

**TOWN OF AMHERST,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2018 and Independent Auditors' Reports*

TOWN OF AMHERST, NEW YORK

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Amherst, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Amherst, New York (the "Town"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Amherst Development Corporation, which represents the Town's business-type activity. We did not audit the financial statements of the Town of Amherst Industrial Development Agency, which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Amherst Industrial Development Agency and Amherst Development Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the Town implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 Supplementary Information and Other Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards 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 Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

May 9, 2019

TOWN OF AMHERST, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2018

As management of the Town of Amherst, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2018. This document should be read in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the Town's governmental activities exceeded the assets and deferred outflows of resources at the close of the most recent fiscal year by \$30,325,199 (*net position*). This consists of \$183,782,531 net investment in capital assets, \$9,436,109 restricted for specific purposes, and unrestricted net position of \$(223,543,839).
- The Town's governmental activities total net position decreased \$15,170,765 during the year ended December 31, 2018.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$29,118,479, a decrease of \$7,817,033 in comparison with the prior year's fund balance of \$36,935,512.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$5,369,947, or 8.1 percent of total General Fund expenditures and transfers out. This amount is *available for spending* at the Town's discretion and constitutes approximately 58.4 percent of the General Fund's total fund balance of \$9,193,970 at December 31, 2018.
- The Town's bond anticipation notes outstanding decreased \$1,105,933 while its total serial bonds outstanding increased by \$5,412,785 during the current year as a result of the issuance of serial bonds of \$12,694,865 offset by scheduled principal payments of \$7,282,080.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Highway, Sewer, Special Grant and Capital Projects funds, all of which are considered to be major funds. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor

governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds—The Town maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its business-type activity, the Amherst Development Corporation. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the Town’s various functions. The Town uses internal service funds to account for its self-insurance and workers compensation insurance programs. Because these insurance services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Self Insurance Fund and for the Workers Compensation Fund. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the Supplementary Information section of this report.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

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

The fiduciary fund statement can be found on page 23 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-62 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s net pension liability for the police and fire retirement system and employees retirement system, the Town’s total OPEB liability and related ratios, the Town’s total pension liability related to its length of service awards program, and the Town’s budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and the related notes can be found on pages 63-72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 73-79.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the Town’s nonmajor funds. The Other Information can be found on pages 80-85 of this report.

The Federal Awards Information can be found on pages 86-96 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$30,325,199 at the close of the most recent year, as compared to \$15,193,221, as restated, at the close of the fiscal year ended December 31, 2017, as restated.

Table 1, as shown below, presents a condensed statement of net position as of December 31, 2018 and December 31, 2017.

Table 1 – Condensed Statement of Net Position—Primary Government

	Governmental Activities		Business-type Activity		Total	
	December 31,		December 31,		December 31,	
	2018	2017 (as restated)	2018	2017	2018	2017 (as restated)
Current assets	\$ 71,398,015	\$ 78,713,350	\$ 142,832	\$ 35,833	\$ 71,540,847	\$ 78,749,183
Noncurrent assets	273,469,819	268,953,073	5,000	5,000	273,474,819	268,958,073
Total assets	<u>344,867,834</u>	<u>347,666,423</u>	<u>147,832</u>	<u>40,833</u>	<u>345,015,666</u>	<u>347,707,256</u>
Deferred outflows	45,397,428	23,933,619	-	-	45,397,428	23,933,619
Current liabilities	47,921,200	46,314,125	-	29,620	47,921,200	46,343,745
Long-term liabilities	346,074,543	331,466,635	50,000	50,000	346,124,543	331,516,635
Total liabilities	<u>393,995,743</u>	<u>377,780,760</u>	<u>50,000</u>	<u>79,620</u>	<u>394,045,743</u>	<u>377,860,380</u>
Deferred inflows	26,594,718	8,973,716	-	-	26,594,718	8,973,716
Net position:						
Net investment in capital assets	183,782,531	188,316,041	-	-	183,782,531	188,316,041
Restricted	9,436,109	9,506,157	-	-	9,436,109	9,506,157
Unrestricted	<u>(223,543,839)</u>	<u>(212,976,632)</u>	<u>97,832</u>	<u>(38,787)</u>	<u>(223,446,007)</u>	<u>(213,015,419)</u>
Total net position	<u>\$ (30,325,199)</u>	<u>\$ (15,154,434)</u>	<u>\$ 97,832</u>	<u>\$ (38,787)</u>	<u>\$ (30,227,367)</u>	<u>\$ (15,193,221)</u>

The largest portion of the Town's net position, \$183,782,531, reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$9,436,109, represents resources that are subject to external restrictions on how they may be used. While the last portion of net position is considered to be an unrestricted net position of \$(223,543,839).

Table 2, presented below, shows the changes in net position for the years ended December 31, 2018 and December 31, 2017.

Table 2 – Condensed Statement of Changes in Net Position—Primary Government

	Governmental Activities		Business-type Activity		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017 (as restated)	2018	2017	2018	2017 (as restated)
Program revenues:						
Charges for services	\$ 12,443,422	\$ 13,592,419	\$ 143,500	\$ 414,258	\$ 12,586,922	\$ 14,006,677
Operating grants and contributions	33,535,315	32,359,423	-	-	33,535,315	32,359,423
Capital grants and contributions	483,240	423,968	-	-	483,240	423,968
General revenues	108,358,683	108,728,057	780	-	108,359,463	108,728,057
Total revenues	<u>154,820,660</u>	<u>155,103,867</u>	<u>144,280</u>	<u>414,258</u>	<u>154,964,940</u>	<u>155,518,125</u>
Total expenses	<u>169,991,425</u>	<u>174,948,807</u>	<u>7,661</u>	<u>412,981</u>	<u>169,999,086</u>	<u>175,361,788</u>
Change in net position	(15,170,765)	(19,844,940)	136,619	1,277	(15,034,146)	(19,843,663)
Net position—beginning	(15,154,434)	104,334,445	(38,787)	(40,064)	(15,193,221)	104,294,381
Restatement	-	(99,643,939)	-	-	-	(99,643,939)
Net position—ending	<u>\$ (30,325,199)</u>	<u>\$ (15,154,434)</u>	<u>\$ 97,832</u>	<u>\$ (38,787)</u>	<u>\$ (30,227,367)</u>	<u>\$ (15,193,221)</u>

A summary of sources of revenues of the primary government for the years ended December 31, 2018 and December 31, 2017 is presented below in Table 3.

Table 3 – Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent (%)
Charges for services	\$ 12,443,422	\$ 13,592,419	\$ (1,148,997)	(8.5)
Operating grants and contributions	33,535,315	32,359,423	1,175,892	3.6
Capital grants and contributions	483,240	423,968	59,272	14.0
Property and other taxes	96,502,967	94,827,717	1,675,250	1.8
Use of money and property	780,813	267,138	513,675	192.3
Sale of property and compensation for loss	224,343	393,614	(169,271)	(43.0)
Miscellaneous	6,887,395	9,191,608	(2,304,213)	(25.1)
State sources—unrestricted	3,963,165	4,047,980	(84,815)	(2.1)
Total revenues, net	<u>\$ 154,820,660</u>	<u>\$ 155,103,867</u>	<u>\$ (283,207)</u>	<u>(0.2)</u>

Overall revenues of the governmental activities decreased 0.2 percent from the prior year. This is due primarily to a decrease of \$2,304,213 in miscellaneous income due to activity reported within the Town's Internal Service Funds.

The most significant source of revenues is property and other taxes, which accounts for \$96,502,967, or 62.3 percent of total revenues, for the year ended December 31, 2018, and \$94,827,717, or 61.1 percent of total revenues, for the year ended December 31, 2017. The next largest source of revenue is operating grants and contributions, which comprises \$33,535,315, or 21.7 percent of total revenues and \$32,359,423, or 20.9 percent of total revenues for the years ended December 31, 2018 and 2017, respectively. Another significant source of revenue for the Town is charges for services, which provided \$12,443,422 or 8.0 percent of total revenues, and \$13,592,419 or 8.7 percent of total revenues, for the years ended December 31, 2018 and 2017, respectively.

A summary of program expenses for the years ended December 31, 2018 and December 31, 2017 is presented below in Table 4.

Table 4 – Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent (%)
General government support	\$ 15,390,347	\$ 16,271,232	\$ (880,885)	(5.4)
Public safety	47,707,365	49,813,151	(2,105,786)	(4.2)
Transportation	18,720,849	18,313,622	407,227	2.2
Economic assistance and opportunity	3,652,931	4,125,384	(472,453)	(11.5)
Culture and recreation	10,643,987	11,561,589	(917,602)	(7.9)
Home and community services	71,178,150	71,695,001	(516,851)	(0.7)
Interest and other fiscal charges	2,697,796	3,168,828	(471,032)	(14.9)
	<u>\$ 169,991,425</u>	<u>\$ 174,948,807</u>	<u>\$ (4,957,382)</u>	<u>(2.8)</u>

Total expenses decreased 2.8 percent from the year ended December 31, 2017, primarily due to a decrease in OPEB expense allocated to all functions of the Town.

The Town’s significant expense items for the year ended December 31, 2018 were home and community services of \$71,178,150 (primarily sewer, water, and sanitation services), public safety of \$47,707,365 (primarily police services), transportation of \$18,720,849 (primarily highway and road services) and general government support of \$15,390,347. Similarly, for the year ended December 31, 2017 significant expense items were home and community services of \$71,695,001 (primarily sewer, water, and sanitation services), public safety of \$49,813,151 (primarily police services), transportation of \$18,313,622 (primarily highway and road services) and general government support of \$16,271,232.

Table 5—Summary of Revenues and Expenses—Business-type Activity

	Year Ended December 31,		Increase/(Decrease)	
	2018	2017	Dollar	Percent (%)
Revenues:				
Patient service revenue	\$ 143,500	\$ 414,258	\$ (270,758)	(65.4)
Other nonoperating	780	-	780	100.0
Total revenues	<u>\$ 144,280</u>	<u>\$ 414,258</u>	<u>\$ (269,978)</u>	<u>(65.2)</u>
Expenses:				
Administrative expenses	\$ 7,661	\$ 412,981	(405,320)	(98.1)
Total expenses	<u>\$ 7,661</u>	<u>\$ 412,981</u>	<u>\$ (405,320)</u>	<u>(98.1)</u>

Revenues of the Town’s business-type activity decreased \$269,978 over the prior year. This was primarily due to a decrease in the level of tax-exempt bond issuances and refinancings in 2018.

Business-type expenses decreased \$405,320 over the previous year primarily due to the decrease in management fees paid to the Amherst Industrial Development Agency as a result of a decreased level of Corporation projects, as well as new shared service agreement with the Agency, which decreased the fees to the Corporation.

Financial Analysis Governmental Funds

Governmental funds—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance

which has not been limited to use for a particular use by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2018, the Town's governmental funds reported a combined ending fund balance of \$29,118,479, a decrease of \$7,817,033 from the prior year. Total unassigned fund balance at December 31, 2018 was \$(4,892,154). The Capital Projects Fund unassigned fund balance deficit of \$10,254,149, due to the Town issuing bond anticipation notes ("BANs") which do not qualify for treatment as an issuance of a long-term liability, and the Special Grant Fund unassigned fund balance deficit of \$7,952 are offset by the General Fund unassigned fund balance of \$5,369,947. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that has already been committed for 1) prepaid items, 2) long-term receivables, 3) loans receivable, 4) equipment and capital improvements, 5) special purposes, 6) payment of debt, 7) next year's budget, 8) encumbrances or 9) specific fund use.

A discussion of the Town's major operating funds follows:

The Town's General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,369,947. The total fund balance decreased \$2,397,565 to a total fund balance of \$9,193,970 mainly due to a planned use of fund balance of \$2,011,841 and departmental income not meeting expectations. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 8.1 percent of total General Fund expenditures and transfers out, while total General Fund fund balance represents 13.8 percent of that same amount.

During the year ended December 31, 2018, the Town's Highway Fund fund balance decreased \$777,240 from the prior year, resulting in an ending fund balance of \$3,399,709 due to a planned use of fund balance of \$804,678. Approximately 71.9 percent of this amount, \$2,442,834 is reported as fund balance assigned for specific highway use.

At December 31, 2018, the Town's Sewer Fund reported fund balance of \$9,181,287, a decrease of \$1,713,488 in comparison with the prior year. The Town planned on using \$2,326,621 of fund balance, which was partially offset by unanticipated transfers in and fewer transfers out than expected. Approximately 36.5 percent of this amount, \$3,352,322 is fund balance assigned for specific sewer use.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules for the General Fund and the major funds, except the Special Grant and Capital Projects funds since they do not adopt an annual budget, are presented within the Required Supplementary Information section of this report have been provided to demonstrate compliance with their budgets. Additionally, budgetary comparison schedules for the Town's nonmajor funds have been provided as other information, except the Debt Service fund since it does not adopt an annual budget.

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

A summary of the General Fund results of operations for the year ended December 31, 2018 is presented in Table 6 on the following page.

Table 6 – Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 63,785,790	\$ 64,410,825	\$ 64,282,149	\$ (128,676)
Expenditures and other financing uses	65,797,631	66,788,852	66,679,714	109,138
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,011,841)</u>	<u>\$ (2,378,027)</u>	<u>\$ (2,397,565)</u>	<u>\$ (19,538)</u>

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$991,221. Significant amendments to the budget included \$523,868 of supplemental appropriations within transfers out to support ongoing capital projects and \$381,741 of supplemental appropriations for personal services within public safety expenditures.

Final budget compared to actual results—Total revenues and other financing sources were less than the final budget by \$128,676 due to less than anticipated revenues from departmental income, fines and forfeitures, state aid and miscellaneous revenues. Total expenditures and other financing uses were less than the final budget by \$109,138. The most significant savings were realized within general government support and public safety, where costs were \$93,056 and \$63,456 below budget, respectively. However, budgetary overages of \$3,888 and \$80,306 were reported within economic assistance and opportunity and culture and recreation, respectively due to additional medical insurance costs and personal services.

Capital Asset and Debt Administration

Capital Assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2018, amounted to \$273,469,819 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings, building improvements, machinery and equipment and ice rink facility.

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

Capital assets net of depreciation for the governmental activities for the years ended December 31, 2018 and 2017 are presented in Table 7 below.

Table 7 – Summary of Capital Assets (Net of Depreciation)

	December 31,	
	2018	2017
Land	\$ 10,791,459	\$ 10,593,287
Construction in progress	35,078,647	28,658,313
Infrastructure	105,249,782	103,953,329
Land improvements	9,060,811	9,368,205
Buildings	63,007,895	65,271,356
Building improvements	8,543,629	6,626,670
Machinery and equipment	30,259,454	32,858,670
Ice rink facility	11,478,142	11,623,243
Total	<u>\$ 273,469,819</u>	<u>\$ 268,953,073</u>

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

Long-term liabilities—At December 31, 2018, the Town had bonded debt outstanding of \$80,059,865 as compared to \$74,647,080 at December 31, 2017. The Town issued of serial bonds of \$12,694,865 and made scheduled principal payments of \$7,282,080.

A summary of long-term liabilities for the governmental activities for the years ended December 31, 2018 and 2017 are presented below.

	Governmental Activities	
	December 31,	
	2018	2017
	2018	(as restated)
Serial bonds	\$ 80,059,865	\$ 74,647,080
Premium on serial bonds	3,063,662	2,714,307
Capital leases	430,771	640,976
Compensated absences	16,692,212	16,421,924
Other postemployment benefits	217,787,503	199,607,999
Net pension liability	8,610,935	20,008,792
Net pension liability—LOSAP	19,429,595	17,425,557
Total	<u>\$ 346,074,543</u>	<u>\$ 331,466,635</u>

Additional information on the Town’s long-term liabilities can be found in Note 13 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The Town’s comprehensive plan highlights that the Town is renowned for an exceptional quality of life that is based on three fundamental attributes: livability, community character and a shared direction with the Buffalo-Niagara region. While, key initiatives of the Town include: to become an area renowned for beauty, character and environmental quality; capitalize on the presence of institutions of higher education and outstanding public school districts; become a model for effective reinvestment and revitalization of older neighborhoods; and to exercise leadership by providing excellent services and facilities ensuring fiscal balance, and managing development to promote predictability, fairness and quality.

The comprehensive plan focuses on the follow elements:

- **Land use and development**—the Town strives to promote compact, pedestrian-friendly development that emphasizes community appearance and sense of place. It hopes to spur reinvestment and redevelopment in its older neighborhoods and its commercial corridors. A town-wide open space system linked by trails, greenways, stream corridors, and bicycle/pedestrian facilities is a part of its comprehensive plan.
- **Natural and cultural resources**—the Town is focused on preserving and enhancing its rich natural and cultural resources for the future. The open space policy identified in the land use and development element is a key to this objective, as well as a new initiative of community-wide “Greening Amherst”, program of tree planting and re-vegetation. In accordance with the plan the Town recently completed an update to its historic resources inventory and designated its first historic district.
- **Economic development**—the Town continues the promotion of a healthy tax and employment base, through the increasing economic development partnerships with governmental agencies and private businesses and institutions. Redevelopment and revitalization are key initiatives and the Town is revising its zoning to prevent adverse commercial development that would negatively

affect community character and quality of life in neighborhoods while working to promote regional economic development.

- **Transportation**—the Town intends to encourage a more balanced, multi-modal transportation system that emphasizes alternative means of travel, to include walking, biking, and public transportation. To achieve these goals there are targeted capital and operational improvements to the road network, investments in the creating a bicycle/pedestrian network, and improved transit services.
- **Infrastructure**—the Town will work to ensure that its residents are provided with well-maintained and cost-effective public water, sewer, stormwater, and other utility infrastructure systems. Key initiatives are related to stormwater management and sanitary sewer improvements.
- **Housing and neighborhoods**—the Town is determined to maintain quality affordable housing and healthy and diverse neighborhoods are available to all residents. Affordable housing policies focus on continuing existing housing programs that promote home ownership and affordability, while policies for housing diversity are designed to encourage a variety of housing types. Finally, neighborhood conservation policies propose initiation of a program to promote revitalization of older neighborhoods through measures such as code enforcement and capital improvements.
- **Community facilities**—the Town anticipates the establishment of an on-going system to objectively identify community facility and service needs for use in planning and programming. Such a system will aid to identify opportunities for community facilities and ensure cost effective strategies.

The unemployment rate, not seasonally adjusted, for the Town during December 2018 was 3.1 percent. This is favorable to both the New York State and the national unemployment rate of 3.9 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the 2019 budget. The Town's 2019 budget includes an appropriation of fund balance of \$4,543,086. The 2019 General Fund tax rate increased 10.9% from 2018.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Supervisor's Office, Town of Amherst, 5583 Main St., Williamsville, NY 14221.

