

# **Town of West Seneca, New York**

*Basic Financial Statements, Required Supplementary  
Information, and Supplemental Schedules  
for the Year Ended December 31, 2018  
and Independent Auditors' Report*

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Town Board  
Town of West Seneca, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Seneca, 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**

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.

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and other RSI on pages 6-13 and 54-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

West Seneca, New York  
June 24, 2019

**TOWN OF WEST SENECA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2018**

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As management of the Town of West Seneca, 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.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$120,687,876 (net position). This amount consists of \$26,153,934 net investment in capital assets and \$7,255,306 restricted for specific purposes offset by negative unrestricted net position of \$154,097,115.
- The Town's total net position decreased by \$115,098,963. This decrease is almost entirely attributable to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which required the Town to restate its financial position as of January 1, 2018. This resulted in a reduction of the Town's financial position of \$113,261,450.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,631,428, an increase of \$30,137,800 in comparison with the prior year due primarily to the conversion of a roughly \$32 million BAN to long-term debt, which effectively reduced the liabilities (and increased the fund balance) of the governmental funds. This conversion had no material effect on the government-wide financial statements as long-term liabilities are reported on these statements as well.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,705,155, or approximately 10.2% of total General Fund expenditures.
- The Town's total bonded debt increased by \$29,272,050 during the current fiscal year as a result of the Town converting \$31,857,045 of BANs to long-term debt, netted with the scheduled payments made on long-term bonds and well as the defeasance and subsequent reissuance of certain bonds.

**Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent 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., uncollected taxes and 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, public safety, highways and streets, sanitation, economic development, and culture and recreation. The Town does not have any business-type activities.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the basic financial statements.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as, on balances of *spendable resources* 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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Highway, Sewer, and Capital Projects Funds, all of which are considered to be major funds. Data from the other three governmental 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* elsewhere in this report.

The Town adopts an annual budget for all governmental funds, except Capital Projects, Special Purpose, and Debt Service Funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with their budgets.

The financial statements for governmental funds can be found in the fund financial statements, following the government-wide financial statements.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in the fund financial statements section of this report.

**Notes to the Financial Statements.** The financial statements also include notes that explain some of the information in the financial statements and provide detailed data. They are 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 following the fund financial statements section 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 funding its obligation to provide post-employment benefits to its employees, the Town's net pension liability, and the Town's budgetary comparison schedules for each major fund with a legally adopted budget. The required supplementary information can be found following the notes to the financial statements of this report.

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a 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 \$120,687,876 at the close of the 2018 fiscal year.

**Table 1 – Condensed Statement of Net Position**

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Dollar Change</b>
	<b>As Restated</b>		
Current Assets	\$ 20,237,574	20,693,133	(455,559)
Capital Assets	84,996,413	84,028,457	967,956
Total Assets	105,233,987	104,721,590	512,397
Deferred Outflows of Resources	9,520,274	8,133,282	1,386,992
Current Liabilities	7,035,592	41,994,814	(34,959,222)
Long-Term Liabilities	206,500,235	74,823,688	131,676,547
Total Liabilities	213,535,827	116,818,502	96,717,325
Deferred Inflows of Resources	21,906,310	1,625,283	20,281,027
Net Position:			
Net Investment in Capital Assets	26,153,934	24,188,764	1,965,170
Restricted	7,255,306	1,341,090	5,914,216
Unrestricted	(154,097,116)	(144,380,217)	(9,716,899)
Total Net Position	\$ (120,687,876)	(118,850,363)	(1,837,513)

At the end of the current fiscal year, the Town's governmental activities is able to report positive balances in two categories of net position. Both net investment in capital assets and restricted net position report positive balances. Unrestricted net position reports a deficit balance, which indicates its long-term outlook relies on future revenue streams.



The largest portion of the Town's net position (\$26,153,934) 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, \$7,255,306, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position (negative \$154,097,116), is considered to be unrestricted. This deficit does not mean the Town does not have the assets available to meet its obligations in the upcoming year, but rather, it is the result of having long-term commitments that are greater than its currently available resources. Payments for these liabilities will be budgeted in the year that the actual payments will be made.

**Governmental activities.** Governmental activities decreased the Town's net position by \$1,837,513. Combined with the restatement of net position of negative \$113,261,450 due to the requirements of the adoption of *GASB Statement No. 75* referenced above, total net position of government activities decreased by \$115,098,963 from the prior year. Table 2 shows the changes in net position for the years ended December 31, 2018 and 2017.

