE - beginning of year

$644,572

FUND BALANCE - end of year

$639,149
### TOWN OF PENFIELD, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of the net pension liability (asset)</td>
<td>0.020%</td>
<td>0.021%</td>
<td>0.021%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportionate share of the net pension liability (asset)</td>
<td>$1,913,422</td>
<td>$3,366,719</td>
<td>$721,494</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$5,956,484</td>
<td>$6,007,783</td>
<td>$6,138,204</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>32.12%</td>
<td>56.04%</td>
<td>11.75%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability (asset)</td>
<td>94.70%</td>
<td>90.70%</td>
<td>97.90%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Last 10 Fiscal Years (Dollar amounts displayed in thousands)**

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.
TOWN OF PENFIELD, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contribution</td>
<td>$ 904,938</td>
<td>$ 1,056,495</td>
<td>$ 1,173,861</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>904,938</td>
<td>1,056,495</td>
<td>1,173,861</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$ 5,956,484</td>
<td>$ 6,007,783</td>
<td>$ 6,138,204</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>15.19%</td>
<td>17.59%</td>
<td>19.12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.
### SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Year Ended</th>
<th>(a) Actuarial Value of Assets</th>
<th>(b) Actuarial Accrued Liability (AAL)</th>
<th>(b-a) Unfunded AAL (UAAL)</th>
<th>(a/b)</th>
<th>(c) Funded Covered Payroll</th>
<th>((b-a)/c) UAAL as a percentage of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2017</td>
<td>12/31/2017</td>
<td>$ -</td>
<td>$ 13,021,854</td>
<td>$ 13,021,854</td>
<td>0.00%</td>
<td>$ 6,043,872</td>
<td>215.5%</td>
</tr>
<tr>
<td>1/1/2014</td>
<td>12/31/2016</td>
<td>$ -</td>
<td>$ 11,663,911</td>
<td>$ 11,663,911</td>
<td>0.00%</td>
<td>$ 6,006,991</td>
<td>194.2%</td>
</tr>
<tr>
<td>1/1/2014</td>
<td>12/31/2015</td>
<td>$ -</td>
<td>$ 11,143,663</td>
<td>$ 11,143,663</td>
<td>0.00%</td>
<td>$ 6,260,906</td>
<td>178.0%</td>
</tr>
</tbody>
</table>
SUPPLEMENTAL SCHEDULES
### TOWN OF PENFIELD, NEW YORK

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ -</td>
<td>$847,296</td>
<td>$1,243,155</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted</td>
<td>290,793</td>
<td>-</td>
<td>1,786,078</td>
</tr>
<tr>
<td>Other receivable</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>1,240</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$290,793</td>
<td>$848,536</td>
<td>$3,034,233</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES:** | | | | |
| Accounts payable | $ - | $120 | $55,595 | $55,715 |
| Accrued liabilities | - | - | 19,586 | 19,586 |
| **Total liabilities** | - | 120 | 75,181 | 75,301 |

| **FUND BALANCES:** | | | | |
| Restricted | 290,793 | - | 1,791,078 | 2,081,871 |
| Assigned | - | 848,416 | 1,167,974 | 2,016,390 |
| **Total fund balances** | 290,793 | 848,416 | 2,959,052 | 4,098,261 |