BASIC FINANCIAL STATEMENTS

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TOWN OF AMHERST, NEW YORK
Statement of Net Position
December 31, 2018

	Primary Government		Component Unit	
	Governmental Activities	Business-type Activity	Total	Industrial Development Agency
ASSETS				
Cash and cash equivalents	\$ 17,761,821	\$ 142,832	\$ 17,904,653	\$ 1,577,843
Restricted cash and cash equivalents	29,900,562	-	29,900,562	64,378
Investments	-	5,000	5,000	-
Receivables	3,437,098	-	3,437,098	-
Intergovernmental receivables	10,562,911	-	10,562,911	-
Loans receivable	7,129,555	-	7,129,555	-
Notes receivable	-	-	-	50,000
Prepaid items	2,606,068	-	2,606,068	5,027
Capital assets not being depreciated	45,870,106	-	45,870,106	100,000
Capital assets, net of accumulated depreciation	227,599,713	-	227,599,713	485,338
Total assets	<u>344,867,834</u>	<u>147,832</u>	<u>345,015,666</u>	<u>2,282,586</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	29,843,252	-	29,843,252	-
Deferred outflows—relating to OPEB	15,066,036	-	15,066,036	-
Deferred outflows—refunding bonds	488,140	-	488,140	-
Total deferred outflows of resources	<u>45,397,428</u>	<u>-</u>	<u>45,397,428</u>	<u>-</u>
LIABILITIES				
Accounts payable	7,698,630	-	7,698,630	922
Accrued liabilities	7,843,380	-	7,843,380	-
Retainages payable	520,477	-	520,477	-
Intergovernmental payables	48	-	48	223,504
Bond anticipation notes payable	31,840,257	-	31,840,257	-
Unearned revenue	18,408	-	18,408	-
Noncurrent liabilities:				
Due within one year	9,642,628	-	9,642,628	53,325
Due in more than one year	336,431,915	50,000	336,481,915	322,371
Total liabilities	<u>393,995,743</u>	<u>50,000</u>	<u>394,045,743</u>	<u>600,122</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	21,742,762	-	21,742,762	-
Settlement recovery	3,135,313	-	3,135,313	-
Payment in lieu of taxes	36,873	-	36,873	-
Grant funding	1,679,770	-	1,679,770	-
Total deferred inflows of resources	<u>26,594,718</u>	<u>-</u>	<u>26,594,718</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	183,782,531	-	183,782,531	209,642
Restricted for:				
Loans receivable	7,129,555	-	7,129,555	-
Capital projects	343,025	-	343,025	-
Special purpose	1,963,529	-	1,963,529	-
Industrial development loans and mortgage escrow	-	-	-	64,378
Unrestricted	<u>(223,543,839)</u>	<u>97,832</u>	<u>(223,446,007)</u>	<u>1,408,444</u>
Total net position	<u>\$ (30,325,199)</u>	<u>\$ 97,832</u>	<u>\$ (30,227,367)</u>	<u>\$ 1,682,464</u>

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

TOWN OF AMHERST, NEW YORK
Statement of Activities
Year Ended December 31, 2018

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activity	Component Unit Industrial Development Agency
Primary government:							
Governmental activities:							
General government support	\$ 15,390,347	\$ 2,464,936	\$ -	\$ -	\$ (12,925,411)	\$ -	\$ -
Public safety	47,707,365	2,873,656	256,573	-	(44,577,136)	-	-
Transportation	18,720,849	408,495	829,272	153,786	(17,329,296)	-	-
Economic assistance and opportunity	3,652,931	440,047	306,521	-	(2,906,363)	-	-
Culture and recreation	10,643,987	3,526,783	54,863	329,454	(6,732,887)	-	-
Home and community services	71,178,150	2,729,505	32,088,086	-	(36,360,559)	-	-
Interest and other fiscal charges	2,697,796	-	-	-	(2,697,796)	-	-
Total governmental activities	<u>\$169,991,425</u>	<u>\$ 12,443,422</u>	<u>\$33,535,315</u>	<u>\$ 483,240</u>	<u>(123,529,448)</u>	<u>-</u>	<u>-</u>
Business-type activity:							
Amherst Development Corporation	7,661	-	-	-	-	(7,661)	-
Total primary government	<u>\$169,999,086</u>	<u>\$ 12,443,422</u>	<u>\$33,535,315</u>	<u>\$ 483,240</u>	<u>\$ (123,529,448)</u>	<u>\$ (7,661)</u>	<u>-</u>
Component unit:							
Industrial Development Agency	<u>\$ 530,301</u>	<u>\$ 149,886</u>	<u>\$ -</u>	<u>\$ -</u>			<u>(380,415)</u>
General revenues:							
					75,698,749	-	-
					20,804,218	-	-
					780,813	-	3,548
					224,343	-	-
					6,887,395	144,280	51,121
					3,963,165	-	-
					<u>108,358,683</u>	<u>144,280</u>	<u>54,669</u>
					(15,170,765)	136,619	(325,746)
					(15,154,434)	(38,787)	2,008,210
					<u>\$ (30,325,199)</u>	<u>\$ 97,832</u>	<u>\$ 1,682,464</u>

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

TOWN OF AMHERST, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2018

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
ASSETS							
Cash and cash equivalents	\$ 1,034,429	\$ 1,050,391	\$ 5,523,871	\$ -	\$ 2,754,490	\$ 7,398,640	\$ 17,761,821
Restricted cash and cash equivalents	55,281	-	-	2,176,788	18,489,569	5,318,378	26,040,016
Receivables	2,313,897	186,382	18,482	-	-	843,060	3,361,821
Due from other funds	380,039	1,639,134	3,071,470	1,966	124,572	1,044,833	6,262,014
Intergovernmental receivables	7,042,128	829,272	1,440,607	493,339	647,507	110,058	10,562,911
Prepaid items	1,923,440	202,196	224,822	7,952	-	247,658	2,606,068
Loans receivable	-	-	-	7,129,555	-	-	7,129,555
Total assets	<u>\$ 12,749,214</u>	<u>\$ 3,907,375</u>	<u>\$ 10,279,252</u>	<u>\$ 9,809,600</u>	<u>\$ 22,016,138</u>	<u>\$ 14,962,627</u>	<u>\$ 73,724,206</u>
LIABILITIES							
Accounts payable	\$ 1,115,929	\$ 187,696	\$ 611,240	\$ 990,099	\$ 2,168,946	\$ 2,383,050	\$ 7,456,960
Accrued liabilities	1,942,225	301,553	287,291	10,128	-	308,241	2,849,438
Due to other funds	441,809	18,417	199,434	-	1,197,059	1,471,132	3,327,851
Intergovernmental payables	-	-	-	48	-	-	48
Bond anticipation notes payable	-	-	-	-	28,561,257	-	28,561,257
Unearned revenue	18,408	-	-	-	-	-	18,408
Total liabilities	<u>3,518,371</u>	<u>507,666</u>	<u>1,097,965</u>	<u>1,000,275</u>	<u>31,927,262</u>	<u>4,162,423</u>	<u>42,213,962</u>
DEFERRED INFLOWS OF RESOURCES							
Payment in lieu of taxes	36,873	-	-	-	-	-	36,873
Grant funding	-	-	-	1,679,770	-	-	1,679,770
Mortgage and lease receivable	-	-	-	-	-	675,122	675,122
Total deferred inflows of resources	<u>36,873</u>	<u>-</u>	<u>-</u>	<u>1,679,770</u>	<u>-</u>	<u>675,122</u>	<u>2,391,765</u>
FUND BALANCES (DEFICITS)							
Nonspendable	1,923,440	202,196	3,224,822	7,952	-	247,658	5,606,068
Restricted	-	-	-	7,129,555	343,025	6,245,252	13,717,832
Assigned	1,900,583	3,197,513	5,956,465	-	-	3,632,172	14,686,733
Unassigned	5,369,947	-	-	(7,952)	(10,254,149)	-	(4,892,154)
Total fund balances (deficit)	<u>9,193,970</u>	<u>3,399,709</u>	<u>9,181,287</u>	<u>7,129,555</u>	<u>(9,911,124)</u>	<u>10,125,082</u>	<u>29,118,479</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 12,749,214</u>	<u>\$ 3,907,375</u>	<u>\$ 10,279,252</u>	<u>\$ 9,809,600</u>	<u>\$ 22,016,138</u>	<u>\$ 14,962,627</u>	<u>\$ 73,724,206</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2018

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Total fund balances (deficit)—governmental funds (page 16)		\$ 29,118,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$570,329,259 and the accumulated depreciation is \$296,859,440		273,469,819
Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows of resources in the funds but are considered government-wide		
Deferred inflows of resources - mortgage and lease receivable		675,122
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(520,477)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 7,489,021	
Deferred outflows related to experience changes of assumptions, investment earnings, and changes in proportion	22,354,231	
Deferred inflows of resources related to pensions	<u>(21,742,762)</u>	8,100,490
Deferred outflows of resources related to changes of assumptions in other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements.		15,066,036
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		488,140
Net accrued interest expense for bond anticipation notes and serial bonds is not reported in the funds.		(679,763)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (80,059,865)	
Premium on serial bonds	(3,063,662)	
Capital leases	(430,771)	
Compensated absences	(16,692,212)	
OPEB obligation	(217,787,503)	
Net pension liability	(8,610,935)	
Net pension liability—LOSAP	<u>(19,429,595)</u>	(346,074,543)
Internal service funds' net position which is due to governmental activities and related charges for services provided.		<u>(9,968,502)</u>
Net position of governmental activities		<u><u>\$ (30,325,199)</u></u>

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

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds
Year Ended December 31, 2018

	<u>Special Revenue</u>				<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>	<u>Special Grant</u>			
REVENUES							
Real property taxes	\$ 26,166,790	\$ 8,171,365	\$ 15,440,416	\$ -	\$ -	\$ 24,717,780	\$ 74,496,351
Other property tax items	1,202,398	-	-	-	-	-	1,202,398
Non property tax items	20,804,218	-	-	-	-	-	20,804,218
Departmental income	4,717,277	406,695	412,130	-	-	195,722	5,731,824
Intergovernmental charges	-	-	2,233,798	-	-	-	2,233,798
Use of money and property	323,345	43,922	138,827	-	88,240	175,584	769,918
Licenses and permits	70,760	-	-	-	-	2,486,505	2,557,265
Fines and forfeitures	1,920,535	-	-	-	-	-	1,920,535
Sale of property and compensation for loss	21,022	42,551	37,370	-	-	123,400	224,343
Miscellaneous	1,112,391	840,189	131,154	-	404,811	480,576	2,969,121
State aid	4,249,109	829,272	-	74,421	-	256,573	5,409,375
Federal aid	55,438	-	-	32,033,667	483,240	-	32,572,345
Total revenues	<u>60,643,283</u>	<u>10,333,994</u>	<u>18,393,695</u>	<u>32,108,088</u>	<u>976,291</u>	<u>28,436,140</u>	<u>150,891,491</u>
EXPENDITURES							
Current:							
General government support	11,899,474	2,790	-	-	-	-	11,902,264
Public safety	36,243,373	-	-	-	-	9,870,417	46,113,790
Transportation	2,044,892	10,195,040	-	-	-	3,150,873	15,390,805
Economic assistance and opportunity	3,310,243	-	-	-	-	-	3,310,243
Culture and recreation	8,888,128	-	-	-	-	-	8,888,128
Home and community services	-	-	14,833,651	32,174,435	-	13,118,122	60,126,208
Employee benefits	-	-	-	-	-	-	-
Debt service:							
Principal	-	210,205	-	-	-	7,282,080	7,492,285
Interest	135,841	118,203	247,187	-	-	2,281,075	2,782,306
Capital outlay	-	-	-	-	16,132,453	-	16,132,453
Total expenditures	<u>62,521,951</u>	<u>10,526,238</u>	<u>15,080,838</u>	<u>32,174,435</u>	<u>16,132,453</u>	<u>35,702,567</u>	<u>172,138,482</u>
Excess (deficiency) of revenues over expenditures	<u>(1,878,668)</u>	<u>(192,244)</u>	<u>3,312,857</u>	<u>(66,347)</u>	<u>(15,156,162)</u>	<u>(7,266,427)</u>	<u>(21,246,991)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,638,866	230,799	1,257,145	-	1,894,469	11,104,607	18,125,886
Transfers out	(4,157,763)	(815,795)	(6,283,490)	-	(1,458,671)	(5,410,167)	(18,125,886)
Proceeds of serial bonds	-	-	-	-	12,694,865	-	12,694,865
Premium on obligations	-	-	-	-	-	735,093	735,093
Total other financing sources (uses)	<u>(518,897)</u>	<u>(584,996)</u>	<u>(5,026,345)</u>	<u>-</u>	<u>13,130,663</u>	<u>6,429,533</u>	<u>13,429,958</u>
Net change in fund balances	<u>(2,397,565)</u>	<u>(777,240)</u>	<u>(1,713,488)</u>	<u>(66,347)</u>	<u>(2,025,499)</u>	<u>(836,894)</u>	<u>(7,817,033)</u>
Fund balances (deficit)—beginning	11,591,535	4,176,949	10,894,775	7,195,902	(7,885,625)	10,961,976	36,935,512
Fund balances (deficit)—ending	<u>\$ 9,193,970</u>	<u>\$ 3,399,709</u>	<u>\$ 9,181,287</u>	<u>\$ 7,129,555</u>	<u>\$ (9,911,124)</u>	<u>\$ 10,125,082</u>	<u>\$ 29,118,479</u>

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

TOWN OF AMHERST, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
December 31, 2018

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances—total governmental funds (page 18) \$ (7,817,033)

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

Capital asset additions	\$	20,759,570	
Loss on disposition of capital assets		(64,613)	
Depreciation expense		<u>(16,178,211)</u>	4,516,746

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (274,207)

Governmental funds report retained percentages expenditures on construction contracts when the retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. (158,550)

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

Town pension contributions	\$	9,749,004	
Cost of benefits earned net of employee contributions		<u>(10,746,607)</u>	(997,603)

Deferred outflows of resources relating to OPEB result from changes in assumptions and other inputs. These amounts are shown net of current year amortization. 15,066,036

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (82,510)

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

Proceeds from serial bonds	\$	(12,694,865)	
Principal payments on serial bonds		7,282,080	
Premiums on serial bonds		(735,093)	
Amortization of bond premiums		385,738	
Payment of capital lease		210,205	
Change in compensated absences		(270,288)	
Change in OPEB obligation		<u>(18,179,504)</u>	(24,001,727)

Internal service funds are used by management to charge the cost of insurance, judgments, claims and related administrative expenses to individual funds. The net excess of charges for such services is reported within governmental activities. (1,421,917)

Change in net position of governmental activities \$ (15,170,765)

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2018

	Governmental Activities	Business-type Activity		Total
	Internal Service Funds	Amherst Development Corporation		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 142,832	\$	142,832
Restricted cash and cash equivalents	3,860,546	-		3,860,546
Investments	-	5,000		5,000
Receivables	75,277	-		75,277
Due from other funds	65,837	-		65,837
Total current assets	4,001,660	147,832		4,149,492
LIABILITIES				
Current liabilities:				
Accounts payable	241,670	-		241,670
Accrued liabilities	4,314,179	-		4,314,179
Due to other funds	3,000,000	-		3,000,000
Bond anticipation notes payable	3,279,000	-		3,279,000
Total current liabilities	10,834,849	-		10,834,849
Noncurrent liabilities:				
Note payable	-	50,000		50,000
Total noncurrent liabilities	-	50,000		50,000
Total liabilities	10,834,849	50,000		10,884,849
DEFERRED INFLOWS OF RESOURCES				
Settlement recovery	3,135,313	-		3,135,313
Total deferred inflows of resources	3,135,313	-		3,135,313
NET POSITION				
Unrestricted	(9,968,502)	97,832		(9,870,670)
Net position	\$ (9,968,502)	\$ 97,832		\$ (9,870,670)

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

TOWN OF AMHERST, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended December 31, 2018

	Governmental Activities	Business-type Activity	
	Internal Service Funds	Amherst Development Corporation	Total
Operating revenues:			
Contributions	\$ 2,998,330	\$ -	\$ 2,998,330
Miscellaneous	43,236	143,500	186,736
Total operating revenues	3,041,566	143,500	3,185,066
Operating expenses:			
Administrative expenses	570,932	7,661	578,593
Judgments and claim expenses	3,860,838	-	3,860,838
Total operating expenses	4,431,770	7,661	4,439,431
Operating income (loss)	(1,390,204)	135,839	(1,254,365)
Nonoperating revenues (expenses):			
Premium on obligations	39,381	-	39,381
Other nonoperating	-	780	780
Interest expense	(81,989)	-	(81,989)
Interest income	10,895	-	10,895
Total nonoperating revenues (expenses)	(31,713)	780	(30,933)
Income (loss) before transfers	(1,421,917)	136,619	(1,285,298)
Transfers in	130,000	-	130,000
Transfers (out)	(130,000)	-	(130,000)
Total transfers in (out)	-	-	-
Change in net position	(1,421,917)	136,619	(1,285,298)
Net position—beginning	(8,546,585)	(38,787)	(8,585,372)
Net position—ending	\$ (9,968,502)	\$ 97,832	\$ (9,870,670)

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

TOWN OF AMHERST, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2018

	Governmental Activities	Business-type Activity	
	Internal Service Funds	Amherst Development Corporation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ 3,120,812	\$ -	\$ 3,120,812
Receipts from reimbursements and settlement recoveries	1,311,527	143,500	1,455,027
Payments for administrative fees, supporting services and judgments and claims	(4,014,572)	(37,281)	(4,051,853)
Net cash provided by operating activities	417,767	106,219	523,986
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to other funds	(65,837)	-	(65,837)
Net transfers from the Amherst Industrial Development Agency	-	780	780
Principal payments on bond anticipation notes	(820,471)	-	(820,471)
Premium on bond anticipation notes	39,381	-	39,381
Interest on bond anticipation notes	(81,989)	-	(81,989)
Net cash (used for) provided by noncapital financing activities:	(928,916)	780	(928,136)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	10,895	-	10,895
Net cash provided by investing activities	10,895	-	10,895
Net (decrease) increase in cash and cash equivalents	(500,254)	106,999	(393,255)
Cash and cash equivalents—beginning	4,360,800	35,833	4,396,633
Cash and cash equivalents—ending	\$ 3,860,546	\$ 142,832	\$ 4,003,378
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ (1,390,204)	\$ 135,839	\$ (1,254,365)
Adjustments to reconcile operating income (loss) to net cash provided by operations:			
Decrease in receivables	122,482	-	122,482
(Decrease) in accounts payable	(79,759)	(29,620)	(109,379)
Increase in accrued liabilities	1,764,401	-	1,764,401
Increase in deferred inflows of resources	847	-	847
Total adjustments	1,807,971	(29,620)	1,778,351
Net cash provided by operating activities	\$ 417,767	\$ 106,219	\$ 523,986

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

TOWN OF AMHERST, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2018

ASSETS

Restricted cash	\$ 2,159,026
LOSAP assets	<u>12,047,095</u>
Total assets	<u>\$ 14,206,121</u>

LIABILITIES

Amounts due to other parties	\$ 2,159,026
Amounts held for LOSAP	<u>12,047,095</u>
Total liabilities	<u>\$ 14,206,121</u>

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

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TOWN OF AMHERST, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

Independently elected officials of the Town include:

Supervisor	Town Clerk
Councilmembers (4)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town are the County of Erie and the Village of Williamsville. Public education is provided by four independent school districts within the Town.