**Table 2 – Changes in Net Position**

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Dollar Change</b>
	<b>As restated</b>		
<b>Revenue:</b>			
Program Revenues:			
Charges for Services	\$ 5,240,776	5,596,509	(355,733)
Operating Grants and Contributions	367,223	184,363	182,860
General Revenues:			
Real Property Taxes and Tax Items	34,262,906	32,124,505	2,138,401
Non-Property Taxes	7,125,862	6,982,096	143,766
Use of Money and Property	200,736	100,978	99,758
Premium on Bonds and BANs	211,571	485,442	(273,871)
Federal and State Aid	3,514,383	1,872,800	1,641,583
Total Revenues	50,923,457	47,346,693	3,576,764
<b>Expenses:</b>			
General Government Support	4,343,025	4,414,215	(71,190)
Public Safety	15,463,492	16,883,624	(1,420,132)
Health	5,659	5,787	(128)
Transportation	11,063,211	12,746,102	(1,682,891)
Economic Assistance and Opportunity	16,800	163,922	(147,122)
Culture and Recreation	4,173,424	4,737,016	(563,592)
Home and Community Services	15,655,813	15,651,422	4,391
Interest and Fiscal Charges	2,039,546	2,009,285	30,261
Total Expenses	52,760,970	56,611,373	(3,850,403)
Change in Net Position	(1,837,513)	(9,264,680)	7,427,167
Net Position - Beginning of Year	(118,850,363)	(109,585,683)	
Net Position - End of Year	\$ (120,687,876)	(118,850,363)	

As previously noted, the change in the Town's net position for 2018 was a decrease of \$115,098,963 due primarily to the restatement of net position required by the adoption of *GASB Statement No. 75*. An analysis of revenues and expenses reveals the following:

- The most significant revenue sources are real property and other tax items, charges for services, and non-property taxes (which is largely an allocation of sales tax collected within the County of Erie) which account for 67.3%, 10.3% and 14.0% of revenues, respectively. Combined, these three revenue types make up 91.6% of all Town revenue.
- The most significant expense items include home and community services (services such as sanitary sewers, garbage and refuse), public safety (services such as police and safety inspection), and transportation (services such as road maintenance and repair and snow removal) which account for 29.7%, 29.3% and 21.0% of all expenses respectively. Combined, these three expense types make up 80.0% of all Town expenses.
- Large expense decreases were noted in the transportation, public safety, and culture and recreation categories.

Program revenues for 2018 and 2017 Governmental Activities were as follows:

**Table 3 – Sources of Revenues – Primary Government**

	<b>2018</b>		<b>2017</b>		<b>Dollar</b>
	<b>Amount</b>		<b>Amount</b>		<b>Change</b>
Charges for Services	\$ 5,240,776	10.3%	\$ 5,596,509	11.8%	(355,733)
Operating Grants and Contributions	367,223	0.7%	184,363	0.4%	182,860
Real Property Taxes and Tax Items	34,262,906	67.3%	32,124,505	67.9%	2,138,401
Non-Property Taxes	7,125,862	14.0%	6,982,096	14.8%	143,766
Use of Money and Property	200,736	0.4%	100,978	0.2%	99,758
Premium on Bonds and BANs	211,571	0.4%	485,442	1.0%	(273,871)
Federal and State Aid	3,514,383	6.9%	1,872,800	4.0%	1,641,583
Total General Revenues	<u>\$ 50,923,457</u>		<u>47,346,693</u>		<u>3,576,764</u>

Program expenses for 2018 and 2017 Governmental Activities were as follows:

**Table 4 – Expense by Function**

	<u>2018</u>		<u>2017</u>		<u>Dollar</u>
	<u>Amount</u>		<u>Amount</u>		<u>Change</u>
General Government Support	\$ 4,343,025	8.2%	\$ 4,414,215	7.8%	(71,190)
Public Safety	15,463,492	29.3%	16,883,624	29.8%	(1,420,132)
Health	5,659	0.0%	5,787	0.0%	(128)
Transportation	11,063,211	21.0%	12,746,102	22.5%	(1,682,891)
Economic Assistance	16,800	0.0%	163,922	0.3%	(147,122)
Culture and Recreation	4,173,424	7.9%	4,737,016	8.4%	(563,592)
Home and Community Services	15,655,813	29.7%	15,651,422	27.7%	4,391
Interest and Fiscal Charges	<u>2,039,546</u>	3.9%	<u>2,009,285</u>	3.6%	<u>30,261</u>
Total General Expenses	<u>\$ 52,760,970</u>		<u>56,611,373</u>		<u>(3,850,403)</u>