| **Total liabilities and fund balances** | $290,793 | $848,536 | $3,034,233 | $4,173,562 |
TOWN OF PENFIELD, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property taxes and tax items</td>
<td>$ -</td>
<td>-</td>
<td>$ 2,594,582</td>
</tr>
<tr>
<td>Departmental income</td>
<td>-</td>
<td>-</td>
<td>145,229</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>218</td>
<td>475</td>
<td>4,852</td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>-</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>51,594</td>
<td>4,852</td>
</tr>
<tr>
<td>State aid</td>
<td>-</td>
<td>-</td>
<td>18,518</td>
</tr>
<tr>
<td>Federal aid</td>
<td>-</td>
<td>-</td>
<td>34,750</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>218</strong></td>
<td><strong>52,069</strong></td>
<td><strong>2,807,679</strong></td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General governmental support</td>
<td>-</td>
<td>-</td>
<td>15,851</td>
</tr>
<tr>
<td>Transportation</td>
<td>-</td>
<td>53,172</td>
<td>136,738</td>
</tr>
<tr>
<td>Culture and recreation</td>
<td>-</td>
<td>-</td>
<td>1,336,208</td>
</tr>
<tr>
<td>Home and community services</td>
<td>-</td>
<td>204,014</td>
<td>380,332</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>-</td>
<td>-</td>
<td>450,859</td>
</tr>
<tr>
<td>Debt service - Principal</td>
<td>-</td>
<td>-</td>
<td>54,236</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>3,001</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td><strong>218</strong></td>
<td><strong>257,186</strong></td>
<td><strong>2,377,225</strong></td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</strong></td>
<td><strong>218</strong></td>
<td><strong>(205,117)</strong></td>
<td><strong>430,454</strong></td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating transfers - in</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Operating transfers - out</td>
<td>(2,375)</td>
<td>-</td>
<td>(26,661)</td>
</tr>
<tr>
<td><strong>Total other financing sources</strong></td>
<td>(2,375)</td>
<td>-</td>
<td>(26,661)</td>
</tr>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td>-</td>
<td>(2,157)</td>
<td>(205,117)</td>
</tr>
<tr>
<td><strong>FUND BALANCE - beginning of year</strong></td>
<td><strong>292,950</strong></td>
<td><strong>1,053,533</strong></td>
<td><strong>2,555,259</strong></td>
</tr>
<tr>
<td><strong>FUND BALANCE - end of year</strong></td>
<td><strong>$ 290,793</strong></td>
<td><strong>$ 848,416</strong></td>
<td><strong>$ 2,959,052</strong></td>
</tr>
</tbody>
</table>
## ASSETS

<table>
<thead>
<tr>
<th>Fund</th>
<th>Public Library Fund</th>
<th>Drainage Fund</th>
<th>Special Grant Fund</th>
<th>Recreation Trust</th>
<th>Water Fund</th>
<th>Consolidated Lighting Fund</th>
<th>Special Parks Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 474,685</td>
<td>$ 759,598</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 8,872</td>
<td>-</td>
<td>$ 1,243,155</td>
</tr>
<tr>
<td>Cash and cash equivalents - restricted</td>
<td>79,073</td>
<td>164,304</td>
<td>-</td>
<td>1,118,353</td>
<td>5,671</td>
<td>206,953</td>
<td>211,724</td>
<td>1,786,078</td>
</tr>
<tr>
<td>Other receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 553,758</strong></td>
<td><strong>$ 923,902</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 1,123,353</strong></td>
<td><strong>5,671</strong></td>
<td><strong>$ 215,825</strong></td>
<td><strong>$ 211,724</strong></td>
<td><strong>$ 3,034,233</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

#### LIABILITIES:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Public Library Fund</th>
<th>Drainage Fund</th>
<th>Special Grant Fund</th>
<th>Recreation Trust</th>
<th>Water Fund</th>
<th>Consolidated Lighting Fund</th>
<th>Special Parks Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 36,991</td>
<td>$ 9,732</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 8,872</td>
<td>-</td>
<td>$ 55,595</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>19,586</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,586</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>56,577</strong></td>
<td><strong>9,732</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>75,181</strong></td>
</tr>
</tbody>
</table>