The Town participates in a cooperative organization known as Amherst Utility Cooperative (the “Cooperative”) which was formed pursuant to the General Municipal Laws of the State of New York. Any municipal corporation or school district duly incorporated under applicable State Law is eligible for membership in this organization. The Cooperative was formed for the purpose of helping its members by performing services connected with the purchase of various types of energy for their use. Management does not believe that the Town has an ongoing financial responsibility for this joint venture. Participants share, proportionately to their usage, in all expenses. The joint venture has not accumulated significant surpluses or deficits. The Comptroller of the Town of Amherst has custody of all monies transferred from participants and is responsible for the books and records of the Cooperative. The Cooperative’s financial information can be obtained from the Town Comptroller’s office at 5583 Main Street, Williamsville, New York 14221.

On October 10, 2018, the Amherst Town Board approved a resolution for the Town of Amherst to vote to terminate the Amherst Utility Cooperative. The Cooperative members voted on October 31, 2018 to terminate the Amherst Utility Cooperative with a transition date within June 2019.

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

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

Town of Amherst Industrial Development Agency—The Town of Amherst Industrial Development Agency (the “Agency”) is a public benefit corporation created by Article 18A of New York State General Municipal Law to promote the economic welfare, recreation opportunities and prosperity of County inhabitants. Members of the Agency are appointed by the Town Board which exercises no oversight responsibility for fiscal matters. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town is not liable for agency bonds or notes. Separate financial statements can be obtained by writing the Agency’s administration office, 4287 Main Street, Amherst, New York 14226.

Blended Component Unit—The following blended component unit is legally separate from the Town, but is, in substance part of the Town’s operations and therefore data is combined with data of the Town. The Town of Amherst Development Corporation (the “Corporation”) was incorporated on May 23, 1977 under Section 402 of the Not-for-Profit Corporation Law to achieve the following lawful public quasi-public objectives:

- Relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instruction or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the Town by attracting new industry hereto and by encouraging the development or retention of industries in the Town and improving the economy and lessening the burdens of government and otherwise acting in the public interest, all within the Town;
- Construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants within said Town where projects assisted by the Empire State Development Corporation are to be located, and to assist financially in such construction, acquisition, rehabilitation and improvement and to maintain such plant for others;
- To study and promote, alone or in concert with local officials and interested local groups, the economic growth and business prosperity of the Town and such other areas of Western New York as may relate to and affect the Town and further the solution of other civic problems of the Western New York region.

Excluded from the Financial Reporting Entity—Although the following are related to the Town, they are not included in the County reporting entity for the reasons noted:

The Buffalo Niagara Heritage Village (the “Museum”) is an educational institution, chartered by the State of New York, whose purpose is to instill, educate and cultivate in a public audience an informed appreciation of the American past and its impact on current lifestyles, culture and historical development of the Town of Amherst. The chartered organization is legally responsible for the collections and is the fund-raising arm of the Museum. The artifacts and historical collections are property of the New York State Department of Education and are not included within the Town’s financial statements. In 2010, the Town granted a revocable license to the Museum to use the Town property at 3755 Tonawanda Creek Road beginning January 1, 2011 until December 31, 2035. The Museum financial statements can be obtained from the Museum’s Executive Director at Buffalo Niagara Heritage Village, 3755 Tonawanda Creek Road, Amherst, New York 14228-1599.

The Village of Williamsville and the Town of Amherst jointly own the Glen Park. The Boards of each municipality jointly act as the governing body for the joint venture. The Village and Town have created a Glen Park Joint Board to make studies and advise the Village and Town on the development and maintenance of the Park. Neither the Village nor the Town shall take any action with respect to Glen Park without submitting the matter to the Glen Park Joint Board for recommendation.

The Village and Town share equally in all expenses of development and maintenance of Glen Park. Such contribution is determined on an annual basis. The joint venture has not accumulated significant surpluses or deficits. The Treasurer of the Village of Williamsville has custody of all monies appropriated by the Town as its share of park maintenance on or about the 1st of June each year. The joint venture's financial statements can be obtained from the Village Administrator's office at 5565 Main Street, Williamsville, New York 14221.

Basis of Presentation—Government-wide Financial Statements

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

As discussed earlier, the government has a discretely presented component unit. The Town of Amherst Industrial Development Agency is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

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

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the principal operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for this fund is real property taxes.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town. The major source of revenue for this fund is real property taxes.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts. The major source of revenue for this fund is real property taxes.

- *Special Grant Fund*—The Special Grant Fund is used to record all activity related to the Federal Housing and Urban Development Community Development program. The major source of revenue for this fund is federal aid.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Town reports one enterprise fund:

- *Amherst Industrial Development Corporation (the “Corporation”)*—The Corporation promotes economic diversity and exists as a conduit for issuance of tax-exempt financing for not-for-profit borrowers, such as colleges and universities and civic groups, such as the YMCA.

Additionally, the Town reports the following fund types:

- *Internal Service Fund*—The Internal Service Funds are used to account for the Town’s insurance program. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town’s various functions.
- *Fiduciary Fund*—The Agency Fund is used to account for assets held by the Town as an agent for individuals, other governments, or other funds. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue sources (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, and time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Town had no investments at December 31, 2018; however, when the Town does have investments it is the Town’s policy to record them at fair value based on quoted market value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent cash from unearned revenues and deferred inflows of resources received, amounts to support fund balance restrictions, unspent proceeds of debt, premium from debt and amounts held on behalf of others.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for fund financial purposes. At December 31, 2018, the Town reported unearned revenues in the General Fund in the amount of \$18,408 for cash received in advance for which the Town has not performed the related services.

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are incurred. Expenditures reported in the Capital Project Fund are classified as capital outlays. Routine capital expenditures in other funds are included in the appropriate functional category (i.e. purchase of new highway equipment as part of current expenditures—transportation).

Additionally, from time to time the amount reported as capital outlays in the Capital Projects Fund includes certain non-capitalized costs (i.e. furnishings below the capitalization threshold).

The Town does not depreciate a capital asset until it is placed in service. The asset is accounted for as a construction in progress until it is placed in service.

Capital assets of the Town are depreciated using the straight line method over the estimated useful lives shown below:

Assets	Years
Buildings	50
Building improvements	20
Land improvements	10-25
Infrastructure:	
Water and sewer systems	50
Traffic control systems	30
Bridges and culverts	30-40
Roads	10-30
Street lighting	25
Machinery and equipment:	
Office equipment and furniture	10
Heavy equipment	15
Vehicles	5-10
Computers	5
Furniture	10
Other	10
Ice Rink Facility	10-50

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—Assets purchased or acquired with a useful life exceeding one year are capitalized. Contributed capital assets are recorded at fair value at the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. The Agency depreciates assets on the straight-line basis over the asset’s estimated useful lives ranging from 3 to 10 years.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2018, the Town has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the Town’s proportion of the collective net pension asset or liability, and the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s

contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The last item is a deferred charge on refunding which the Town reports within the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2018, the Town has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements. The second item represents unavailable revenues. The Town reports unavailable revenues from four sources: settlement recovery funds, a payment in lieu of taxes ("PILOT") and grant funding reported on the fund financial statements and government-wide financial statements, and a mortgage and lease receivable reported solely on the fund financial statements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

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

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

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

Revenues and Expenditures/Expenses

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

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

In 2018 payments were due January 1 to February 15 without penalty; February 16 to February 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 17 a 6% penalty; April 18 to May 1 a 7.5% penalty; and 1.5% added each month thereafter.

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

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

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

The compensated absences liability for the Town at December 31, 2018 totaled \$16,692,212 and is reported in the government-wide financial statements.

Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds and the business-type activity are charges to customers (funds) for sales and services and administrative fees, respectively. Operating expenses for internal service funds and the business-type activity include the cost of sales and services, and administrative expenses. All

revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Other

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2018, the Town implemented GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*. GASB statements No. 75 replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, and requires more extensive note disclosures and required supplementary information about their OPEB liabilities. GASB statement No. 85 enhanced consistency in the application of accounting and financial reporting requirements. GASB statement No. 86 improves 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—were 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. Other than the matter discussed in Note 2, GASB Statements No. 75, 85, and 86 did not have a material impact on the Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GSAB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2020, and No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2021. The Town is, therefore, unable to disclose the

impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90 and 91 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

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

- Prior to September 30, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20.
- Formal annual budgetary accounts are employed as a management control device for the General and all Special Revenue Funds, except the Special Grants Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.
- Annual budgets for governmental funds, except the Special Grant Fund, the Capital Projects Fund, the Special Purpose Fund and the Debt Service Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A form of encumbrance accounting is employed as an extension of budgetary control in all governmental funds, under which certain contracts and other commitments outstanding at year-end for the expenditure of monies (encumbrances) are recorded as an assignment of fund balance. All unencumbered appropriations lapse at the end of the fiscal year. On January 1, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year’s original budget.
- The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town’s annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project’s inception and lapse upon completion/termination of the grant/funding/project.
- Debt Service Fund appropriations are budgeted within the Town’s operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.
- Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification.

Deficit Fund Balance—The Capital Projects Fund has a fund balance of \$(9,911,124) at December 31, 2018. The deficit is caused by the Town’s issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

Additionally, the Town’s Self Insurance Fund and Workers Compensation Fund had net positions of \$(6,384,394) and \$(3,584,108), respectively, at December 31, 2018. The Town anticipates that settlement revenues, insurance recoveries and contributions from other funds will remedy the deficit.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 requires the Town’s net OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. As a result, the OPEB liability was restated from \$99,964,060 to \$199,607,999 at December 31, 2017.

The Town’s net position of governmental activities as of December 31, 2017 has been restated as follows:

Net position—December 31, 2017, as previously stated	\$ 84,489,505
GASB Statement No. 75 implementation:	
OPEB liability adjustment	<u>(99,643,939)</u>
Net position—December 31, 2017, as restated	<u>\$ (15,154,434)</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents at December 31, 2018 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 17,100	\$ -	\$ -	\$ 17,100
Deposits	47,645,283	142,832	2,159,026	49,947,141
Investments	-	5,000	-	5,000
Total	<u>\$ 47,662,383</u>	<u>\$ 147,832</u>	<u>\$ 2,159,026</u>	<u>\$ 49,969,241</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2018 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 899,392	\$ 899,392
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	49,041,218	48,246,639
Not collateralized*	815,966	806,110
Total	<u>\$ 50,756,576</u>	<u>\$ 49,952,141</u>

*At December 31, 2018, deposits held by a third-party contractor for the Town's Federally funded program were not collateralized.

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2018, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Investments—At December 31, 2018, the Corporation, as part of its economic development mission, invests non-public source funds in equity securities for start-up companies. These investments do not have readily available fair market value and therefore are valued at cost in the financial statements.

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

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent cash from unearned revenues and deferred inflows of resources received, amounts to support fund balance restrictions, unspent proceeds of debt, premium from debt and amounts held on behalf of others. At December 31, 2018, the Town reported \$29,900,562 of restricted cash and cash equivalents within its governmental activities and \$2,159,026 within the Agency Fund.

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—The Agency had unrestricted deposits of \$1,577,843 and restricted deposits of \$64,378 which were insured or collateralized by securities held by the pledging financial institution's trust department or agent in the Agency's name. The Agency has also designated \$100,000 of unrestricted fund balance at December 31, 2018 to be used for future investments.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2018 consisted of the following:

Accounts receivable—Represents franchise fees receivable and amounts due from other Town departments (e.g. Town Justice, Town Clerk and Receiver of Taxes, etc.) who are acting as intermediary collecting agents, collecting various fines, fees and other charges which are remitted to the Town in accordance with State statute. Other miscellaneous items are also included. Amounts due to the Town at December 31, 2018 are:

General Fund:		
Franchise fees	\$ 1,262,002	
Town Justice	158,162	
Ice facility	105,187	
Judgements	130,927	
Property code violations	142,475	
Insurance reimbursement	370,194	
Senior Center	22,371	
Town Clerk/Tax Receiver	23,597	
Museum	13,932	
Meals on Wheels	300	
Other	84,750	\$ 2,313,897
		<u> </u>
Highway Fund:		
Fuel purchases		\$ 186,382
		<u> </u>
Sewer Fund:		
Inspections		\$ 18,482
		<u> </u>
Nonmajor Funds:		
Mortgage and note receivable	\$ 675,122	
Town Clerk	166,450	
Recycling/waste management	1,488	\$ 843,060
		<u> </u>
Proprietary Funds:		
Self Insurance	\$ 18,858	
Workers Compensation	56,419	\$ 75,277
		<u> </u>

Mortgage and note receivable—Within the Community Environment Fund accounts receivable are a mortgage and a note receivable totaling \$500,169 and \$174,953, respectively, related to the sale of the compost facility and related equipment. The mortgage receivable carries 5.84% interest rate. The note receivable carries 4.25% interest rate and payments from the borrowers are due monthly from the months of March through November for both. During the year ended December 31, 2018, the Town received \$179,590 of mortgage payments, consisting of \$137,478 and \$42,112 of principal and interest, respectively. Payments on the note receivable began March 1, 2013. These receivables are offset by deferred inflows in the balance sheet since the revenue recognition criteria has not been met.

Intergovernmental receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Intergovernmental receivables at December 31, 2018 are:

General Fund:		
Erie County - sales tax	\$ 6,854,055	
Federal government	148,290	
Other	<u>39,783</u>	<u>\$ 7,042,128</u>
Highway Fund:		
New York State		<u>\$ 829,272</u>
Sewer Fund:		
Sewer fees		<u>\$ 1,440,607</u>
Special Grant Fund:		
Federal government		<u>\$ 493,339</u>
Capital Projects Fund:		
Grants		<u>\$ 647,507</u>
Nonmajor funds:		
Federal government	\$ 20,833	
New York State	<u>89,225</u>	<u>\$ 110,058</u>

Loans receivable—Loans receivable of \$7,129,555 within the Special Grant Fund consist of loans which were made by the Community Development Office of the Town through implementation of the Community Development Block Grant program. The funds received from repayments of such loans will be used towards future Community Development Block Grant expenditures and the related programs implemented through such grant.

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency—Significant receivables of the Agency include notes receivable. At December 31, 2018, the Agency had non-interest bearing notes receivable of \$50,000 with the Town of Amherst Development Corporation.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,593,287	\$ 198,172	\$ -	\$ 10,791,459
Construction in progress	28,658,313	16,132,454	(9,712,120)	35,078,647
Total capital assets not being depreciated	<u>39,251,600</u>	<u>16,330,626</u>	<u>(9,712,120)</u>	<u>45,870,106</u>
Capital assets, being depreciated:				
Infrastructure	195,700,360	6,535,899	(1,126,159)	201,110,100
Land improvements	15,448,961	614,106	-	16,063,067
Buildings	203,535,717	1,729,800	-	205,265,517
Building improvements	13,300,395	2,445,774	-	15,746,169
Machinery and equipment	64,684,261	2,473,532	(610,706)	66,547,087
Ice rink facility	19,624,275	341,953	(239,015)	19,727,213
Total capital assets, being depreciated	<u>512,293,969</u>	<u>14,141,064</u>	<u>(1,975,880)</u>	<u>524,459,153</u>
Less accumulated depreciation for:				
Infrastructure	(91,747,031)	(5,239,446)	1,126,159	(95,860,318)
Land improvements	(6,080,756)	(921,500)	-	(7,002,256)
Buildings	(138,264,361)	(3,993,261)	-	(142,257,622)
Building improvements	(6,673,725)	(528,815)	-	(7,202,540)
Machinery and equipment	(31,825,591)	(5,059,029)	596,987	(36,287,633)
Ice rink facility	(8,001,032)	(436,160)	188,121	(8,249,071)
Total accumulated depreciation	<u>(282,592,496)</u>	<u>(16,178,211)</u>	<u>1,911,267</u>	<u>(296,859,440)</u>
Total capital assets being depreciated, net	<u>229,701,473</u>	<u>(2,037,147)</u>	<u>(64,613)</u>	<u>227,599,713</u>
Governmental activities capital assets, net	<u>\$ 268,953,073</u>	<u>\$ 14,293,479</u>	<u>\$ (9,776,733)</u>	<u>\$ 273,469,819</u>

Depreciation expense was charged to functions of the governmental activities for the year ended December 31, 2018 as follows:

Governmental activities:	
General government support	\$ 541,391
Public safety	578,262
Transportation	3,651,283
Economic assistance and opportunity	170,775
Culture and recreation	1,439,751
Home and community services	9,796,749
	<u>\$ 16,178,211</u>

Discretely Presented Component Units

Town of Amherst Industrial Development Agency—Capital asset activity for the Town of Amherst Industrial Development Agency was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets not being depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total capital assets not being depreciated	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital assets, being depreciated:				
Leasehold improvements	22,710	-	-	22,710
Equipment	187,322	1,090	-	188,412
Buildings	719,835	-	-	719,835
Total capital assets, being depreciated	<u>929,867</u>	<u>1,090</u>	<u>-</u>	<u>930,957</u>
Less accumulated depreciation for:				
Leasehold improvements	(17,867)	(986)	-	(18,853)
Equipment	(172,089)	(7,591)	-	(179,680)
Buildings	<u>(228,924)</u>	<u>(18,162)</u>	<u>-</u>	<u>(247,086)</u>
Total accumulated depreciation	<u>(418,880)</u>	<u>(26,739)</u>	<u>-</u>	<u>(445,619)</u>
Total capital assets being depreciated, net	<u>510,987</u>	<u>(25,649)</u>	<u>-</u>	<u>485,338</u>
Capital assets, net	<u>\$ 610,987</u>	<u>\$ (25,649)</u>	<u>\$ -</u>	<u>\$ 585,338</u>

6. ACCRUED LIABILITIES

Accrued liabilities include salary and other related liabilities. Accrued liabilities of the Town's governmental funds at December 31, 2018 are:

General Fund:	
Salary	<u>\$ 1,942,225</u>
Highway Fund:	
Salary	<u>\$ 301,553</u>
Sewer Fund:	
Salary	\$ 273,791
Deposits	<u>13,500</u>
	<u>\$ 287,291</u>
Special Grant Fund:	
Salary	<u>\$ 10,128</u>
Nonmajor Funds:	
Salary	<u>\$ 308,241</u>
Proprietary Funds:	
Self Insurance	\$ 550,000
Workers Compensation	<u>3,764,179</u>
	<u>\$ 4,314,179</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2018, the Town reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2017, with update procedures used to roll forward the total net pension liabilities to the measurement date. The Town’s proportion of the net pension liabilities were based on projections of the Town’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	PFRS	ERS
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 5,376,006	\$ 3,234,929
Town's portion of the Plan's total net pension liability	0.5318793%	0.1002319%

For the year ended December 31, 2018, the Town recognized pension expenses of \$5,254,821 and \$4,455,025, respectively, for PFRS and ERS. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 2,212,711	\$ 1,153,794	\$ 1,428,528	\$ 953,452
Changes of assumptions	4,073,298	2,145,025	-	-
Net difference between projected and actual earnings on pension plan investments	4,351,247	4,698,478	8,763,175	9,274,325
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	527,044	1,583,290	228,935	142,923
Town contributions subsequent to the measurement date	3,411,362	3,264,533	-	-
Total	<u>\$ 14,575,662</u>	<u>\$ 12,845,120</u>	<u>\$ 10,420,638</u>	<u>\$ 10,370,700</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2019	\$ 1,220,147	\$ 1,236,662
2020	1,097,265	909,626
2021	(1,029,113)	(2,059,729)
2022	(761,444)	(876,672)
2023	216,807	-

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

	PFRS	ERS
Measurement date	March 31, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Interest rate	7.00%	7.00%
Salary scale	4.50%	3.80%
Decrement tables	April 1, 2010- March 31, 2015	April 1, 2010- March 31, 2015
Inflation rate	2.50%	2.50%
Cost-of-living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date Asset class:	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2018	
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.3
Total	<u>100.0 %</u>	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 26,333,135	\$ 5,376,006	\$ (12,202,108)
Employer's proportionate share of the net pension liability/(asset)—ERS	24,476,345	3,234,929	(14,734,460)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2017	April 1, 2017	
Employers' total pension liability	\$ 32,914,423	\$ 183,400,590	\$ 216,315,013
Plan fiduciary net position	31,903,666	180,173,145	212,076,811
Employers' net pension liability	\$ 1,010,757	\$ 3,227,445	\$ 4,238,202
System fiduciary net position as a percentage of total pension liability	96.9%	98.2%	98.0%

8. PENSION OBLIGATIONS—LOSAP

Plan Description—The Town established a defined benefit Length of Service Awards Program (the “LOSAP”) for the active volunteer firefighters of Ellicott Creek Fire Protection District No. 9, Getzville Fire Protection District No. 11, Main-Transit Fire Protection District No. 14, North Amherst Fire Protection District No. 10 and North Bailey Fire Protection District No. 18. The program took effect January 1, 1992. The Program was established pursuant to Article 11-A of the General Municipal Law. The Program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

Certain information contained in this note is based on information for LOSAP as of December 31, 2017, which is the most recent valuation date for which complete information related to the year ended December 31, 2018 is available.