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 and assigned fund balances* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,631,428, an increase of \$30,137,800, in comparison with the prior year. This increase in fund balance is largely due to the conversion during the year of the short-term bond anticipation note liability (which is included on the fund financial statements) to long-term debt (which is not included on the fund financial statements and is only included on the government-wide financial statements). *Unassigned fund balance* is \$1,220,009. Additionally, the Town's *assigned fund balances* total \$5,058,199. *Nonspendable* amounts, totaling \$1,097,914 at December 31, 2018, 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. For the Town as of December 31, 2018, these nonspendable amounts represent prepaid assets. *Restricted* amounts, totaling \$7,255,306 at December 31, 2018, represent net current financial resources that are constrained to specific purposes by their providers.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,705,155, while total fund balance amounted to \$4,470,260. 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 fund expenditures. Unassigned fund balance represents approximately 10.2 percent of total General Fund expenditures, while total fund balance represents approximately 16.8 percent of total General Fund expenditures.

### **General Fund Budgetary Highlights**

A summary of the General Fund results of operations for the year ended December 31, 2018 is presented below in Table 5:

**Table 5 – Summary of General Fund Results of Operations**

	<u>Budgeted Amount</u>		<u>Budgetary</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Variance</u>		<u>Final Budget</u>
Revenues	\$ 25,858,479	25,891,747	33,268	26,382,936	491,189
Expenditures and Other					
Financing Uses	<u>26,308,479</u>	<u>26,341,747</u>	<u>33,268</u>	<u>26,690,481</u>	<u>(348,734)</u>
Excess (Deficiency) of Revenues over					
Expenditures and Other Financing Uses	<u>\$ (450,000)</u>	<u>(450,000)</u>	<u>-</u>	<u>(307,545)</u>	<u>142,455</u>

**Original budget compared to final budget.** During the year, the Town increased the estimated original revenues and the original budgeted appropriations by \$33,268.

**Final budget compared to actual results.** A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields favorable variances of \$375,862 within non-property tax revenues, and \$136,208 within other property tax items, and negative variances of \$291,708 within Public Safety, and \$81,669 within Home and Community Services. The variance within non-property tax revenues was created through sales tax distributions from Erie County exceeding the estimated amount. The variances within the other categories were caused by circumstances that occurred after the budget was adopted and for which no budgetary adjustments were made.

### Capital Assets and Debt Administration

**Capital Assets** - The Town's investment in capital assets for its governmental activities as of December 31, 2018 amounted to \$84,996,413 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, infrastructure, buildings and improvements, machinery and equipment.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Town's capital asset policy. Capital assets net of depreciation for the governmental activities are presented in the table below:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 543,871	543,871
Construction in Progress	292,748	31,799,102
Land Improvements	1,183,229	1,559,234
Buildings	16,752,767	3,790,899
Building Improvements	3,985,726	4,225,515
Machinery and Equipment	3,907,281	4,583,263
Infrastructure	<u>58,330,791</u>	<u>37,526,573</u>
Total	<u>\$ 84,996,413</u>	<u>84,028,457</u>

The Town's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. The Town has elected to depreciate their infrastructure assets. Additional information on the Town's capital assets can be found in the notes to the financial statements.

**Debt** - At December 31, 2018, the Town had total bonded debt outstanding of \$49,647,045 as compared to \$20,374,995 in the prior year as result of the Town's scheduled principal payments of \$2,419,995, the

defeasance and subsequent reissuance of several bonds for a gain of \$165,000, and the conversion of \$31,857,045 of a short-term bond anticipation note to long-term debt. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

### **Economic Factors**

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region is currently 3.8 percent. This compares to New York State's average unemployment rate of 4.0 and the national average rate of 3.6 percent.

While these factors were considered in preparing the Town's 2019 budget, the costs for employee health insurance, workers' compensation, and retirement costs mandated by the New York State and Local Employees Retirement System and the New York State Police and Fire Retirement System continue to rise and have significant influence on the Town's budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Supervisor's Office, Town of West Seneca, 1250 Union Road, West Seneca, New York 14224.

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Net Position**  
**December 31, 2018**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 9,887,862
Restricted Cash	5,784,633
Accounts Receivable	135,432
Federal and State Aid Receivable	716,581
Prepays	351,445
Due from Other Governments	2,982,172
Due from Agency Fund	379,449
Capital Assets not being Depreciated	836,619
Capital Assets net of Accumulated Depreciation	<u>84,159,794</u>
Total Assets	<u>105,233,987</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - ERS/PFRS	<u>9,520,274</u>
Total Deferred Outflows of Resources	<u>9,520,274</u>
<b>LIABILITIES</b>	
Accounts Payable	5,397,046
Accrued Liabilities	1,636,477
Due to Other Governments	2,069
Noncurrent Liabilities:	
Due Within One Year	6,196,201
Due in More Than One Year	<u>200,304,034</u>
Total Liabilities	<u>213,535,827</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - ERS/PFRS	7,726,277
Deferred Inflows - OPEB	<u>14,180,033</u>
Total Deferred Inflows of Resources	<u>21,906,310</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	26,153,934
Restricted for:	
Capital Purchases	7,162,594
Grants	92,711
Unrestricted	<u>(154,097,115)</u>
Total Net Position	<u>\$ (120,687,876)</u>