#### FUND BALANCES:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Public Library Fund</th>
<th>Drainage Fund</th>
<th>Special Grant Fund</th>
<th>Recreation Trust</th>
<th>Water Fund</th>
<th>Consolidated Lighting Fund</th>
<th>Special Parks Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>79,073</td>
<td>164,304</td>
<td>-</td>
<td>1,123,353</td>
<td>5,671</td>
<td>206,953</td>
<td>211,724</td>
<td>1,791,078</td>
</tr>
<tr>
<td>Assigned</td>
<td>418,108</td>
<td>749,866</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,167,974</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td><strong>497,181</strong></td>
<td><strong>914,170</strong></td>
<td><strong>-</strong></td>
<td><strong>1,123,353</strong></td>
<td><strong>5,671</strong></td>
<td><strong>206,953</strong></td>
<td><strong>211,724</strong></td>
<td><strong>2,959,052</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund</th>
<th>Public Library Fund</th>
<th>Drainage Fund</th>
<th>Special Grant Fund</th>
<th>Recreation Trust</th>
<th>Water Fund</th>
<th>Consolidated Lighting Fund</th>
<th>Special Parks Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and fund balances</strong></td>
<td><strong>$ 553,758</strong></td>
<td><strong>$ 923,902</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 1,123,353</strong></td>
<td><strong>5,671</strong></td>
<td><strong>$ 215,825</strong></td>
<td><strong>$ 211,724</strong></td>
<td><strong>$ 3,034,233</strong></td>
</tr>
</tbody>
</table>
TOWN OF PENFIELD, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Public Library Fund</th>
<th>Drainage Fund</th>
<th>Special Grant Fund</th>
<th>Recreation Fund</th>
<th>Water Fund</th>
<th>Consolidated Lighting Fund</th>
<th>Special Parks Fund</th>
<th>Total Nonmajor Special Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property taxes and tax items</td>
<td>$1,726,732</td>
<td>$617,391</td>
<td>-</td>
<td>-</td>
<td>$12,279</td>
<td>$205,080</td>
<td>$33,100</td>
</tr>
<tr>
<td>Departmental income</td>
<td>61,229</td>
<td>-</td>
<td>-</td>
<td>$84,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Use of money and property</td>
<td>2,228</td>
<td>1,117</td>
<td>-</td>
<td>1,023</td>
<td>6</td>
<td>250</td>
<td>228</td>
</tr>
<tr>
<td>Sale of property and compensation for loss</td>
<td>130</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,570</td>
<td>6,048</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State aid</td>
<td>18,518</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$1,812,407</td>
<td>$624,556</td>
<td>$34,750</td>
<td>$85,023</td>
<td>$12,285</td>
<td>$205,330</td>
<td>$33,328</td>
</tr>
</tbody>
</table>

| **EXPENDITURES:**       |               |                   |                |           |                           |                   |                                    |
| General governmental support | 15,851 | - | - | - | - | - | - | 15,851 |
| Transportation | - | - | - | - | - | 136,738 | - | 136,738 |
| Culture and recreation | 1,310,123 | - | - | - | - | - | - | 26,085 | 1,336,208 |
| Home and community services | - | 345,582 | 34,750 | - | - | - | - | 380,332 |
| Employee benefits | 450,859 | - | - | - | - | - | - | 450,859 |
| Debt service - Principal | - | 39,236 | - | - | 15,000 | - | - | 54,236 |
| Debt service - Interest | - | 1,426 | - | - | 1,575 | - | - | 3,001 |
| **Total expenditures** | $1,776,833 | $386,244 | $34,750 | - | 16,575 | 136,738 | - | 26,085 | $2,377,225 |

| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** |               |                   |                |           |                           |                   |                                    |
| $35,574 | $238,312 | - | $85,023 | - | $(4,290) | $68,592 | - | $7,243 | $430,454 |

| **OTHER FINANCING SOURCES (USES):**                    |               |                   |                |           |                           |                   |                                    |
| Operating transfers - in | - | - | - | - | 2,000 | - | - | 2,000 |
| Operating transfers - out | - | - | - | (936) | (27,725) | - | - | (28,661) |
| **Total other financing sources** | - | - | - | (936) | (27,725) | 2,000 | - | (28,661) |

| **CHANGE IN FUND BALANCE** |               |                   |                |           |                           |                   |                                    |
| $35,574 | $238,312 | (936) | $57,298 | (2,290) | $68,592 | - | - | $7,243 | $403,793 |

| **FUND BALANCE - beginning of year** |               |                   |                |           |                           |                   |                                    |
| $461,607 | $675,858 | 936 | $1,066,055 | 7,961 | 138,361 | 204,481 | - | $2,555,259 |

| **FUND BALANCE - end of year** |               |                   |                |           |                           |                   |                                    |
| $497,181 | $914,170 | - | $1,123,353 | $5,671 | $206,953 | $211,724 | - | $2,959,052 |