Participation, Vesting and Service Credit—Active volunteer firefighters who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. The program’s entitlement age is age fifty-five. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values.

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

Fiduciary Investment and Control—Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated Penflex, Inc. to assist in the administration of the program.

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

Authority to invest program assets is vested in the Investment Committee. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” rule.

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary, dated January 1, 2018.

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

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

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Discount Rate—The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Participants Covered by the Benefit Terms—At the December 31, 2017 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	190
Inactive participants entitled to but not yet receiving benefit payments	242
Active participants	188
Total	<u>620</u>

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

	<u>Total Pension Liability</u>
Balance as of 12/31/2016 measurement date	<u>\$ 17,425,557</u>
Changes for the year:	
Service cost	338,367
Interest	645,513
Changes of assumptions or other inputs	1,448,727
Differences between expected and actual experience	300,779
Benefit payments	<u>(729,348)</u>
Net changes	<u>2,004,038</u>
Balance as of 12/31/2017 measurement date	<u>\$ 19,429,595</u>

Sensitivity of the Total Pension Liability to changes in the discount rate—The following presents the total pension liability of the Town as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16 percent, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	<u>Decrease (2.16%)</u>	<u>Discount Rate (3.16%)</u>	<u>Increase (4.16%)</u>
Net pension liability	\$ 22,576,205	\$ 19,429,595	\$ 16,918,547

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the year ended December 31, 2018, the Town recognized pension expense of \$1,119,535. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 400,688	\$ 66,704
Changes of assumptions or other inputs	1,208,656	884,720
Benefit payments & administrative expenses subsequent to the measurement date	<u>813,126</u>	<u>-</u>
Total	<u>\$ 2,422,470</u>	<u>\$ 951,424</u>

\$813,126 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending December 31, 2019.

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

Year Ending December 31,		
2019	\$	108,937
2020		108,937
2021		112,020
2022		173,834
2022		122,662
Thereafter		31,530

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description—The Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town provides two experience rated Preferred Provider Organization (“PPO”) plans and one experience rates traditional indemnity plan for its retirees and their dependents. In addition, the Town provides a Medicare Supplemental plan option for Medicare eligible retirees and dependents.

Employees Covered by Benefit Terms—At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	382
Active employees	<u>174</u>
	<u>556</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

Total OPEB Liability

The Town’s total OPEB liability of \$217,787,503 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018.

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

In the January 1, 2018 actuarial valuation, the Entry Age Normal over a level percent of pay was used. The actuarial assumptions included a valuation and measurement date of January 1, 2018. The discount rate used is 3.44%. The RPH-2014 Mortality Table, with generation mortality, using scale MP-2014 and projected forward using scale MP-2017, for males and females is used for mortality rates. The rates of decrement due to turnover and retirement are based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s

actuarial consultant report entitled “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.” Upon retirement it is assumed that 100% of eligible employees and their spouses will elect for post-employment health care benefits, while it is assumed that 70% of retirees will be married at the time of their retirement. In order to estimate the change in the cost of healthcare, the actuaries healthcare cost trend rate used is 6.0% based on the recent premium rate history for Town of Amherst.

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

	<u>Total OPEB Liability</u>
Balances at 12/31/2017, as restated:	\$ 199,607,999
Changes for the year:	
Service Cost	3,862,403
Interest	7,580,098
Changes of assumptions	12,614,433
Contributions—employer	<u>(5,877,430)</u>
Net changes	<u>18,179,504</u>
Balances at 12/31/2018	<u>\$ 217,787,503</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 262,167,451	\$ 217,787,503	\$ 183,590,836

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in current health cost trend rates as reported by the Town’s actuary:

	1% Decrease (5.0%)	Healthcare Cost Trend Rates (6.0%)	1% Increase (7.0%)
Total OPEB liability	\$ 180,368,714	\$ 217,787,503	\$ 267,145,385

Funding Policy—Authorization for the Town to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Town Board or through union contracts, which are ratified by the Town Board. For an employee to be eligible for the Town’s postemployment health plan they must qualify for retirement as a member of the New York State retirement system. All current retirees, future eligible police retirees as well as future eligible non-police retirees (hired prior to January 1, 1977) receive full health care coverage with no contribution requirements for themselves, dependents, and surviving spouses. Eligible non-police retirees that were hired after January 1, 1977 will be required to pay 10% of the additional premium for spousal coverage, with surviving spouse being required to contribute 15% of the individual premium.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town reports deferred outflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table below presents the Town’s deferred outflows of resources at December 31, 2018.

	Deferred Outflows of Resources
Changes of assumptions	\$ 9,110,424
Town contributions subsequent to the measurement date	5,955,612
Total	<u>\$ 15,066,036</u>

The Town’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31,</u>	
2019	\$ 3,504,009
2020	3,504,009
2021	2,102,406

10. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of damage to, and destruction of assets; injuries to employees; and natural disasters. The Town purchases insurance for: property (fire, flood, earthquake and boiler); computer equipment; and, employee fidelity. The Town purchases excess coverage for workers’ compensation for claims in excess of \$500,000. Workers’ compensation insurance coverage is limited to \$2 million per accident. The Town also purchases excess liability coverage for claims in excess of \$2 million limited to \$20 million per occurrence or wrongful act or employee benefit wrongful act under one policy. There is an aggregate \$20 million limit for products–completed operations hazards, errors and omissions liability and employee benefit liability aggregate.

There have been no significant reductions in the levels of commercial insurance from the prior year.

Judgments and Claims—The Town is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At December 31, 2018, the judgments and claims liability and the workers’ compensation liability are recorded within the Town’s Internal Service Fund. This liability is the Town’s best estimate based on available information. Changes in the reported liabilities since January 1, 2017 resulted from the following:

	Liability, 1/1/2018	Claims	Payments	Liability, 12/31/2018
Judgments and claims	\$ -	\$ 550,000	\$ -	\$ 550,000
Workers' compensation	2,549,778	2,256,455	1,042,054	3,764,179

	Liability, 1/1/2017	Claims	Payments	Liability, 12/31/2017
Judgments and claims	\$ 20,000	\$ -	\$ 20,000	\$ -
Workers' compensation	2,524,626	408,828	383,676	2,549,778

There are claims in the range of \$2,115,000 to \$4,064,606 which are classified as reasonably possible.

11. LEASE OBLIGATIONS

The Town has entered into agreements as lessee for financing the acquisition of certain highway equipment. The lease agreements qualify as a capital lease/installment purchase contracts for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations under the leases are summarized below:

Year ended December 31,	Governmental Activities
2019	Highway Equipment
2020	\$ 220,678
	220,678
Total minimum lease payments	441,356
Less: Amount representing imputed interest costs	(10,585)
Present value of minimum lease payment	<u>\$ 430,771</u>

The Town has purchased the following assets with the proceeds of the lease:

	Governmental Activities
Assets:	
Highway equipment	\$ 2,244,258
Less: Accumulated depreciation	(1,306,142)
Total	<u>\$ 938,116</u>

12. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs used for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing provided that annual reductions of principal are made. The table below is a summary of the Town's short-term debt for the year ended December 31, 2018:

	Issued	Maturity	Interest Rate	Balance 1/1/2018	Issues	Redemptions	Balance 12/31/2018
Bond anticipation notes:							
Various capital projects	11/8/17	11/8/18	1.17%	\$ 28,846,720	\$ -	\$ 28,846,720	\$ -
Payment of settlement	11/8/17	11/8/18	1.17%	4,099,470	-	4,099,470	-
Various capital projects	11/7/18	11/7/19	3.25%	-	28,561,257	-	28,561,257
Payment of settlement	11/7/18	11/7/19	3.25%	-	3,279,000	-	3,279,000
				<u>\$ 32,946,190</u>	<u>\$ 31,840,257</u>	<u>\$ 32,946,190</u>	<u>\$ 31,840,257</u>

The BANs issued on November 7, 2018 included a premium of \$382,406 included within governmental activities.

13. LONG-TERM LIABILITIES

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

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

The Town's outstanding long-term liabilities include serial bonds, premium on serial bonds, capital leases, compensated absences, OPEB obligation and net pension liabilities. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

Summary of Changes in Long-Term Liabilities—The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Balance 1/1/2018 (as restated)	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental activities:					
Serial bonds	\$ 74,647,080	\$ 12,694,865	\$ 7,282,080	\$ 80,059,865	\$ 8,148,865
Premium on serial bonds	<u>2,714,307</u>	<u>735,093</u>	<u>385,738</u>	<u>3,063,662</u>	<u>413,582</u>
Net bonds payable	77,361,387	13,429,958	7,667,818	83,123,527	8,562,447
Capital leases	640,976	-	210,205	430,771	213,639
Compensated absences	16,421,924	458,939	188,651	16,692,212	866,542
OPEB obligation	199,607,999	24,056,934	5,877,430	217,787,503	-
Net pension liability*	20,008,792	-	11,397,857	8,610,935	-
Net pension liability—LOSAP	<u>17,425,557</u>	<u>2,733,386</u>	<u>729,348</u>	<u>19,429,595</u>	<u>-</u>
Total governmental activities	<u>\$ 331,466,635</u>	<u>\$ 40,679,217</u>	<u>\$ 26,071,309</u>	<u>\$ 346,074,543</u>	<u>\$ 9,642,628</u>

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

Serial Bonds—The Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the current year, the Town issued \$12,694,865 in Public Improvement Serial Bonds for various purposes and received a premium of \$735,093. The interest rate is 4.0% and the bonds will mature on November 1, 2040.

Prior Year's Advanced Refunding—During prior years, the Town issued \$14,230,000 in Refunding Serial Bonds—2007 Series A and \$1,155,000 in non-callable Refunding Bonds—2007 Series B, which collectively refund the previously issued 1999A bonds, originally issued to finance the acquisition of a parcel of real property and the existing building thereon. The 2007 Series A were called on December 1, 2017. The interest on Series B bonds yield 5.630%. The total net proceeds of \$15,712,576 (after deductions for net issuance costs, including underwriters discount) were used to purchase non-callable, direct obligations of the United States of America and placed in an irrevocable trust fund to pay for all future debt service payments of the original bonds. As a result, the original bonds are considered refunded and the liability of those bonds, \$4,295,000, has been removed from the financial statements.

Additionally, in prior years, the Town also advanced refunded \$17,980,000 of Tax-Exempt Lease Revenue Bonds 1997A of the Amherst Industrial Development Agency (the "AIDA Bonds") that were used to finance the construction of the Amherst Multi-Surface Ice Rink complex. The bond proceeds were placed into an irrevocable trust fund with an escrow agent to provide for all future debt service payments on the AIDA Bonds. As a result, the AIDA Bonds were considered to be defeased, and the December 31, 2018 financial statements do not reflect the obligation, now equal to \$4,895,000.

A summary of bonded indebtedness transactions for the year ended December 31, 2018 follows:

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2018	Issues	Redemptions	Principal Outstanding 12/31/2018
General Fund						
Mill Street Land & Building	2009/2019	2.500-5.000%	\$ 305,000	\$ -	155,000	\$ 150,000
Central Alarm Voice Recording Equipment	2011/2022	2.000-5.000%	87,770	-	16,096	71,674
Traffic Signals	2011/2022	2.000-5.000%	20,417	-	3,744	16,673
Amherst Park Master Plan	2011/2022	2.000-5.000%	59,679	-	10,944	48,735
Local Waterfront Rev Plan	2011/2022	2.000-5.000%	19,369	-	3,552	15,817
Veterans Canal Park Improvements	2014/2039	2.000-5.000%	35,000	-	5,000	30,000
Dellwood Park Improvements	2014/2039	2.000-5.000%	36,000	-	5,000	31,000
Golf Course Improvements	2014/2039	2.000-5.000%	485,000	-	63,000	422,000
Senior Center	2014/2020	2.000-5.000%	1,695,000	-	535,000	1,160,000
2014 Refunding Serial Bonds Lehigh Valley Trailway	2014/2020	2.000-5.000%	10,000	-	5,000	5,000
2014 Refunding Serial Bonds Lehigh Valley Trailway Construction	2014/2020	2.000-5.000%	20,000	-	10,000	10,000
Youth and Community Center Improvements	2015/2030	2.000-3.000%	132,500	-	22,500	110,000
Traffic Signals	2015/2030	2.000-3.000%	39,000	-	3,000	36,000
Parking Lot Improvement at the Clearfield Library	2015/2030	2.000-3.000%	102,000	-	34,000	68,000
Replacement of Traffic Signal Equipment at Various Intersections	2015/2030	2.000-3.000%	44,500	-	3,500	41,000
Various Improvements to Fetto Park	2015/2030	2.000-3.000%	47,482	-	6,000	41,482
Installation and Improv. to the Town's WAN	2015/2030	2.000-3.000%	285,000	-	91,000	194,000
Improvements of Parking Lots	2015/2030	2.000-3.000%	92,000	-	30,000	62,000
Harlem Rd. Community Center Sprinkler System	2015/2030	2.000-3.000%	21,000	-	7,000	14,000
Clearfield Recreation Center Roof Replacement	2015/2030	2.000-3.000%	145,000	-	47,000	98,000
Ice Rink Acquisition, G.O. Refunding 2007 Series B (taxable)	2007/2022	5.630%	445,000	-	80,000	365,000
2016A Refunding Bonds Acquisition (2007)	2016/2022	2.000-5.000%	185,000	-	35,000	150,000
2016A Refunding Bonds Improvements (2007)	2016/2022	2.000-5.000%	185,000	-	35,000	150,000
Parking Lot Improvements	2016/2039	3.000-3.125%	309,000	-	71,000	238,000
Traffic Signal Controls	2016/2039	3.000-3.125%	32,000	-	8,000	24,000
Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	140,000	-	11,000	129,000
HVAC North Amherst Rec Center	2016/2039	3.000-3.125%	71,000	-	11,000	60,000
Parking Lot Improvements	2016/2039	3.000-3.125%	330,000	-	49,000	281,000
Recreation Dept. Facility and Park Improvements	2016/2039	3.000-3.125%	140,000	-	11,000	129,000
Central Fire Radio Repeater System Upgrade	2016/2039	3.000-3.125%	115,000	-	17,000	98,000
Various Traffic Signal Upgrades	2016/2039	3.000-3.125%	84,000	-	5,000	79,000
North Amherst Rec Center Garage B Roof Replacement	2016/2039	3.000-3.125%	63,000	-	10,000	53,000
Northtown Center Dasher Board Replacements	2016/2039	3.000-3.125%	224,000	-	17,000	207,000
Town Facility Park Lot Improvements 2013	2016/2039	3.000-3.125%	339,000	-	50,000	289,000
Harlem Rd. Community Center Building Improvements	2016/2039	3.000-3.125%	108,000	-	9,000	99,000
Bike Path and Trailway Repaving	2016/2039	3.000-3.125%	81,000	-	6,000	75,000
Improvements to Service Lifts HWY Garage A5132	2016/2039	3.000-3.125%	106,000	-	7,000	99,000
Upgrades to Central Alarm / Police Radio System	2016/2039	3.000-3.125%	37,000	-	18,000	19,000
Town Parking Lot Improvements	2016/2039	3.000-3.125%	403,000	-	51,000	352,000
Traffic Signal Controls Replacements	2016/2039	3.000-3.125%	62,000	-	7,000	55,000
Town Park Improvements	2016/2039	3.000-3.125%	366,000	-	26,000	340,000
Amherst Justice Facility Addition	2016/2039	3.000-3.125%	951,000	-	38,000	913,000
Clearfield Pool Liner Replacement	2016/2039	3.000-3.125%	62,000	-	5,000	57,000
2007 Series A Ice Rink Refunding Federally Taxable	2016/2022	1.320% -2.000%	5,500,000	-	1,090,000	4,410,000
Northtown Center Ice Resurfacer	2016/2039	3.000-3.125%	128,000	-	11,000	117,000
2017 Bonds Ballfield Canopy Backstops	2017/2035	2.000- 3.000%	82,000	-	6,000	76,000
2017 Bonds Police Secure Storage Building	2017/2035	2.000- 3.000%	354,683	-	16,683	338,000