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



**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Primary</u>
				<u>Governmental</u>
				<u>Activities</u>
Primary Government:				
Governmental Activities:				
General Government Support	\$ 4,343,025	444,126	2,840	(3,896,059)
Public Safety	15,463,492	1,085,568	-	(14,377,924)
Health	5,659	21,649	-	15,990
Transportation	11,063,211	361,066	364,383	(10,337,762)
Economic Assistance and Opportunity	16,800	-	-	(16,800)
Culture and Recreation	4,173,424	436,956	-	(3,736,468)
Home and Community Services	15,655,813	2,891,411	-	(12,764,402)
Interest and Fiscal Charges	2,039,546	-	-	(2,039,546)
Total Primary Government	<u>\$ 52,760,970</u>	<u>5,240,776</u>	<u>367,223</u>	<u>(47,152,971)</u>
General Revenues:				
				34,262,906
				7,125,862
				200,736
				211,571
				<u>3,514,383</u>
				45,315,458
				(1,837,513)
				(5,588,913)
				<u>(113,261,450)</u>
				<u>\$ (120,687,876)</u>

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

**TOWN OF WEST SENECA, NEW YORK**  
**Balance Sheet - Governmental Funds**  
**December 31, 2018**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>			
<b>ASSETS</b>						
Cash	\$ 2,147,031	-	6,403,171	-	1,337,660	9,887,862
Restricted Cash	92,711	750,518	-	4,941,404	-	5,784,633
Accounts Receivable	129,434	5,998	-	-	-	135,432
Federal and State Aid Receivable	-	716,581	-	-	-	716,581
Prepaid Items	919,259	147,019	17,929	-	13,707	1,097,914
Due from Other Governments	2,507,660	243,875	230,637	-	-	2,982,172
Due from Other Funds	687,664	120,808	10,273	151,789	14,272	984,806
Total Assets	<u>6,483,759</u>	<u>1,984,799</u>	<u>6,662,010</u>	<u>5,093,193</u>	<u>1,365,639</u>	<u>21,589,400</u>
<b>LIABILITIES</b>						
Accounts Payable	1,212,057	367,212	3,729,607	69,425	18,745	5,397,046
Accrued Liabilities	729,639	195,893	27,968	-	-	953,500
Due to Other Funds	69,734	320,078	118,708	96,837	-	605,357
Due to Other Governments	2,069	-	-	-	-	2,069
Total Liabilities	<u>2,013,499</u>	<u>883,183</u>	<u>3,876,283</u>	<u>166,262</u>	<u>18,745</u>	<u>6,957,972</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	919,259	147,019	17,929	-	13,707	1,097,914
Restricted	92,711	750,518	-	6,412,076	-	7,255,305
Assigned	753,135	204,079	2,767,798	-	1,333,187	5,058,199
Unassigned	2,705,155	-	-	(1,485,145)	-	1,220,010
Total Fund Balances (Deficits)	<u>4,470,260</u>	<u>1,101,616</u>	<u>2,785,727</u>	<u>4,926,931</u>	<u>1,346,894</u>	<u>14,631,428</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 6,483,759</u>	<u>1,984,799</u>	<u>6,662,010</u>	<u>5,093,193</u>	<u>1,365,639</u>	<u>21,589,400</u>

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

**TOWN OF WEST SENECA, NEW YORK**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2018**

Amounts reported for Governmental Activities in the Statement of Net Position (page 15) are different because:

Total fund balances (deficits) - governmental funds (page 17)	\$ 14,631,428
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Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$140,558,615 and the accumulated depreciation is \$55,562,202.	84,996,413
---	------------

To recognize interest accrual on long term debt.	(682,977)
--	-----------

To recognize the net pension liability.	(2,978,956)
---	-------------

To recognize the deferred outflows related to the net pension liability.	9,520,274
--	-----------

To recognize the deferred inflows related to the net pension liability.	(7,726,277)
---	-------------

To recognize the deferred inflows related to the OPEB liability.	(14,180,033)
--	--------------

To eliminate the prepaid amount to NYS pension expense.	(746,469)
---	-----------

To record the premium on the issuance of bonds.	(2,893,433)
---	-------------

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 payable	(49,647,045)	
Energy Performance Contract	(11,173,980)	
Other post-employment benefits payable	(133,018,110)	
Judgments and claims payable	(3,077,509)	
Compensated absences payable	(3,711,202)	<u>(200,627,846)</u>