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2018	Issues	Redemptions	Principal Outstanding 12/31/2018
2017 Bonds Veterans Park Improvements	2017/2035	2.000- 3.000%	53,273	-	4,273	49,000
2017 Bonds HRCC AUD HVAC Replacement	2017/2035	2.000- 3.000%	246,912	-	29,912	217,000
2017 Bonds Maplemere Traffic Signal	2017/2035	2.000- 3.000%	111,000	-	6,000	105,000
2017 Bonds Sportfield Backstops	2017/2035	2.000- 3.000%	33,000	-	11,000	22,000
2017 Bonds Eggertsville Youth Center Gym Roof Replacement	2017/2035	2.000- 3.000%	35,122	-	4,122	31,000
2017 Bonds Parking Lot Maintenance	2017/2035	2.000- 3.000%	374,253	-	43,253	331,000
2017 Bonds Recreation & Park Area Improvements	2017/2035	2.000- 3.000%	30,349	-	2,349	28,000
2017 Bonds Bike Path & Trailway Repaving Phase II	2017/2035	2.000- 3.000%	93,628	-	7,628	86,000
2017 Bonds Maple & Culpepper Traffic Signal Installation	2017/2035	2.000- 3.000%	133,000	-	7,000	126,000
2017 Bonds Highway HVAC Improvements	2017/2035	2.000- 3.000%	166,375	-	17,375	149,000
2018 Bonds Amherst State Park Improvements	2018/2040	4.0000%	-	225,000	-	225,000
2018 Bonds Town Park Shelter Improvements	2018/2040	4.0000%	-	21,000	-	21,000
2018 Bonds Amherst Sidewalks for Safety Transportation Enhancement	2018/2040	4.0000%	-	136,000	-	136,000
2018 Bonds Central Amherst Little League Parking Lot Reconstruction	2018/2040	4.0000%	-	53,999	-	53,999
2018 Bonds Northtown Center at Amherst Safety Updates	2018/2040	4.0000%	-	66,999	-	66,999
2018 Bonds Amherst Police / Court ADA Restrooms & Entranceway	2018/2040	4.0000%	-	118,000	-	118,000
2018 Bonds Town Facility Parking Lot Maintenance	2018/2040	4.0000%	-	449,662	-	449,662
2018 Bonds Police & Court HVAC Systems Improvements	2018/2040	4.0000%	-	505,862	-	505,862
2018 Bonds Bassett Park Accessibility & Pond Improvements	2018/2040	4.0000%	-	124,728	-	124,728
2018 Bonds Northtown Center Softball Field Improvements	2018/2040	4.0000%	-	91,000	-	91,000
2018 Bonds Traffic Signal Controls	2018/2040	4.0000%	-	70,999	-	70,999
2018 Bonds Recreational Facility and Park Area Improvements	2018/2040	4.0000%	-	117,000	-	117,000
2018 Bonds Police, Fire & Emergency Operations Center Radio	2018/2040	4.0000%	-	587,505	-	587,505
2018 Bonds Museum Buildings & Grounds Improvements	2018/2040	4.0000%	-	77,416	-	77,416.00
Total General Fund			<u>15,861,312</u>	<u>2,645,170</u>	<u>2,889,931</u>	<u>15,616,551</u>
Town Outside Village Fund						
Highway Equipment - Part Town	2011/2022	2.000-5.000%	<u>4,014</u>	<u>-</u>	<u>736</u>	<u>3,278</u>
Total Town Outside Village Fund			<u>4,014</u>	<u>-</u>	<u>736</u>	<u>3,278</u>
Highway Fund						
Highway Equipment - Highway	2011/2022	2.000-5.000%	62,820	-	11,520	51,300
2014 Refunding Various Snow Plowing Equipment	2014/2020	2.000-5.000%	155,000	-	75,000	80,000
Various Town Road Pavements	2016/2039	3.000-3.125%	781,000	-	61,000	720,000
Highway Dept. Asphalt Paver	2016/2039	3.000-3.125%	265,000	-	21,000	244,000
Various Town Road Pavements 2013	2016/2039	3.000-3.125%	924,000	-	72,000	852,000
Plans for N. Bailey, Amsterdam, Emerson Intersection	2016/2039	3.000-3.125%	6,000	-	3,000	3,000
Paving & Curbing Improvements	2016/2039	3.000-3.125%	883,000	-	62,000	821,000
Improvements to Kings Highway	2016/2039	3.000-3.125%	242,000	-	17,000	225,000
2017 Bonds Rehab Northledge Drive	2017/2035	2.000- 3.000%	188,309	-	13,309	175,000
2017 Bonds Town Road & Curbing Improvements	2017/2035	2.000- 3.000%	894,593	-	60,593	834,000
2017 Bonds N. Bailey/Emerson/Amsterdam Intersection Reconfig.	2017/2035	2.000- 3.000%	14,857	-	4,857	10,000
2017 Bonds Ditch 5 Culvert at Flint Road	2017/2035	2.000- 3.000%	67,000	-	9,000	58,000
2018 Bonds Town Road Pavement & Curbing Improvements	2018/2040	4.0000%	-	1,795,999	-	1,795,999
Total Highway Fund			<u>4,483,579</u>	<u>1,795,999</u>	<u>410,279</u>	<u>5,869,299</u>
Water District Fund						
Waterline Country Pkwy	2011/2022	2.000-5.000%	161,238	-	29,568	131,670
Water District 15 Improvements	2014/2039	2.000-5.000%	1,231,000	-	47,000	1,184,000
2014 Refunding Hopkins Rd. Water System Improvements	2014/2020	2.000-5.000%	155,000	-	75,000	80,000
Improvement of Facilities of Water District No. 15	2015/2030	2.000-3.000%	831,387	-	54,763	776,624
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	575,000	-	38,000	537,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	282,000	-	19,000	263,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	51,000	-	4,000	47,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	590,000	-	39,000	551,000
Increase and Improvement of Facilities Water District No. 15	2015/2030	2.000-3.000%	228,000	-	15,000	213,000
2016A Refunding Bonds Ayer Road Water District (2005)	2016/2022	2.000-5.000%	80,000	-	25,000	55,000
2016A Refunding Bonds Willowridge Road (2007)	2016/2022	2.000-5.000%	220,000	-	40,000	180,000
2016A Refunding Bonds Haussauer Road (2007)	2016/2022	2.000-5.000%	190,000	-	35,000	155,000
2016A Refunding Bonds Greengage Circle Phase II (2007)	2016/2022	2.000-5.000%	50,000	-	10,000	40,000
Indian Trail Waterline Replacement	2016/2039	3.000-3.125%	157,000	-	11,000	146,000
Indian Lakeside Drive Waterline	2016/2039	3.000-3.125%	85,000	-	6,000	79,000
Indian Smith Road Waterline	2016/2039	3.000-3.125%	202,000	-	14,000	188,000
2012 Waterline Replacement Projects	2016/2039	3.000-3.125%	1,074,000	-	41,000	1,033,000
Waterline Replacements	2016/2039	3.000-3.125%	2,722,000	-	103,000	2,619,000

(continued)

Description	Issue/ Maturity Date	Interest Rate	Principal		Principal Outstanding 12/31/2018	
			Outstanding 1/1/2018	Issues Redemptions		
Sheridan Dr. & Transit Waterline Ext./ Connection	2016/2039	3.000-3.125%	71,000	-	4,000	67,000
Muegel Rd. Waterline Replacement	2016/2039	3.000-3.125%	398,000	-	16,000	382,000
Meadowview Lane Waterline Replacements	2016/2039	3.000-3.125%	481,000	-	19,000	462,000
Presidents Walk Waterline Replacement	2016/2039	3.000-3.125%	375,000	-	15,000	360,000
2017 Bonds Dodge Road Waterlines	2017/2035	2.000- 3.000%	134,972	-	6,972	128,000
2017 Bonds Waterline Replacement Robin Hill Road	2017/2035	2.000- 3.000%	474,184	-	22,184	452,000
2017 Bonds Waterline Replacement Northington Drive	2017/2035	2.000- 3.000%	285,993	-	13,993	272,000
2017 Bonds Waterline Replacement Clearfield Drive	2017/2035	2.000- 3.000%	244,961	-	11,961	233,000
2017 Bonds Waterline Replacement Odessa Srive & Lily Brooke Ct.	2017/2035	2.000- 3.000%	287,985	-	13,985	274,000
2018 Bonds Various Waterlines	2018/2040	4.0000%	-	1,633,737	-	1,633,737
Total Water District Fund			<u>11,637,720</u>	<u>1,633,737</u>	<u>729,426</u>	<u>12,542,031</u>
Sewer District Fund						
SSD#1 & SSD#16	2009/2018	2.500-5.000%	50,000	-	50,000	-
WWPC SSD#1 & SSD#16 Bar Screens	2009/2021	2.500-5.000%	590,000	-	150,000	440,000
Lehn Springs SSD#16 - Ext. 23 -SF	2009/2021	2.500-5.000%	260,000	-	65,000	195,000
Series 2011A (Refunded 2000A)	2011	0.870-3.591%	115,000	-	55,000	60,000
SSD #1 & 16 WWTP Roofs (Phase II)	2011/2022	2.000-5.000%	117,613	-	21,568	96,045
SSD #1 Lafayette Blvd.	2011/2022	2.000-5.000%	39,263	-	7,200	32,063
SSD # 16 N. French	2011/2022	2.000-5.000%	266,636	-	48,896	217,740
SSD #1 & 16 Transformer Rehab Study	2011/2022	2.000-5.000%	31,410	-	5,760	25,650
SSD #1 & 16 Pelletizer Bagging Facility	2011/2022	2.000-5.000%	81,492	-	14,944	66,548
SSD #1 & 16 Centrifuge #5 Replacement	2011/2022	2.000-5.000%	78,351	-	14,368	63,983
SSD #1 & 16 Scum Removal System Replacement	2011/2022	2.000-5.000%	50,256	-	9,216	41,040
SSD #1 & 16 Electrical System Load Curtailment	2011/2022	2.000-5.000%	81,492	-	14,944	66,548
SSD #1 & 16 Sand Filter Replacement	2011/2022	2.000-5.000%	186,715	-	34,240	152,475
Grit Collector/ Plant 16 Equipment	2014/2039	2.000-5.000%	120,000	-	5,000	115,000
Sewage Pump Motor Replacement	2014/2039	2.000-5.000%	339,000	-	14,000	325,000
Oxygen Deck Stage II Repairs	2014/2039	2.000-5.000%	164,000	-	7,500	156,500
Lift Station Control Panel	2014/2039	2.000-5.000%	66,000	-	3,000	63,000
Pump House Recovery	2014/2039	2.000-5.000%	93,000	-	4,500	88,500
Sanitary Sewers 16 Generators	2014/2039	2.000-5.000%	155,000	-	6,000	149,000
New Motor Control Center	2014/2039	2.000-5.000%	122,000	-	5,000	117,000
2014 Refunding Sewer Upgrades	2014/2020	2.000-5.000%	130,000	-	65,000	65,000
2014 Refunding WWTP Main Transformer	2014/2020	2.000-5.000%	80,000	-	40,000	40,000
2014 Refunding Incr. & Improv. SSD #1, 16	2014/2020	2.000-5.000%	105,000	-	50,000	55,000
2014 Refunding Incr. & Improv. SSD #16	2014/2020	2.000-5.000%	20,000	-	10,000	10,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	350,000	-	24,000	326,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	34,000	-	3,000	31,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	293,000	-	20,000	273,000
Improv. to Sanitary Sewer District No.1 & 16	2015/2030	2.000-3.000%	160,000	-	11,000	149,000
SS Dist. No. 1 & 16 WPCF Digester Rehabilitation	2015/2030	2.000-3.000%	136,000	-	10,000	126,000
Incr. and Improv. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	236,131	-	18,237	217,894
Incr. and Improv. of Sanitary Sewer District 1	2015/2030	2.000-3.000%	107,000	-	7,000	100,000
Incr. and Improv. of Sanitary Sewer District 16	2015/2030	2.000-3.000%	260,000	-	18,000	242,000
2016A Refunding Bonds Roof System Replacements (2005)	2016/2022	2.000-5.000%	180,000	-	55,000	125,000
2016A Refunding Bonds Lift Station Equipment Replacement (2005)	2016/2022	2.000-5.000%	35,000	-	10,000	25,000
2016A Refunding Bonds Various Sanitary Sewer (2005)	2016/2022	2.000-5.000%	30,000	-	10,000	20,000
2016A Refunding Bonds Sewer District No.1 (2007)	2016/2022	2.000-5.000%	90,000	-	15,000	75,000
2016A Refunding Bonds Sand Filtration System Improvements (2007)	2016/2022	2.000-5.000%	1,755,000	-	310,000	1,445,000
2016A Refunding Bonds Various Plant 16 Improvements (2007)	2016/2022	2.000-5.000%	605,000	-	110,000	495,000
2016A Refunding Bonds LeBrun Storm Sewer (2007)	2016/2022	2.000-5.000%	75,000	-	10,000	65,000
Main Sewage Pump Motors	2016/2039	3.000-3.125%	461,000	-	29,000	432,000
Polymer System Replacement	2016/2039	3.000-3.125%	105,000	-	25,000	80,000
Oxygen Plant Optimization	2016/2039	3.000-3.125%	184,000	-	13,000	171,000
WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	11,000	-	4,000	7,000
WPCF Solids Handling	2016/2039	3.000-3.125%	762,000	-	46,000	716,000
Switchgear Replacement	2016/2039	3.000-3.125%	462,000	-	68,000	394,000
Underground Feeders / MMC	2016/2039	3.000-3.125%	161,000	-	16,000	145,000
HVAC Facility Improvements	2016/2039	3.000-3.125%	462,000	-	45,000	417,000
Hydraulic Actuators & Valve Replacement	2016/2039	3.000-3.125%	285,000	-	27,000	258,000
Scum Systems Replacement	2016/2039	3.000-3.125%	256,000	-	28,000	228,000
WPCF Basin, Scum System, Polymer, Hydraulic	2016/2039	3.000-3.125%	2,561,000	-	97,000	2,464,000
WPCF Roof Replacement	2016/2039	3.000-3.125%	87,000	-	7,000	80,000

(continued)

(concluded)

Description	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2018	Issues	Redemptions	Principal Outstanding 12/31/2018
WPCF Multiple Project Upgrades Phase II	2016/2039	3.000-3.125%	1,152,000	-	44,000	1,108,000
Allenhurst, Eggertsville, Capin Sanitary Sewer II & III	2016/2039	3.000-3.125%	1,002,000	-	38,000	964,000
WPCF EQ Basin	2016/2039	3.000-3.125%	534,000	-	21,000	513,000
WPCF Multiple Projects	2016/2039	3.000-3.125%	6,353,000	-	239,000	6,114,000
Brantwood, N. French, Harlem, Hancock Sanitary Sewer	2016/2039	3.000-3.125%	950,000	-	36,000	914,000
WPCF Oxygen System Rehabilitation	2016/2039	3.000-3.125%	2,706,000	-	102,000	2,604,000
WPCF Electric Upgrades Phase 5	2016/2039	3.000-3.125%	601,000	-	23,000	578,000
WPCF HVAC Facility Improvements	2016/2039	3.000-3.125%	206,000	-	8,000	198,000
WPCF Building Infrastructure Reconstruction	2016/2039	3.000-3.125%	228,000	-	10,000	218,000
Sanitary Sewer Lift Station Reconstruction	2016/2039	3.000-3.125%	53,000	-	6,000	47,000
WPCF Stage 1 & 2 Activated Sludge	2016/2039	3.000-3.125%	2,035,000	-	77,000	1,958,000
WPCF Dewatering Process Phase II	2016/2039	3.000-3.125%	1,040,000	-	40,000	1,000,000
2017 Bonds Delta Rd./ Eggert Rd., Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	1,116,942	-	50,942	1,066,000
2017 Bonds Chestnut Ridge Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	215,206	-	10,206	205,000
2017 Bonds Capen Blvd Sanitary Sewer Upgrade	2017/2035	2.000- 3.000%	74,125	-	4,125	70,000
2017 Bonds WPCF Lift Station Pump Control Improvements	2017/2035	2.000- 3.000%	335,000	-	16,000	319,000
2017 Bonds WPCF Asset Management	2017/2035	2.000- 3.000%	138,000	-	7,000	131,000
2017 Bonds WPCF Air Scrubber Building No. 4	2017/2035	2.000- 3.000%	58,075	-	3,075	55,000
2017 Bonds WPCF Claridier Grit Air Rehab	2017/2035	2.000- 3.000%	5,436,000	-	252,000	5,184,000
2018 Bonds Sanitary Sewer Bondcroft / Danebrock	2018/2040	4.0000%	-	733,383	-	733,383
2018 Bonds WPCF RAS/WAS System Rehab, Phase II	2018/2040	4.0000%	-	684,000	-	684,000
2018 Bonds WPCF Facility Various Projects	2018/2040	4.0000%	-	4,817,576	-	4,817,576
2018 Bonds Maple Road Sanitary Sewer Upgrades	2018/2040	4.0000%	-	385,000	-	385,000
Total Sewer District Fund			<u>37,718,707</u>	<u>6,619,959</u>	<u>2,724,721</u>	<u>41,613,945</u>
Drainage District Fund						
Highway Equipment - Drainage	2011/2022	2.000-5.000%	109,761	-	20,128	89,633
Storm Drainage #4 McKinley / Harding	2011/2022	2.000-5.000%	145,533	-	26,688	118,845
Storm Drainage #16 Eggert / Bailey	2011/2022	2.000-5.000%	78,351	-	14,368	63,983
Drainage 16 Harding/McKinley/Caesar	2014/2039	2.000-5.000%	394,000	-	16,000	378,000
Drainage 26 Rambling Culvert	2014/2039	2.000-5.000%	122,000	-	5,000	117,000
Drainage 16 Bassett Park	2014/2039	2.000-5.000%	378,000	-	15,000	363,000
Drainage 26 Chapel Wood Culvert	2014/2039	2.000-5.000%	230,000	-	9,000	221,000
2014 Refunding Inc. & Imp. SWD	2014/2020	2.000-5.000%	10,000	-	5,000	5,000
2014 Refunding Storm Water Imp. Carmen Rd.	2014/2020	2.000-5.000%	40,000	-	20,000	20,000
2014 Refunding Inc. & Imp. SWD #4, 16, 26	2014/2020	2.000-5.000%	20,000	-	10,000	10,000
Improv. of SWD District 4, 16 & 26	2015/2030	2.000-3.000%	178,000	-	20,000	158,000
2016A Refunding Storm Water Drainage Delta Rd (2005)	2016/2022	2.000-5.000%	110,000	-	35,000	75,000
2016A Refunding Improvement of Storm Water Drainage (2005)	2016/2022	2.000-5.000%	155,000	-	50,000	105,000
2016A Refunding Various Drainage Improvements (2007)	2016/2022	2.000-5.000%	185,000	-	35,000	150,000
Amherston, Oakwood, Bellingham Drainage	2016/2039	3.000-3.125%	256,000	-	25,000	231,000
Oakwood, Amherston, Bellingham Improve Phase II	2016/2039	3.000-3.125%	610,000	-	24,000	586,000
Ditch 9-A Weir Replacement	2016/2039	3.000-3.125%	70,000	-	3,000	67,000
Oakwood, Amherston, Bellingham Improve Phase III	2016/2039	3.000-3.125%	428,000	-	17,000	411,000
Bramblewood Lane Drainage Stormwater	2016/2039	3.000-3.125%	311,000	-	12,000	299,000
Ditch 26D-1 Culvert Replacement	2016/2039	3.000-3.125%	11,000	-	2,000	9,000
2017 Bonds Glenn Oak Culvert Replacement	2017/2035	2.000- 3.000%	347,283	-	16,283	331,000
Total Drainage District Fund			<u>4,188,928</u>	<u>-</u>	<u>380,467</u>	<u>3,808,461</u>
Community Environment Fund						
Highway Equipment - Community Environment	2011/2022	2.000-5.000%	62,820	-	11,520	51,300
2016A Refunding Bonds Various Refuse District (2005)	2016/2022	2.000-5.000%	70,000	-	25,000	45,000
2016A Refunding Bonds Residential Refuse Containers (2007)	2016/2022	2.000-5.000%	620,000	-	110,000	510,000
Total Community Environment Fund			<u>752,820</u>	<u>-</u>	<u>146,520</u>	<u>606,300</u>
Total governmental activities			<u>\$ 74,647,080</u>	<u>\$ 12,694,865</u>	<u>\$ 7,282,080</u>	<u>\$ 80,059,865</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities.

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018
Premium on Serial Bonds	<u>\$ 2,714,307</u>	<u>\$ 735,093</u>	<u>\$ 385,738</u>	<u>\$ 3,063,662</u>

Capital Leases— The outstanding balance at December 31, 2018 for the First Niagara Bank leases was \$430,771. Refer to Note 11 for additional information related to the Town’s capital leases.

Compensated Absences—As explained in Note 1, the Town records the value of governmental fund type compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the financial statements at December 31, 2018, for governmental activities is \$16,692,212. Management estimates that \$866,542 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 9, the Town provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Town’s annual postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability). The estimated long-term OPEB obligation is estimated to be \$217,787,503 at December 31, 2018.

Net Pension Liability—The Town reports a liability for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employee’s Retirement System. The net pension liability is estimated to be \$8,610,935 in the governmental activities. Refer to Note 7 additional information related to the Town’s net pension liability.

Net Pension Liability—LOSAP—The Town reports a liability for its proportionate share of the net pension liability for the Length of Service Awards Program. The net pension liability is estimated to be \$19,429,595 in the governmental activities. Refer to Note 8 additional information related to the Town’s net pension liability.

A maturity schedule of the Town’s indebtedness is shown below.

	Serial Bonds	Premium on Serial Bonds	Capital Leases	Compensated Absences	OPEB Obligation	Net Pension Liability	Net Pension Liability LOSAP	Total
2019	\$ 8,148,865	\$ 413,582	\$ 213,639	\$ 866,542	\$ -	\$ -	\$ -	\$ 9,642,628
2020	7,735,000	389,799	217,132	-	-	-	-	8,341,931
2021	6,845,000	227,780	-	-	-	-	-	7,072,780
2022	6,720,000	134,221	-	-	-	-	-	6,854,221
2023	4,300,000	115,201	-	-	-	-	-	4,415,201
2024-2028	19,025,000	565,616	-	-	-	-	-	19,590,616
2029-2033	14,155,000	551,030	-	-	-	-	-	14,706,030
2034-2038	11,041,000	542,595	-	-	-	-	-	11,583,595
2039-thereafter	2,090,000	123,838	-	15,825,670	217,787,503	8,610,935	19,429,595	263,867,541
	<u>\$ 80,059,865</u>	<u>\$ 3,063,662</u>	<u>\$ 430,771</u>	<u>\$ 16,692,212</u>	<u>\$ 217,787,503</u>	<u>\$ 8,610,935</u>	<u>\$ 19,429,595</u>	<u>\$ 346,074,543</u>

Interest requirements on serial bonds are as follows:

<u>Year ending December 31,</u>	<u>Interest</u>
2019	\$ 2,461,358
2020	2,197,490
2021	1,962,134
2022	1,757,143
2023	1,564,547
2024-2028	5,986,464
2029-2033	3,402,520
2034-2038	1,383,518
2039-2040	85,838
	<u>\$ 20,801,012</u>

Discretely Presented Component Unit

Town of Amherst Industrial Development Agency

The Agency's mortgage with First Niagara Bank amounted to \$375,696 and \$426,159 at December 31, 2018 and 2017, respectively. The mortgage bore interest at 6% per year and is payable in 60 monthly installments of \$6,225 comprising of principal and interest through December 31, 2014. At January 1, 2015, the interest rate adjusted daily to 2% above the Regular Fixed Advanced Rate offered by the Federal Home Loan Bank of New York for instruments having a term of five years. However, in no event will the rate fall below 6%. Payments will be made in 60 monthly installments based on a 10-year amortization of the outstanding balance at January 1, 2015. Amounts borrowed bear interest at 6% at December 31, 2018 and 2017. A balloon payment for the remaining balance is due in January 2020. The terms of the mortgage require the Agency to maintain a restricted deposit with the bank which amounted to \$64,378 and \$64,343 at December 31, 2018 and 2017.

The mortgage requires the Agency to maintain at minimum debt coverage ratio of 1.2 to 1.0. The Agency obtained a waiver related to the minimum coverage covenant as of December 31, 2018 and met the minimum debt coverage covenant as of December 31, 2017.

14. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation	\$ 273,469,819
Related debt:	
Serial bonds issued	(80,059,865)
Unamortized bond issue premium	(3,063,662)
Bond anticipation notes issued for capital assets	(28,561,257)
Unspent proceeds from debt	<u>22,428,267</u>
Debt issued and used for capital assets	(89,256,517)
Capital lease	<u>(430,771)</u>
Net investment in capital assets	<u>\$ 183,782,531</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2018 includes:

	General Fund	Highway Fund	Sewer Fund	Special Grant Fund	Other Governmental Funds	Total
Prepaid items	\$ 1,923,440	\$ 202,196	\$ 224,822	\$ 7,952	\$ 247,658	\$ 2,606,068
Long-term interfund loan	-	-	3,000,000	-	-	3,000,000
	<u>\$ 1,923,440</u>	<u>\$ 202,196</u>	<u>\$ 3,224,822</u>	<u>\$ 7,952</u>	<u>\$ 247,658</u>	<u>\$ 5,606,068</u>

- **Prepaid Items**—Represents the portion of fund balance composed of prepaid assets. This balance is nonspendable as the asset does not represent an available resource.
- **Long-term interfund loan**—Represents the portion of fund balance composed of a receivable from the Self Insurance Fund that is expected to be realized, with interest on the amount borrowed, upon receipt of the settlement recovery.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2018 the amounts shown below:

	Special Grant Fund	Capital Projects Fund	Other Governmental Funds	Total
Loans receivable	\$ 7,129,555	\$ -	\$ -	\$ 7,129,555
Capital projects	-	343,025	-	343,025
Special purpose	-	-	1,963,529	1,963,529
Debt	-	-	4,281,723	4,281,723
Total restricted fund balance	<u>\$ 7,129,555</u>	<u>\$ 343,025</u>	<u>\$ 6,245,252</u>	<u>\$ 13,717,832</u>

- **Loans receivable**—Represent community development loans within the Special Grant Fund, which are required to be maintained intact.
- **Restricted capital projects**—Represents unspent BAN premiums to be used for capital projects or on related debt.
- **Restricted for special purpose**—Represents funds for various purposes as accounted for in a special purpose special revenue fund.
- **Restricted for debt**—Represents unspent debt proceeds which is restricted for the reduction of future debt service requirements.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the Town. At December 31, 2018, the following balances were considered to be assigned:

	General Fund	Highway Fund	Sewer Fund	Other Governmental Funds	Total
Subsequent year's expenditures	\$ 1,400,000	\$ 699,143	\$ 2,043,943	\$ 400,000	\$ 4,543,086
Encumbrances	500,583	55,536	560,200	294,017	1,410,336
Specific use:					
Highway expenditures	-	2,442,834	-	-	2,442,834
Sewer expenditures	-	-	3,352,322	-	3,352,322
Town outside village expenditures	-	-	-	201,395	201,395
Lighting expenditures	-	-	-	288,495	288,495
Community environment expenditures	-	-	-	510,846	510,846
Fire protection expenditures	-	-	-	152,494	152,494
Water district expenditures	-	-	-	1,142,022	1,142,022
Drainage district expenditures	-	-	-	642,903	642,903
Total assigned fund balance	<u>\$ 1,900,583</u>	<u>\$ 3,197,513</u>	<u>\$ 5,956,465</u>	<u>\$ 3,632,172</u>	<u>\$ 14,686,733</u>

- **Assigned to subsequent year's expenditures**—Represents funds to be used to assist in supporting the subsequent year's authorized appropriations.
- **Assigned to encumbrances**—Represents authorizations related to unperformed contracts or purchase orders for goods or services.
- **Assigned for specific use**—Represents remaining fund balance of special revenue funds to be used for each fund's specific use.

Unassigned fund balance represents the residual classification of the government's General Fund surplus, and Special Grant Fund and Capital Projects Fund deficits.

The Town will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amount for the particular purpose in question in the following order: 1) nonspendable (if funds become spendable), 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

15. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables of the Town at December 31, 2018 consisted of the following:

Fund	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	\$ 380,039	\$ 441,809
Highway Fund	1,639,134	18,417
Sewer Fund	3,071,470	199,434
Special Grant Fund	1,966	-
Capital Projects Fund	124,572	1,197,059
Other governmental funds	<u>1,044,833</u>	<u>1,471,132</u>
Subtotal governmental funds	<u>6,262,014</u>	<u>3,327,851</u>
Proprietary funds	<u>65,837</u>	<u>3,000,000</u>
Total	<u>\$ 6,327,851</u>	<u>\$ 6,327,851</u>

The balances outstanding between funds are the result of transfers made to the proprietary funds to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances. All of these other balances are expected to be collected/paid within the subsequent year, except the portion of fund balance composed of a receivable from the Self-Insurance Fund to the Sewer Fund related to a settlement, where funds remain in escrow. Further information is provided in Note 21.

The Town made the following transfers during the year ended December 31, 2018:

Fund	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 3,638,866	\$ 4,157,763
Highway Fund	230,799	815,795
Sewer Fund	1,257,145	6,283,490
Capital Projects Fund	1,894,469	1,458,671
Nonmajor funds	<u>11,104,607</u>	<u>5,410,167</u>
Total	<u>\$ 18,125,886</u>	<u>\$ 18,125,886</u>

Transfers are used primarily to pay debt service expenditures, charge back allocations and to support capital projects.

A summary of the transfers out made during the year ended December 31, 2018 is follows:

	BAN	Debt Service - Serial Bonds		Capital	Total
	Payments	Principal	Interest	and Other	
Governmental funds:					
General Fund	\$ 340,852	\$ 2,889,931	\$ 422,270	\$ 504,710	\$ 4,157,763
Highway Fund	109,925	410,279	127,647	167,944	815,795
Sewer Fund	263,000	2,724,721	1,136,953	2,158,816	6,283,490
Capital Projects Fund	-	-	-	1,458,671	1,458,671
Nonmajor funds	74,001	1,257,149	508,028	3,570,989	5,410,167
Total	<u>\$ 787,778</u>	<u>\$ 7,282,080</u>	<u>\$ 2,194,898</u>	<u>\$ 7,861,130</u>	<u>\$ 18,125,886</u>

16. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of the Agency Fund for the year ended December 31, 2018:

ASSETS	Balance	Additions	Deletions	Balance
	1/1/2018			12/31/2018
Cash	\$ 1,867,403	\$ 13,143,384	\$ 12,851,761	\$ 2,159,026
Amounts due from other funds	2,500	-	2,500	-
LOSAP assets	8,915,160	3,915,544	783,609	12,047,095
Total assets	<u>\$ 10,785,063</u>	<u>\$ 17,058,928</u>	<u>\$ 13,637,870</u>	<u>\$ 14,206,121</u>
LIABILITIES				
Amounts due to other parties	\$ 1,869,903	\$ 13,143,384	\$ 12,854,261	\$ 2,159,026
Amounts held for LOSAP	8,915,160	3,915,544	783,609	12,047,095
Total liabilities	<u>\$ 10,785,063</u>	<u>\$ 17,058,928</u>	<u>\$ 13,637,870</u>	<u>\$ 14,206,121</u>

17. LABOR RELATIONS

Town employees are represented by five bargaining units with the balance governed by Town Board rules and regulations. All bargaining units were settled as of December 31, 2018.

18. COMMITMENTS

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

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. Significant encumbrances as of December 31, 2018, are as listed below:

<u>Fund</u>	<u>Purpose</u>	<u>Amount Encumbered</u>
Nonmajor fund	NYSERDA Planning and Zoning Grant	\$ 79,740
Nonmajor fund	Water District #15	75,391

19. TAX ABATEMENTS

The Town is subject to tax abatements granted by the Amherst Industrial Development Agency (“AIDA”) and the Town of Amherst under New York State private housing finance law. These programs have the stated purpose of increasing business activity and employment in the region and providing housing for senior citizens and disabled citizens with low to moderate income. Economic development agreements entered into by the AIDA includes the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Town the abatements have resulted in reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the AIDA and the Town, the Town collected \$882,008 during 2018 in payments in lieu of taxes (“PILOT”); these collections were made in lieu of \$1,233,212 in property taxes.

20. CONTINGENCIES

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

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

Pollution Remediation Obligations—On February 13, 2007, the Town was issued a consent order by the New York State Department of Environmental Conservation. As part of the consent order the Town submitted a plan for the abatement of the overflow of sanitary sewer discharge in February 2011. The NYSDEC approved the plan in September 2011. The Town is continuing to perform work on its Sanitary Sewer Overflow Abatement projects as required by the New York State Department of Environmental Conservation. As of December 31, 2018, the Town has issued debt to remediate the notice of consent and additional liabilities will be financed as remediation progresses.

21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 9, 2019, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.5318793%	0.5764179%	0.5741059%	0.5128572%	0.5128572%
Town's proportionate share of the net pension liability (asset)	<u>\$ 5,376,006</u>	<u>\$ 11,325,341</u>	<u>\$ 16,998,055</u>	<u>\$ 1,411,688</u>	<u>\$ 2,135,073</u>
Town's covered payroll	\$ 16,614,053	\$ 16,834,399	\$ 17,032,680	\$ 16,342,612	\$ 14,344,572
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.4%	67.3%	99.8%	8.6%	14.9%
Plan fiduciary net position as a percentage of the total pension liability	96.9%	93.5%	90.2%	99.0%	98.5%

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

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,607,107	\$ 4,805,801	\$ 4,975,907	\$ 5,090,970	\$ 4,776,310
Contributions in relation to the contractually required contribution	<u>(4,607,107)</u>	<u>(4,805,801)</u>	<u>(4,975,907)</u>	<u>(5,090,970)</u>	<u>(4,776,310)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 16,761,253	\$ 16,465,208	\$ 16,072,173	\$ 16,616,683	\$ 16,330,150
Contributions as a percentage of covered payroll	27.5%	29.2%	31.0%	30.6%	29.2%

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

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Town's proportion of the net pension liability (asset)	0.1002319%	0.0924143%	0.0964040%	0.1006434%	0.1006434%
Town's proportionate share of the net pension liability (asset)	<u>\$ 3,234,929</u>	<u>\$ 8,683,451</u>	<u>\$ 15,473,115</u>	<u>\$ 3,399,979</u>	<u>\$ 4,547,932</u>
Town's covered payroll	\$ 29,546,930	\$ 30,348,302	\$ 27,434,989	\$ 27,210,703	\$ 27,768,404
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.9%	28.6%	56.4%	12.5%	16.4%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	97.2%

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

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,411,549	\$ 4,220,001	\$ 4,794,259	\$ 4,947,837	\$ 6,019,128
Contributions in relation to the contractually required contribution	<u>(4,411,549)</u>	<u>(4,220,001)</u>	<u>(4,794,259)</u>	<u>(4,947,837)</u>	<u>(6,019,128)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 29,505,213	\$ 29,362,605	\$ 28,857,463	\$ 27,606,404	\$ 27,664,705
Contributions as a percentage of covered payroll	15.0%	14.4%	16.6%	17.9%	21.8%

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

TOWN OF AMHERST, NEW YORK
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last Fiscal Year*

Total OPEB Liability	
Service cost	\$ 3,862,403
Interest	7,580,098
Changes of assumptions	12,614,433
Benefit payments	<u>(5,877,430)</u>
Net change in total OPEB liability	<u>18,179,504</u>
Total OPEB liability—beginning	<u>199,607,999</u>
Total OPEB liability—ending	<u>\$ 217,787,503</u>
 Plan Fiduciary Net Position	
Contributions—employer	5,877,430
Benefit payments	(5,877,430)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>
 Town's net OPEB liability—ending	 <u>\$ 217,787,503</u>
 Plan's fiduciary net position as a percentage of the total OPEB liability	 0.0%
 Covered-employee payroll	 N/A
 Town's net OPEB liability as a percentage of covered-employee payroll	 N/A

*Information prior to the year ended December 31, 2018 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

TOWN OF AMHERST, NEW YORK
Schedule of Changes in the Town's Total Pension Liability—LOSAP
Last Two Fiscal Years*

	December 31,	
	2018	2017
Total Pension Liability		
Service cost	\$ 338,367	\$ 397,324
Interest	645,513	587,498
Changes of assumptions or other inputs	1,448,727	(1,314,183)
Differences between expected and actual experience	300,779	148,264
Benefit payments	<u>(729,348)</u>	<u>(710,703)</u>
Net changes in total pension liability	<u>2,004,038</u>	<u>(891,800)</u>
Total pension liability—beginning	<u>17,425,557</u>	<u>18,317,357</u>
Total pension liability—ending	<u>\$ 19,429,595</u>	<u>\$ 17,425,557</u>
 Covered-employee payroll	 N/A	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A	 N/A

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

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Real property taxes	\$ 26,166,837	\$ 26,166,837	\$ 26,166,790	\$ (47)
Other property tax items	1,196,550	1,196,550	1,202,398	5,848
Non property tax items	20,120,000	20,120,000	20,804,218	684,218
Departmental income	5,118,111	5,123,111	4,717,277	(405,834)
Use of money and property	200,500	200,500	323,345	122,845
Licenses and permits	72,000	72,000	70,760	(1,240)
Fines and forfeitures	2,200,000	2,200,000	1,920,535	(279,465)
Sale of property and compensation for loss	3,000	3,000	21,022	18,022
Miscellaneous	917,560	1,145,858	1,112,391	(33,467)
State aid	4,258,920	4,550,657	4,249,109	(301,548)
Federal aid	49,840	149,840	55,438	(94,402)
Total revenues	<u>60,303,318</u>	<u>60,928,353</u>	<u>60,643,283</u>	<u>(285,070)</u>
EXPENDITURES				
Current:				
General government support	12,311,125	11,992,530	11,899,474	93,056
Public safety	35,925,088	36,306,829	36,243,373	63,456
Transportation	2,058,733	2,066,651	2,044,892	21,759
Economic assistance and opportunity	2,975,678	3,306,355	3,310,243	(3,888)
Culture and recreation	8,732,439	8,807,822	8,888,128	(80,306)
Debt service:				
Interest	150,587	140,816	135,841	4,975
Total expenditures	<u>62,153,650</u>	<u>62,621,003</u>	<u>62,521,951</u>	<u>99,052</u>
Deficiency of revenues over expenditures	<u>(1,850,332)</u>	<u>(1,692,650)</u>	<u>(1,878,668)</u>	<u>(186,018)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,482,472	3,482,472	3,638,866	156,394
Transfers out	<u>(3,643,981)</u>	<u>(4,167,849)</u>	<u>(4,157,763)</u>	<u>10,086</u>
Total other financing sources (uses)	<u>(161,509)</u>	<u>(685,377)</u>	<u>(518,897)</u>	<u>166,480</u>
Net change in fund balances*	(2,011,841)	(2,378,027)	(2,397,565)	(19,538)
Fund balances—beginning	11,591,535	11,591,535	11,591,535	-
Fund balances—ending	<u>\$ 9,579,694</u>	<u>\$ 9,213,508</u>	<u>\$ 9,193,970</u>	<u>\$ (19,538)</u>