Net position of governmental activities	\$ <u>(120,687,876)</u>
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**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2018**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway</u>	<u>Sewer</u>			
<b>REVENUES</b>						
Real Property Taxes	\$ 13,613,461	11,161,230	8,655,108	-	316,899	33,746,698
Other Property Tax Items	516,208	-	-	-	-	516,208
Non-property Tax Items	7,125,862	-	-	-	-	7,125,862
Departmental Income	783,143	228,135	-	-	60,781	1,072,059
Intergovernmental Charges	-	131,993	11,762	-	-	143,755
Use of Money and Property	153,989	9,929	-	36,452	366	200,736
Sale of Property and Compensation for Loss	23,832	1,381	-	-	-	25,213
Licenses and Permits	330,821	-	-	-	-	330,821
Fines and Forfeitures	773,115	-	-	-	-	773,115
Miscellaneous	9,987	938	-	5,239	2,415	18,579
Interdistrict Revenues	-	-	2,877,234	-	-	2,877,234
Interfund Revenues	1,737,666	1,387,766	-	-	-	3,125,432
State Aid	1,232,012	749,722	-	1,532,649	-	3,514,383
Federal Aid	2,840	364,383	-	-	-	367,223
Total Revenues	<u>26,302,936</u>	<u>14,035,477</u>	<u>11,544,104</u>	<u>1,574,340</u>	<u>380,461</u>	<u>53,837,318</u>
<b>EXPENDITURES</b>						
Current:						
General Government Support	3,013,972	-	-	-	94,857	3,108,829
Public Safety	8,943,971	-	-	-	-	8,943,971
Health	5,659	-	-	-	-	5,659
Transportation	443,942	6,858,394	-	-	-	7,302,336
Economic Assistance and Opportunity	16,800	-	-	-	-	16,800
Culture and Recreation	2,194,037	-	-	-	24,964	2,219,001
Home and Community Services	2,783,291	-	10,479,445	-	84,728	13,347,464
Employee Benefits	7,690,564	3,771,995	537,680	-	-	12,000,239
Debt Service:						
Principal	999,592	1,797,071	347,986	-	3,658,749	6,803,398
Interest	448,653	659,204	349,250	345,053	103,209	1,905,369
Capital Outlay	-	-	-	4,274,553	-	4,274,553
Total Expenditures	<u>26,540,481</u>	<u>13,086,664</u>	<u>11,714,361</u>	<u>4,619,606</u>	<u>3,966,507</u>	<u>59,927,619</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(237,545)</u>	<u>948,813</u>	<u>(170,257)</u>	<u>(3,045,266)</u>	<u>(3,586,046)</u>	<u>(6,090,301)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	80,000	-	-	829,124	-	909,124
Transfers Out	(150,000)	(185,000)	(430,000)	(80,000)	(64,124)	(909,124)
Serial Bonds Issued	-	-	-	31,857,045	3,355,000	35,212,045
Premium on Bonds	-	-	-	719,204	296,852	1,016,056
Total Other Financing Sources and Uses	<u>(70,000)</u>	<u>(185,000)</u>	<u>(430,000)</u>	<u>33,325,373</u>	<u>3,587,728</u>	<u>36,228,101</u>
Net Change in Fund Balance	<u>(307,545)</u>	<u>763,813</u>	<u>(600,257)</u>	<u>30,280,107</u>	<u>1,682</u>	<u>30,137,800</u>
Fund Balances (Deficit) - Beginning	4,777,805	337,803	3,385,984	(25,353,176)	1,345,212	(15,506,372)
Fund Balances (Deficit) - Ending	<u>\$ 4,470,260</u>	<u>1,101,616</u>	<u>2,785,727</u>	<u>4,926,931</u>	<u>1,346,894</u>	<u>14,631,428</u>

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

**TOWN OF WEST SENECA, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2018**

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances (deficit) - total governmental funds (page 19) \$ 30,137,800

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposals. 967,956

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 resources. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Proceeds from serial bonds	(35,212,045)	
Repayment of serial bonds	2,419,996	
Defeasance of serial bonds	3,520,000	
Repayment of installment purchase debt	863,398	
Net change in accrued interest - serial bonds	(134,177)	
Recording of premium on issuance of bonds	(1,016,056)	
Amortization of bond premium	<u>211,571</u>	(29,347,313)

(Increases) decreases in the proportionate share of the net pension liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. (23,005)

Some expenses reported in the statement of activities (i.e. compensated absences, judgments and claims, and other post-employment benefits) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net effect of these differences is as follows:

Decrease in compensated absences	290,977	
Decrease in judgments and claims	45,156	
Increase in other post-employment benefits	<u>(3,909,084)</u>	<u>(3,572,951)</u>

Change in net position of governmental activities \$ (1,837,513)

**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Net Position**  
**Fiduciary Fund**  
**December 31, 2018**

**ASSETS**

Cash	\$ 545,204
Total Assets	<u>545,204</u>

**LIABILITIES**

Agency Liabilities	165,755
Due to Other Funds	<u>379,449</u>
Total Liabilities	<u>\$ 545,204</u>

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

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# TOWN OF WEST SENECA, NEW YORK

## Notes to the Financial Statements

December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *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 the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The Town reports no business-type activities or component units.

#### *Financial 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 with authority vested by those statutes provides services and facilities in the areas of police, highway, sanitation, parks, recreation, sanitary and storm sewerage and general administration. The three-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

Independently elected officials of the Town consist of the following:

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

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The County of Erie is a unit of local government, which operates within the boundaries of the Town. Public education is provided by three independent school districts within the Town.

#### *Basis of Presentation – Government-Wide Financial Statements*

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments and charges between the Town'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, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town considers the following governmental funds as major funds:

- General Fund – is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- Highway Fund – this fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.
- Sewer Fund – this fund is used to record all revenues and expenditures related to operation and maintenance of the sewer districts.
- Capital Projects Fund – this fund accounts for the acquisition and construction of the Town's major capital facilities.

Additionally, the Town reports the following fund type:

The Agency Fund – used to account for employee payroll tax withholdings and for other money (and/or property) received and held in the capacity of trustee, custodian or agent.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In 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, 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 source. 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 source. All other revenue items are considered to be measurable and available only when cash is received by the government.

#### *Budgetary Information*

***Budgetary Basis of Accounting*** – Annual budgets for all governmental funds, except the Capital Projects, Debt Service, and Special Purpose Funds, 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 purchase orders, 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<sup>st</sup>, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year's original budget.

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 project's inception and lapse upon completion of the project.

The Town reports encumbrances of \$2,750 in the General Fund and \$5,528 in the Highway Fund for the year ended December 31, 2018.

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

***Cash and Cash Equivalents*** – Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days of the Town's original acquisition date.

***Restricted Cash and Cash Equivalents*** – Unspent proceeds from debt are reported as restricted cash and cash equivalents within the Capital Projects Fund. The proceeds of debt can only be used for the stated purpose of the borrowing.

**Prepays** – Certain retirement payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as 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 appropriate governmental column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost equal to or greater than \$25,000 and an estimated useful life in excess of two 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.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	40
Buildings and Land Improvements	20
Infrastructure:	
Dams and Drainage Systems	100
Water and Sewer Systems	50
Traffic Control Systems	40
Bridges and Culverts	30
Roads	10
Machinery and Equipment:	
Office Equipment and Furniture	7
Heavy Equipment	15
Other	5
Vehicles	8
Computers	3

**Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Town’s proportion of the collective net pension asset or liability and difference during the measurement period between the Town’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Town’s contributions to the pension system (ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Town’s proportion of the collective net

pension liability (ERS System) and difference during the measurement periods between the Town's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is related to the Town's other post-employment liability amount reported in the Statement of Net Position.

***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 government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Board has authorized the Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated 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** – 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.

**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 partially paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Estimated sick leave and compensatory time accumulated by governmental fund type employees is reported on the entity-wide financial statements. Payment of sick leave and compensatory time is budgeted and recorded as expenditure in the governmental funds on an annual basis as amounts are paid. Management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payments become due.

**Adoption of New Accounting Pronouncements** – During the year ended December 31, 2018, the Town adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

**Future Impacts of Accounting Pronouncements** – The Town has not completed the process of evaluating the impact that will result from adopting the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending December 31, 2019, GASB Statement No. 84, *Fiduciary Activities*, effective for the year ended December 31, 2019, GASB Statement No. 87, *Leases*, effective for the year ended December 31, 2020, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*, effective for the year ended December 31, 2019, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ended December 31, 2020, GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the year ended December 31, 2019, and GASB Statement No. 91, *Conduit Debt Obligation*, effective for the year ended December 31, 2021. The Town is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 83, 84, 87, 88, 89, 90, and 91 will have on its financial position and results of operations.

## **2. LEGAL COMPLIANCE – BUDGETS**

**Budgets and Budgetary Accounting** – The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Town Supervisor files a "tentative" budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.
2. 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.

3. Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20<sup>th</sup>.
4. Formal annual budgetary accounts are employed as a management control device for the General, Highway, Sewer and Special District Funds.
5. 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.
6. Annual budgets for governmental funds, except the Capital Projects Fund and Special Purpose 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 purchase orders, 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 1st, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year's original budget.
7. 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 project's inception and lapse upon termination of the project.
8. Total expenditures for each object classification within a department may not legally exceed the total appropriations for that object classification. During the year ended December 31, 2018, the Town's General, Highway, Water, Lighting and Sewer Funds overspent their budget in total due to circumstances that occurred after the budget was adopted and budgetary adjustments were not made.

### **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 deposits and certificates of deposits in an amount equal to or greater than the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. The Town had no investments at December 31, 2018.

Cash at year-end consisted of:

	<b>Governmental</b>		
	<b>Funds</b>	<b>Fiduciary Funds</b>	<b>Balance</b>
Petty Cash (Uncollateralized)	\$ 3,850	-	3,850
Deposits	<u>15,668,645</u>	<u>545,204</u>	<u>16,213,849</u>
Total	<u>\$ 15,672,495</u>	<u>545,204</u>	<u>16,217,699</u>

**Deposits** – All deposits are carried at fair value. The following is a summary of deposits:

	<b>Carrying Balance</b>	<b>Bank Balance</b>
Insured (FDIC)	\$ 1,123,335	1,123,335
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>15,090,514</u>	<u>16,535,824</u>
Total	<u>\$ 16,213,849</u>	<u>17,659,159</u>

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

**Restricted Cash**—The Town reports restricted cash of \$92,711 within the General Fund and \$750,518 within the Highway Fund. The Town also reports restricted cash of \$4,941,404 within the Capital Projects Fund for amounts representing nonoperating cash that has been raised through borrowings. The use of these proceeds is limited to the specific purpose of the issue.

#### 4. PROPERTY TAX

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.

Tax payments are due January 1 to February 15 without penalty; February 16 to 28 a 1.5% penalty; March 1 to 15 a 3% penalty; March 16 to 31 a 4.5% penalty; April 1 to 15 a 6% penalty; April 16 to 30 a 7.5% penalty; and 1.5% added each month thereafter.

The tax roll is returned to the Erie County Commissioner of Finance after May 1 at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items 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 and Assessments, independent of Town operations.

## 5. RECEIVABLES

Major revenues accrued by the Town at December 31, 2018 are:

*Accounts Receivable*—Represents amount due to the Town from outside parties for various purposes.

<b>General Fund:</b>			
Special Assessments	\$	77,120	
Rent		46,247	
Miscellaneous		<u>6,067</u>	129,434
<b>Highway Fund:</b>			
Workers' Compensation Reimbursement		5,924	
Miscellaneous		<u>74</u>	5,998
Total Accounts Receivable			<u>\$ 135,432</u>

*Due from Other Governments* - Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Amounts due the Town at December 31, 2018 are:

<b>General Fund:</b>			
Erie County - Sales Tax	\$	2,336,775	
Justice Fees		54,011	
Town Clerk Fees		53,506	
Miscellaneous		<u>63,368</u>	2,507,660
<b>Highway Fund:</b>			
Multi modal grant		241,229	
Miscellaneous		<u>2,646</u>	243,875
<b>Sewer Fund:</b>			
Sewer Charges		229,437	
Town Clerk Fees		<u>1,200</u>	230,637
Total Due from Other Governments			<u>\$ 2,982,172</u>



**Federal and State Aid Receivable** – Represents amount receivable from the federal government and New York State. Amounts due the Town at December 31, 2018 are:

**Highway Fund:**

FEMA - federal share	\$ 140,624
FEMA - state share	80,085
Community development block grant	100,000
State highway funds	<u>395,872</u>