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

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Highway Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 8,171,365	\$ 8,171,365	\$ 8,171,365	\$ -
Departmental income	406,550	406,550	406,695	145
Use of money and property	4,500	4,500	43,922	39,422
Sale of property and compensation for loss	67,000	67,000	42,551	(24,449)
Miscellaneous	671,360	671,360	840,189	168,829
State aid	586,497	829,272	829,272	-
Total revenues	<u>9,907,272</u>	<u>10,150,047</u>	<u>10,333,994</u>	<u>183,947</u>
EXPENDITURES				
Current:				
General government support	2,790	2,790	2,790	-
Transportation	9,731,949	10,487,216	10,195,040	292,176
Debt service:				
Principal	210,205	210,205	210,205	-
Interest	-	126,821	118,203	8,618
Total expenditures	<u>9,944,944</u>	<u>10,827,032</u>	<u>10,526,238</u>	<u>300,794</u>
Deficiency of revenues over expenditures	<u>(37,672)</u>	<u>(676,985)</u>	<u>(192,244)</u>	<u>484,741</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	230,799	230,799
Transfers out	(767,006)	(827,369)	(815,795)	11,574
Total other financing sources (uses)	<u>(767,006)</u>	<u>(827,369)</u>	<u>(584,996)</u>	<u>242,373</u>
Net change in fund balances*	(804,678)	(1,504,354)	(777,240)	727,114
Fund balances—beginning	4,176,949	4,176,949	4,176,949	-
Fund balances—ending	<u>\$ 3,372,271</u>	<u>\$ 2,672,595</u>	<u>\$ 3,399,709</u>	<u>\$ 727,114</u>

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

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Real property taxes	\$ 15,440,416	\$ 15,440,416	\$ 15,440,416	\$ -
Departmental income	356,001	372,973	412,130	39,157
Intergovernmental revenues	2,625,000	2,625,000	2,233,798	(391,202)
Use of money and property	11,000	11,000	138,827	127,827
Sale of property and compensation for loss	15,000	15,000	37,370	22,370
Miscellaneous	206,792	206,792	131,154	(75,638)
Total revenues	<u>18,654,209</u>	<u>18,671,181</u>	<u>18,393,695</u>	<u>(277,486)</u>
EXPENDITURES				
Current:				
Home and community services	14,740,224	14,913,072	14,833,651	79,421
Debt service:				
Interest	-	278,756	247,187	31,569
Total expenditures	<u>14,740,224</u>	<u>15,191,828</u>	<u>15,080,838</u>	<u>110,990</u>
Excess of revenues over expenditures	<u>3,913,985</u>	<u>3,479,353</u>	<u>3,312,857</u>	<u>(166,496)</u>
OTHER FINANCING USES				
Transfers in	654,001	661,001	1,257,145	596,144
Transfers out	(6,894,607)	(6,598,272)	(6,283,490)	314,782
Total other financing uses	<u>(6,240,606)</u>	<u>(5,937,271)</u>	<u>(5,026,345)</u>	<u>910,926</u>
Net change in fund balance*	(2,326,621)	(2,457,918)	(1,713,488)	744,430
Fund balances—beginning	10,894,775	10,894,775	10,894,775	-
Fund balances—ending	<u>\$ 8,568,154</u>	<u>\$ 8,436,857</u>	<u>\$ 9,181,287</u>	<u>\$ 744,430</u>

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

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

TOWN OF AMHERST, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2018

1. OPEB LIABILITY

Changes of Assumptions—The actuarial cost method used as of January 1, 2018 was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75. Previously, when the plan was subject to GASB 45, the Projected Unit Credit cost method was utilized.

The rate used to discount future plan cash flows decreased from 3.78% to 3.44% as of January 1, 2018 based on a review of a 20-year high-quality tax-exempt municipal bond index as of each measurement date. Previously, the discount rate had been based on the expected rate of return on the employer's general assets under GASB 45.

The mortality assumption was revised as of January 1, 2018 to the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a generational basis. Previously, amount-weighted mortality tables were utilized. This change was made based on a review of published studies and demographics of the plan.

2. PENSION LIABILITY—LOSAP

Changes of Assumptions or Other Inputs—The discount rate used to measure the total pension liability was based on the yield to maturity of the Fidelity 20-Year GO AA Bond Index and was as follows:

December 31, 2017	3.16%
December 31, 2016	3.71%

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

3. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Special Grant Fund, the Special Purpose Fund, the Capital Projects Fund, and the Debt Service Fund. The Special Grant Fund, the Special Purpose Fund and the Capital Projects Fund appropriations are not included in the Town's annual budget. Instead appropriations are approved through a Town Board resolution at the grant/funding/project's inception and lapse upon completion/termination of the grant/funding/project. Debt Service Fund appropriations are budgeted within the Town's operating funds and then are transferred to the Debt Service Fund where the principal and interest payments are made.

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

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

General Fund economic assistance and opportunity and culture and recreation exceeded the adjusted budget due to greater than anticipated health insurance costs and personal services.

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SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

- **Lighting District**—accounts for lighting services provided to areas within the Town.
- **Community Environment**—accounts for sanitation services provided within the Town.
- **Fire Protection**—accounts for maintaining the fire hydrant's throughout the Town.
- **Water District**—accounts for water services provided to areas within the Town.
- **Drainage District**—accounts for drainage services provided to areas within the Town.

Debt Service Fund—accounts for the payment of principal and interest on serial bonds within all governmental funds.

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TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2018

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
ASSETS					
Cash and cash equivalents	\$ -	\$ 672,263	\$ 6,726,377	\$ -	\$ 7,398,640
Restricted cash and cash equivalents	1,917,156	-	-	3,401,222	5,318,378
Receivables	-	159,299	683,761	-	843,060
Due from other funds	118,268	21,605	24,459	880,501	1,044,833
Intergovernmental receivables	20,833	89,225	-	-	110,058
Prepaid items	-	132,507	115,151	-	247,658
Total assets	<u>\$ 2,056,257</u>	<u>\$ 1,074,899</u>	<u>\$ 7,549,748</u>	<u>\$ 4,281,723</u>	<u>\$ 14,962,627</u>
LIABILITIES					
Accounts payable	\$ 13,031	\$ 167,320	\$ 2,202,699	\$ -	\$ 2,383,050
Accrued liabilities	986	210,476	96,779	-	308,241
Due to other funds	78,711	254,966	1,137,455	-	1,471,132
Total liabilities	<u>92,728</u>	<u>632,762</u>	<u>3,436,933</u>	<u>-</u>	<u>4,162,423</u>
DEFERRED INFLOWS OF RESOURCES					
Mortgage and lease receivable	-	-	675,122	-	675,122
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>675,122</u>	<u>-</u>	<u>675,122</u>
FUND BALANCES					
Nonspendable	-	132,507	115,151	-	247,658
Restricted	1,963,529	-	-	4,281,723	6,245,252
Assigned	-	309,630	3,322,542	-	3,632,172
Total fund balances	<u>1,963,529</u>	<u>442,137</u>	<u>3,437,693</u>	<u>4,281,723</u>	<u>10,125,082</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,056,257</u>	<u>\$ 1,074,899</u>	<u>\$ 7,549,748</u>	<u>\$ 4,281,723</u>	<u>\$ 14,962,627</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2018

	<u>Special Revenue</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Special Purpose Fund</u>	<u>Town Outside Village Fund</u>	<u>Nonmajor Special Districts</u>		
REVENUES					
Real property taxes	\$ 44,951	\$2,927,820	\$21,745,009	\$ -	\$ 24,717,780
Departmental income	38,752	133,145	23,825	-	195,722
Use of money and property	11,747	10,362	153,475	-	175,584
Licenses and permits	21,000	2,465,505	-	-	2,486,505
Sale of property and compensation for loss	-	5,924	117,476	-	123,400
Miscellaneous	267,175	92,076	121,325	-	480,576
State aid	-	256,573	-	-	256,573
Total revenues	<u>383,625</u>	<u>5,891,405</u>	<u>22,161,110</u>	<u>-</u>	<u>28,436,140</u>
EXPENDITURES					
Current:					
Public safety	-	3,400,450	6,469,967	-	9,870,417
Transportation	-	-	3,150,873	-	3,150,873
Home and community services	163,816	2,289,399	10,664,907	-	13,118,122
Debt service:					
Principal	-	-	-	7,282,080	7,282,080
Interest	-	-	86,177	2,194,898	2,281,075
Total expenditures	<u>163,816</u>	<u>5,689,849</u>	<u>20,371,924</u>	<u>9,476,978</u>	<u>35,702,567</u>
Excess (deficiency) of revenues over expenditures	<u>219,809</u>	<u>201,556</u>	<u>1,789,186</u>	<u>(9,476,978)</u>	<u>(7,266,427)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	115,056	-	632,072	10,357,479	11,104,607
Transfers out	(447,067)	(43,958)	(2,779,093)	(2,140,049)	(5,410,167)
Premium on obligations	-	-	-	735,093	735,093
Total other financing sources (uses)	<u>(332,011)</u>	<u>(43,958)</u>	<u>(2,147,021)</u>	<u>8,952,523</u>	<u>6,429,533</u>
Net change in fund balances	(112,202)	157,598	(357,835)	(524,455)	(836,894)
Fund balances—beginning	<u>2,075,731</u>	<u>284,539</u>	<u>3,795,528</u>	<u>4,806,178</u>	<u>10,961,976</u>
Fund balances—ending	<u>\$ 1,963,529</u>	<u>\$ 442,137</u>	<u>\$ 3,437,693</u>	<u>4,281,723</u>	<u>\$ 10,125,082</u>

TOWN OF AMHERST, NEW YORK
Combining Balance Sheet—Nonmajor Special District Funds
December 31, 2018

	Special Revenue					Total Nonmajor
	Lighting District	Community Environment	Fire Protection	Water District	Drainage District	Special Districts
ASSETS						
Cash and cash equivalents	\$ 552,079	\$ 2,507,327	\$ 220,091	\$ 1,659,202	\$ 1,787,678	\$ 6,726,377
Receivables	-	676,610	-	-	7,151	683,761
Due from other funds	422	4,024	-	8,740	11,273	24,459
Prepaid items	6,065	32,811	-	-	76,275	115,151
Total assets	<u>\$ 558,566</u>	<u>\$ 3,220,772</u>	<u>\$ 220,091</u>	<u>\$ 1,667,942</u>	<u>\$ 1,882,377</u>	<u>\$ 7,549,748</u>
LIABILITIES						
Accounts payable	\$ 258,425	\$ 1,820,135	\$ 879	\$ 41,508	\$ 81,752	\$ 2,202,699
Accrued liabilities	4,063	17,511	-	1,886	73,319	96,779
Due to other funds	759	155,863	65,837	5,454	909,542	1,137,455
Total liabilities	<u>263,247</u>	<u>1,993,509</u>	<u>66,716</u>	<u>48,848</u>	<u>1,064,613</u>	<u>3,436,933</u>
DEFERRED INFLOWS OF RESOURCES						
Mortgage and lease receivable	-	675,122	-	-	-	675,122
Total deferred inflows of resources	<u>-</u>	<u>675,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>675,122</u>
FUND BALANCES						
Nonspendable	6,065	32,811	-	-	76,275	115,151
Assigned	289,254	519,330	153,375	1,619,094	741,489	3,322,542
Total fund balances	<u>295,319</u>	<u>552,141</u>	<u>153,375</u>	<u>1,619,094</u>	<u>817,764</u>	<u>3,437,693</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 558,566</u>	<u>\$ 3,220,772</u>	<u>\$ 220,091</u>	<u>\$ 1,667,942</u>	<u>\$ 1,882,377</u>	<u>\$ 7,549,748</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Special District Funds
Year Ended December 31, 2018

	<u>Special Revenue</u>					Total Nonmajor
	<u>Lighting District</u>	<u>Community Environment</u>	<u>Fire Protection</u>	<u>Water District</u>	<u>Drainage District</u>	<u>Special Districts</u>
REVENUES						
Real property taxes	\$ 2,638,293	\$ 6,634,541	\$ 6,062,387	\$ 956,913	\$ 5,452,875	\$ 21,745,009
Departmental income	-	23,825	-	-	-	23,825
Use of money and property	13,196	79,366	1,167	19,067	40,679	153,475
Sale of property and compensation for loss	-	117,476	-	-	-	117,476
Miscellaneous	1,688	16,058	7,332	4,717	91,530	121,325
Total revenues	<u>2,653,177</u>	<u>6,871,266</u>	<u>6,070,886</u>	<u>980,697</u>	<u>5,585,084</u>	<u>22,161,110</u>
EXPENDITURES						
Current:						
Public safety	-	422,721	6,047,246	-	-	6,469,967
Transportation	3,150,873	-	-	-	-	3,150,873
Home and community services	-	6,486,036	-	118,946	4,059,925	10,664,907
Debt service:						
Interest	-	-	-	82,920	3,257	86,177
Total expenditures	<u>3,150,873</u>	<u>6,908,757</u>	<u>6,047,246</u>	<u>201,866</u>	<u>4,063,182</u>	<u>20,371,924</u>
Excess (deficiency) of revenues over expenditures	<u>(497,696)</u>	<u>(37,491)</u>	<u>23,640</u>	<u>778,831</u>	<u>1,521,902</u>	<u>1,789,186</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	21,857	-	378,301	231,914	632,072
Transfers out	<u>(7,997)</u>	<u>(226,869)</u>	<u>-</u>	<u>(1,161,756)</u>	<u>(1,382,471)</u>	<u>(2,779,093)</u>
Total other financing sources (uses)	<u>(7,997)</u>	<u>(205,012)</u>	<u>-</u>	<u>(783,455)</u>	<u>(1,150,557)</u>	<u>(2,147,021)</u>
Net change in fund balances	(505,693)	(242,503)	23,640	(4,624)	371,345	(357,835)
Fund balances—beginning	<u>801,012</u>	<u>794,644</u>	<u>129,735</u>	<u>1,623,718</u>	<u>446,419</u>	<u>3,795,528</u>
Fund balances—ending	<u>\$ 295,319</u>	<u>\$ 552,141</u>	<u>\$ 153,375</u>	<u>\$ 1,619,094</u>	<u>\$ 817,764</u>	<u>\$ 3,437,693</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2018

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	
ASSETS			
Current assets:			
Restricted cash and cash equivalents	\$ 3,641,483	\$ 219,063	\$ 3,860,546
Receivables	18,858	56,419	75,277
Due from other funds	-	65,837	65,837
Total current assets	<u>3,660,341</u>	<u>341,319</u>	<u>4,001,660</u>
LIABILITIES			
Current liabilities:			
Accounts payable	80,422	161,248	241,670
Accrued liabilities	550,000	3,764,179	4,314,179
Due to other funds	3,000,000	-	3,000,000
Bond anticipation notes payable	<u>3,279,000</u>	<u>-</u>	<u>3,279,000</u>
Total current liabilities	<u>6,909,422</u>	<u>3,925,427</u>	<u>10,834,849</u>
DEFERRED INFLOWS OF RESOURCES			
Settlement recovery	<u>3,135,313</u>	<u>-</u>	<u>3,135,313</u>
Total deferred inflows of resources	<u>3,135,313</u>	<u>-</u>	<u>3,135,313</u>
NET POSITION			
Unrestricted	<u>(6,384,394)</u>	<u>(3,584,108)</u>	<u>(9,968,502)</u>
Total net position	<u>\$ (6,384,394)</u>	<u>\$ (3,584,108)</u>	<u>\$ (9,968,502)</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Revenues, Expenses and
Changes in Net Position—Internal Service Funds
December 31, 2018

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	
Operating revenues:			
Contributions	\$ 1,509,000	1,489,330	\$ 2,998,330
Miscellaneous	18,863	24,373	43,236
Total operating revenues	<u>1,527,863</u>	<u>1,513,703</u>	<u>3,041,566</u>
Operating expenses:			
Administrative expenses	517,224	53,708	570,932
Judgments and claim expenses	1,104,808	2,756,030	3,860,838
Total operating expenses	<u>1,622,032</u>	<u>2,809,738</u>	<u>4,431,770</u>
Operating loss	<u>(94,169)</u>	<u>(1,296,035)</u>	<u>(1,390,204)</u>
Nonoperating revenues (expenses):			
Premium on obligations	39,381	-	39,381
Interest expense	(81,989)	-	(81,989)
Interest income	8,328	2,567	10,895
Total nonoperating revenues (expenses)	<u>(34,280)</u>	<u>2,567</u>	<u>(31,713)</u>
Loss before transfers	<u>(128,449)</u>	<u>(1,293,468)</u>	<u>(1,421,917)</u>
Transfers in	-	130,000	130,000
Transfers (out)	(130,000)	-	(130,000)
Total transfers in (out)	<u>(130,000)</u>	<u>130,000</u>	<u>-</u>
Change in net position	(258,449)	(1,163,468)	(1,421,917)
Total net position—beginning	<u>(6,125,945)</u>	<u>(2,420,640)</u>	<u>(8,546,585)</u>
Total net position—ending	<u>\$ (6,384,394)</u>	<u>\$ (3,584,108)</u>	<u>\$ (9,968,502)</u>

TOWN OF AMHERST, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
December 31, 2018

	<u>Governmental Activities</u>		
	<u>Self Insurance Fund</u>	<u>Workers Compensation Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from participating funds	\$ 1,490,142	\$ 1,630,670	\$ 3,120,812
Receipts from reimbursements and settlement recoveries	1,287,154	24,373	1,311,527
Payments for administrative and judgments and claims	<u>(2,372,500)</u>	<u>(1,642,072)</u>	<u>(4,014,572)</u>
Net cash provided by operating activities	<u>404,796</u>	<u>12,971</u>	<u>417,767</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to other funds	-	(65,837)	(65,837)
Interfund transfers	(130,000)	130,000	-
Principal payments on bond anticipation notes	(820,471)	-	(820,471)
Premium on bond anticipation notes	39,381	-	39,381
Interest on bond anticipation notes	<u>(81,989)</u>	<u>-</u>	<u>(81,989)</u>
Net cash (used for) provided by noncapital financing activities	<u>(993,079)</u>	<u>64,163</u>	<u>(928,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	<u>8,328</u>	<u>2,567</u>	<u>10,895</u>
Net cash provided by investing activities	<u>8,328</u>	<u>2,567</u>	<u>10,895</u>
Net (decrease) increase in cash and cash equivalents	(579,955)	79,701	(500,254)
Cash and cash equivalents—beginning	<u>4,221,438</u>	<u>139,362</u>	<u>4,360,800</u>
Cash and cash equivalents—ending	<u>\$ 3,641,483</u>	<u>\$ 219,063</u>	<u>\$ 3,860,546</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (94,169)	\$ (1,296,035)	\$ (1,390,204)
Adjustments to reconcile operating loss to net cash provided by operations:			
(Increase) decrease in accounts receivable	(18,858)	141,340	122,482
(Decrease) in accounts payable	(33,024)	(46,735)	(79,759)
Increase in accrued liabilities	550,000	1,214,401	1,764,401
Increase in deferred inflows of resources	<u>847</u>	<u>-</u>	<u>847</u>
Net cash provided by operating activities	<u>\$ 404,796</u>	<u>\$ 12,971</u>	<u>\$ 417,767</u>

OTHER INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Town Outside Village Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$2,927,820	\$ 2,927,820	\$ 2,927,820	\$ -
Departmental income	196,000	196,000	133,145	(62,855)
Use of money and property	1,200	1,200	10,362	9,162
Licenses and permits	2,884,000	2,884,000	2,465,505	(418,495)
Sale of property and compensation for loss	-	1,457	5,924	4,467
Miscellaneous	84,900	124,971	92,076	(32,895)
State aid	-	332,291	256,573	(75,718)
Total revenues	<u>6,093,920</u>	<u>6,467,739</u>	<u>5,891,405</u>	<u>(576,334)</u>
EXPENDITURES				
Current:				
Public safety	3,882,331	4,000,335	3,400,450	599,885
Home and community services	2,270,928	2,511,045	2,289,399	221,646
Total expenditures	<u>6,153,259</u>	<u>6,511,380</u>	<u>5,689,849</u>	<u>821,531</u>
Excess (deficiency) of revenues over expenditures	<u>(59,339)</u>	<u>(43,641)</u>	<u>201,556</u>	<u>245,197</u>
OTHER FINANCING USES				
Transfers out	<u>(33,801)</u>	<u>(44,869)</u>	<u>(43,958)</u>	<u>911</u>
Total other financing uses	<u>(33,801)</u>	<u>(44,869)</u>	<u>(43,958)</u>	<u>911</u>
Net change in fund balances*	(93,140)	(88,510)	157,598	246,108
Fund balances—beginning	<u>284,539</u>	<u>284,539</u>	<u>284,539</u>	<u>-</u>
Fund balances—ending	<u>\$ 191,399</u>	<u>\$ 196,029</u>	<u>\$ 442,137</u>	<u>\$ 246,108</u>

* The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Lighting District Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 2,638,293	\$ 2,638,293	\$ 2,638,293	\$ -
Use of money and property	1,500	1,500	13,196	11,696
Miscellaneous	<u>1,692</u>	<u>1,692</u>	<u>1,688</u>	<u>(4)</u>
Total revenues	<u>2,641,485</u>	<u>2,641,485</u>	<u>2,653,177</u>	<u>11,692</u>
EXPENDITURES				
Current:				
Transportation	<u>3,125,554</u>	<u>3,110,788</u>	<u>3,150,873</u>	<u>(40,085)</u>
Total expenditures	<u>3,125,554</u>	<u>3,110,788</u>	<u>3,150,873</u>	<u>(40,085)</u>
Deficiency of revenues over expenditures	<u>(484,069)</u>	<u>(469,303)</u>	<u>(497,696)</u>	<u>(28,393)</u>
OTHER FINANCING USES				
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,997)</u>	<u>3</u>
Total other financing uses	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,997)</u>	<u>3</u>
Net change in fund balances*	(492,069)	(477,303)	(505,693)	(28,390)
Fund balances—beginning	<u>801,012</u>	<u>801,012</u>	<u>801,012</u>	<u>-</u>
Fund balances—ending	<u>\$ 308,943</u>	<u>\$ 323,709</u>	<u>\$ 295,319</u>	<u>\$ (28,390)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Community Environment Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 6,634,541	\$ 6,634,541	\$ 6,634,541	\$ -
Departmental income	245,500	245,500	23,825	(221,675)
Use of money and property	26,422	26,422	79,366	52,944
Sale of property and compensation for loss	160,667	160,667	117,476	(43,191)
Miscellaneous	<u>15,898</u>	<u>15,898</u>	<u>16,058</u>	<u>160</u>
Total revenues	<u>7,083,028</u>	<u>7,083,028</u>	<u>6,871,266</u>	<u>(211,762)</u>
EXPENDITURES				
Current:				
Public safety	427,455	424,101	422,721	1,380
Home and community services	<u>6,491,140</u>	<u>6,494,494</u>	<u>6,486,036</u>	<u>8,458</u>
Total expenditures	<u>6,918,595</u>	<u>6,918,595</u>	<u>6,908,757</u>	<u>9,838</u>
Excess of revenues over expenditures	<u>164,433</u>	<u>164,433</u>	<u>(37,491)</u>	<u>(201,924)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,857	21,857	21,857	-
Transfers out	<u>(227,885)</u>	<u>(227,885)</u>	<u>(226,869)</u>	<u>1,016</u>
Total other financing sources (uses)	<u>(206,028)</u>	<u>(206,028)</u>	<u>(205,012)</u>	<u>1,016</u>
Net change in fund balances*	(41,595)	(41,595)	(242,503)	(200,908)
Fund balances—beginning	<u>794,644</u>	<u>794,644</u>	<u>794,644</u>	<u>-</u>
Fund balances—ending	<u>\$ 753,049</u>	<u>\$ 753,049</u>	<u>\$ 552,141</u>	<u>\$ (200,908)</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Fire Protection Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 6,062,387	\$ 6,062,387	\$ 6,062,387	\$ -
Use of money and property	150	150	1,167	1,017
Miscellaneous	<u>7,444</u>	<u>7,444</u>	<u>7,332</u>	<u>(112)</u>
Total revenues	<u>6,069,981</u>	<u>6,069,981</u>	<u>6,070,886</u>	<u>905</u>
EXPENDITURES				
Current:				
Public safety	<u>6,075,031</u>	<u>6,075,031</u>	<u>6,047,246</u>	<u>27,785</u>
Total expenditures	<u>6,075,031</u>	<u>6,075,031</u>	<u>6,047,246</u>	<u>27,785</u>
Net change in fund balances*	(5,050)	(5,050)	23,640	28,690
Fund balances—beginning	<u>129,735</u>	<u>129,735</u>	<u>129,735</u>	<u>-</u>
Fund balances—ending	<u>\$ 124,685</u>	<u>\$ 124,685</u>	<u>\$ 153,375</u>	<u>\$ 28,690</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Water District Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 956,913	\$ 956,913	\$ 956,913	\$ -
Use of money and property	1,700	1,700	19,067	17,367
Miscellaneous	-	-	4,717	4,717
Total revenues	<u>958,613</u>	<u>958,613</u>	<u>980,697</u>	<u>22,084</u>
EXPENDITURES				
Current:				
Home and community services	207,516	218,346	118,946	99,400
Debt service:				
Interest	-	155,762	82,920	72,842
Total expenditures	<u>207,516</u>	<u>374,108</u>	<u>201,866</u>	<u>172,242</u>
Excess of revenues over expenditures	<u>751,097</u>	<u>584,505</u>	<u>778,831</u>	<u>194,326</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	241,253	241,253	378,301	137,048
Transfers out	<u>(1,374,413)</u>	<u>(1,378,348)</u>	<u>(1,161,756)</u>	<u>216,592</u>
Total other financing sources (uses)	<u>(1,133,160)</u>	<u>(1,137,095)</u>	<u>(783,455)</u>	<u>353,640</u>
Net change in fund balances*	(382,063)	(552,590)	(4,624)	547,966
Fund balances—beginning	<u>1,623,718</u>	<u>1,623,718</u>	<u>1,623,718</u>	-
Fund balances—ending	<u>\$ 1,241,655</u>	<u>\$ 1,071,128</u>	<u>\$ 1,619,094</u>	<u>\$ 547,966</u>

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

TOWN OF AMHERST, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Drainage District Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Real property taxes	\$ 5,452,875	\$ 5,452,875	\$ 5,452,875	\$ -
Use of money and property	3,400	3,400	40,679	37,279
Miscellaneous	81,507	81,507	91,530	10,023
State aid	-	619	-	(619)
Total revenues	<u>5,537,782</u>	<u>5,538,401</u>	<u>5,585,084</u>	<u>46,683</u>
EXPENDITURES				
Current:				
Home and community services	4,350,008	4,373,057	4,059,925	313,132
Debt service:				
Interest	-	3,257	3,257	-
Total expenditures	<u>4,350,008</u>	<u>4,376,314</u>	<u>4,063,182</u>	<u>313,132</u>
Excess of revenues over expenditures	<u>1,187,774</u>	<u>1,162,087</u>	<u>1,521,902</u>	<u>359,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	230,590	230,590	231,914	1,324
Transfers out	<u>(1,429,589)</u>	<u>(1,411,014)</u>	<u>(1,382,471)</u>	<u>28,543</u>
Total other financing sources (uses)	<u>(1,198,999)</u>	<u>(1,180,424)</u>	<u>(1,150,557)</u>	<u>29,867</u>
Net change in fund balances*	(11,225)	(18,337)	371,345	389,682
Fund balances—beginning	<u>446,419</u>	<u>446,419</u>	<u>446,419</u>	<u>-</u>
Fund balances—ending	<u>\$ 435,194</u>	<u>\$ 428,082</u>	<u>\$ 817,764</u>	<u>\$ 389,682</u>

* The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

FEDERAL AWARDS INFORMATION

TOWN OF AMHERST, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass-through Grantor/Program Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
Department of Housing and Urban Development:				
<i>Direct Programs:</i>				
Supportive Housing for Persons with Disabilities	14.181	N/A	\$ -	\$ 906,699
Community Development Block Grants/Entitlement Grants	14.218	N/A	80,403	654,504
Total Community Development Block Grants/Entitlement Grants Cluster			80,403	654,504
Home Investment Partnerships Program	14.239	N/A	-	974,855
Total Home Investment Partnerships Program			-	974,855
Lower Income Housing Assitance Program Section 8				
Moderate Rehabilitation	14.856	N/A	-	742,165
Total Section 8 Project-Based Cluster			-	742,165
Section 8 Housing Choice Vouchers	14.871	N/A	-	28,755,444
Total Housing Voucher Cluster			-	28,755,444
Total U.S. Department of Housing and Urban Development			80,403	32,033,667
U.S. Department of Justice:				
<i>Direct Program:</i>				
Equitable Sharing Program	16.922	N/A	-	48,636
Total U.S. Department of Justice			-	48,636
U.S. Department of Transportation				
<i>Passed through the NYS Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	N/A	-	329,454
Highway Planning and Construction	20.205	N/A	-	105,004
Highway Planning and Construction	20.205	N/A	-	98,344
Total Highway Planning and Construction Cluster			-	532,802
Total U.S. Department of Transportation			-	532,802
U.S. Department of Health and Human Services:				
<i>Passed through the County of Erie, New York:</i>				
Aging Cluster				
Special Programs for the Aging—Title III				
Part C Nutrition Services	93.045	III C-1 2018	-	55,438
Total Aging Cluster			-	55,438
Total U.S. Department of Health and Human Services			-	55,438
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ 80,403	\$ 32,670,543

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

TOWN OF AMHERST, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. The following notes were identified on the schedule of expenditures of federal awards:

- (a) Includes all federal award programs of the Town of Amherst, New York. The Amherst Industrial Development Agency and Amherst Development Corporation do not receive any federal awards.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principle contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

3. MATCHING COSTS

Matching costs, i.e., the Town’s share of certain program costs, are not included in the reported expenditures.

Certified Public Accountants

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

Honorable Town Board
Town of Amherst, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Amherst, New York (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 9, 2019 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 75). Our report includes a reference to other auditors who audited the financial statements of the Town of Amherst Industrial Development Agency and the Amherst Development Corporation, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

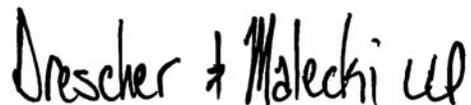
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



May 9, 2019

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Town Board
Town of Amherst, New York

Report on Compliance for Each Major Federal Program

We have audited Town of Amherst, New York's (the "Town") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget* ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Town's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

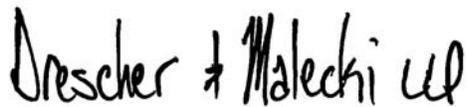
Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



May 9, 2019

TOWN OF AMHERST, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*
 (* which report includes an emphasis of matter paragraph regarding the implementation of GASB
 Statement No. 75 and includes a reference to other auditor)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ <input checked="" type="checkbox"/> Yes	_____ None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Type of report the auditor issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR 200.516(a)? _____ Yes No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs? \$ 980,116

Auditee qualified as low-risk auditee? _____ Yes _____ No

Section II. FINANCIAL STATEMENT FINDINGS SECTION

We consider the deficiency presented below to be a significant deficiency in internal control.

Finding 2018-001—Hiring, Termination and Transfer Process

Criteria: The policies and procedures that are utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. The Town should have a universal separation policy that outlines these processes in order to assure all steps are properly being performed based on type of termination; whether it be retirement, resignation, termination, etc., and type of employee. These policies should include whether a change form to notify the Information Technology Department is required to be submitted, the timely notification of the Comptroller's office of all terminations and transfers and the process for the collection of keys. All affected departments should be notified in a timely manner when there is a change in employment status of an employee of the Town.

Condition and Context: The separation procedures followed by the Town vary by the type of employee and department; however, there is no formal documentation of the different processes. For example, a change form is required to be submitted to the Information Technology Department when an employee is hired, terminated or transferred. However, if the employee does not have rights to the Town's computer system, a change form is not required. The Town should adopt a formal policy which outlines the specific procedures to be followed for each type of employee.

Additionally, upon retirement, certain employees have the option of receiving a lump sum payment of their compensated absences balance or they can have this balance applied towards future health insurance payments. Upon termination or transfer, the Comptroller's office should be notified that it will be the employee's final paycheck prior to processing payroll in order for an additional review to be performed and to acknowledge the employee's pay out preference relating to their compensated absences balance. If the Comptroller's office is not notified as to which option the employee has chosen and a lump sum payout is made, the payout cannot be applied towards future health insurance payments.

Further, upon termination, department heads should be collecting employee keys if applicable and returning them to the Building Maintenance Department along with an updated Key Inventory Tracking System Log. It was noted that some departments are unaware of the procedures to be followed regarding the collection of keys and are not updating the Key Inventory Tracking System log.

Cause: The Town has not established a formal policies and procedures manual the hiring, termination and transfer of employees which outlines the procedures to be followed for each type of employee.

Effect or Potential Effect: Information technology access, payroll records and physical access may not be updated in a timely manner.

Recommendation: We recommend that uniform policies and procedures be established for each type of employee change including proper notification of the Information Technology Department, Comptroller's Department and Building Maintenance Department. Additionally, the checklists and forms that are currently utilized should be periodically evaluated and updated, if needed. Items within these forms should be dated and initialed once an action is completed. Periodic training sessions should be provided to all employees responsible for recordkeeping, tracking of employees'

timesheets and payroll to regarding Town's policies and procedures, union contracts and applicable laws and regulations.

Managements Corrective Action Plan: The Human Resources Department has found that the majority of issues encountered, with regard to untimely reporting or mis-notifications regarding employee separations, are generated at the department level. They found the same is true in the case of timesheets submitted with inaccurate hours for such employees. While there are standard procedures in place for the various departments providing this information, due to the diversity in size and operations of the many departments in the Town, information is not always provided in a consistent manner.

In order to address this issue and develop more consistency among the departments in providing information in a more accurate and timely manner, the Human Resources Department is going to meet with department heads and payroll personnel responsible for submitting documentation on separated employees. Through these meetings a better understanding of exactly how their processes work should be obtained while focusing on the nuances of the department and any special issues or challenges they may face. Once a better understanding of how the processes work in each department, the Town can begin to develop and ultimately implement a series of guidelines and possibly a checklist to help facilitate more accurate and timely reporting. Once uniform guidelines that should work for every department based on the information gathered have been developed, the Human Resources Department will meet with all of the payroll personnel to introduce and train them on a more consistent, systematic method of providing that information. The Human Resources Department will also encourage departments to cross train and have backup people in place so that someone is ready and available to step in should regular payroll personnel retire or become incapacitated. Additionally, a new time and attendance program is in the process of being implemented at the Youth and Recreation Department.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

TOWN OF AMHERST, NEW YORK
Summary Schedule of Prior Audit Findings
and Corrective Action Plan
Year Ended December 31, 2018
(Follow-up of December 31, 2017 findings)

Finding 2017-001—Hiring, Termination and Transfer Process

Criteria: The policies and procedures that are utilized within the Town when an employee is hired, terminated or transferred should be evaluated and updated periodically. The Town should have a universal separation policy that outlines these processes in order to assure all steps are properly being performed based on type of termination; whether it be retirement, resignation, termination, etc., and type of employee. These policies should include whether a change form to notify the Information Technology Department is required to be submitted, the timely notification of the Comptroller's office of all terminations and transfers and the process for the collection of keys. All affected departments should be notified in a timely manner when there is a change in employment status of an employee of the Town.

Condition and Context: The separation procedures followed by the Town vary by the type of employee and department; however, there is no formal documentation of the different processes. For example, a change form is required to be submitted to the Information Technology Department when an employee is hired, terminated or transferred. However, if the employee does not have rights to the Town's computer system, a change form is not required. The Town should adopt a formal policy which outlines the specific procedures to be followed for each type of employee.

Additionally, upon retirement, certain employees have the option of receiving a lump sum payment of their compensated absences balance or they can have this balance applied towards future health insurance payments. Upon termination or transfer, the Comptroller's office should be notified that it will be the employee's final paycheck prior to processing payroll in order for an additional review to be performed and to acknowledge the employee's pay out preference relating to their compensated absences balance. If the Comptroller's office is not notified as to which option the employee has chosen and a lump sum payout is made, the payout cannot be applied towards future health insurance payments.

Further, upon termination, department heads should be collecting employee keys if applicable and returning them to the Building Maintenance Department along with an updated Key Inventory Tracking System Log. It was noted that some departments are unaware of the procedures to be followed regarding the collection of keys and are not updating the Key Inventory Tracking System log.

Cause: The Town has not established a formal policies and procedures manual the hiring, termination and transfer of employees which outlines the procedures to be followed for each type of employee.

Effect or Potential Effect: Information technology access, payroll records and physical access may not be updated in a timely manner.

Recommendation: We recommend that uniform policies and procedures be established for each type of employee change including proper notification of the Information Technology Department, Comptroller's Department and Building Maintenance Department. Additionally, the checklists and forms that are currently utilized should be periodically evaluated and updated, if needed. Items within these forms should be dated and initialed once an action is completed. Periodic training

sessions should be provided to all employees responsible for recordkeeping, tracking of employees' timesheets and payroll to regarding Town's policies and procedures, union contracts and applicable laws and regulations.

Management's Corrective Action Plan: See Finding 2018-001 within the Schedule of Findings and Questioned Costs for management's corrective action plan.

Current Status: See Finding 2018-001 within the Schedule of Findings and Questioned Costs for current status.

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