Total federal and state aid receivable \$ 716,581

**6. CAPITAL ASSETS**

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

	<b>Balance</b>			<b>Balance</b>
	<b>1/1/2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>12/31/2018</b>
Capital Assets, not being Depreciated:				
Land	\$ 543,871	-	-	543,871
Construction in Progress	<u>31,799,102</u>	<u>4,274,554</u>	<u>(35,780,908)</u>	<u>292,748</u>
Total Capital Assets, not being Depreciated	<u>32,342,973</u>	<u>4,274,554</u>	<u>(35,780,908)</u>	<u>836,619</u>
Capital Assets, being Depreciated				
Land Improvements	8,056,038	-	-	8,056,038
Buildings	9,090,203	13,385,918	-	22,476,121
Building Improvements	5,221,399	-	-	5,221,399
Machinery and Equipment	15,493,569	288,743	-	15,782,312
Infrastructure	<u>65,054,035</u>	<u>23,132,091</u>	-	<u>88,186,126</u>
Total Capital Assets, being Depreciated	<u>102,915,244</u>	<u>36,806,752</u>	-	<u>139,721,996</u>
Less Accumulated Depreciation for:				
Land Improvements	6,496,804	376,005	-	6,872,809
Buildings	5,299,304	424,050	-	5,723,354
Building Improvements	995,884	239,789	-	1,235,673
Machinery and Equipment	10,910,306	964,725	-	11,875,031
Infrastructure	<u>27,527,462</u>	<u>2,327,873</u>	-	<u>29,855,335</u>
Total Accumulated Depreciation	<u>51,229,760</u>	<u>4,332,442</u>	-	<u>55,562,202</u>
Total Capital Assets, being Depreciated, net	<u>51,685,484</u>	<u>32,474,310</u>	-	<u>84,159,794</u>
Total Capital Assets, Net	<u>\$ 84,028,457</u>	<u>36,748,864</u>	<u>(35,780,908)</u>	<u>84,996,413</u>

Depreciation expense was charged to functions/programs of the governmental activities

for the year ended December 31, 2018 as follows:

<u>Function/Program</u>	<u>Allocated Depreciation</u>
General government support	\$ 298,421
Public safety	125,081
Transportation	1,667,481
Culture and recreation	550,765
Home and community services	1,690,694
	<u>\$ 4,332,442</u>

## 7. ACCRUED LIABILITIES

Accrued liabilities reported by governmental activities at December 31, 2018 were as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>	<u>Total Governmental Funds</u>
Salary and Employee Benefits	\$ 729,639	195,893	27,968	953,500
Total Accrued Liabilities	<u>729,639</u>	<u>195,893</u>	<u>27,968</u>	953,500
Accrued Interest				<u>682,977</u>
Total Accrued Liabilities - Government-Wide				<u>\$ 1,636,477</u>

## 8. PENSION PLANS

The Town participates in the New York State and Local Employees' Retirement System (ERS/PFRS). This is cost-sharing, multiple employer retirement system. ERS/PFRS is included in the State's financial report as a pension trust fund.

### a) Plan Description

The Town participates in the New York State and Local Employees' Retirement System ("ERS"), the New York State and Local Police and Fire Retirement System ("PFRS"), and the Public Employees' Group Life Insurance Plan ("Systems"). These are cost-sharing, multiple-employer retirement systems. The net position of the Systems is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the Systems. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("Comptroller" serves as sole

trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for custody and control of their funds. The Systems issue a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

b) Funding Policies

The System is non-contributory, except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%) based on salary. Under the County of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the New York State Local Retirement Systems fiscal year ending March 31.

The Town is required to contribute at an actuarially determined rate. The required contribution per the New York State and Local Retirement Systems invoices for the current year and the two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2018	\$ 1,434,332	1,551,547
2017	\$ 1,327,298	1,585,804
2016	\$ 1,426,037	1,572,569

Legislation requires participating employers to make payments on a current basis. The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year, and the Town has not bonded or amortized any of the excess amounts.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources

At December 31, 2018, the Town reported the following liability for its proportionate share of the net pension liability for the ERS/PFRS System. The net pension liability was measured as of March 31, 2018 for ERS/PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS/PFRS System in a report provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 1,188,260	\$ 1,790,696
Authority's portion of the Plan's total Net pension liability	0.0368174%	0.1771639%

For the year ended December 31, 2018, the Town's recognized pension expense of \$1,320,409 for ERS and \$1,670,279 for PFRS. At December 31, 2018, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions was:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 423,814	737,033	350,224	475,829
Change of assumptions	787,914	1,356,777	-	-
Net difference between projected and actual earnings on pension plan investments	1,725,853	1,449,359	3,406,661	2,918,930
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	13,590	40,055	354,548	220,085
Town's contributions subsequent to the measurement date	<u>1,434,332</u>	<u>1,551,547</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,385,503</u>	<u>5,134,771</u>	<u>4,111,433</u>	<u>3,614,844</u>

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

	<u>ERS</u>	<u>PFRS</u>
Year Ended:		
2019	138,234	326,368
2020	103,500	285,437
2021	(945,982)	(414,832)
2022	(456,014)	(285,382)
2023	-	56,789
Thereafter	-	-

Actuarial assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2018	March 31, 2018
Actuarial Valuation Date	April 1, 2017	April 1, 2017
Interest Rate	7.0%	7.0%
Salary Scale	3.8%	4.5%
Decrement Tables	April 1, 2010 - March 31, 2015	April 1, 2010 - March 31, 2015
Inflation Rate	2.5%	2.5%

The annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on 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.

<b>ERS and PFRS</b>		
<b>Measurement Date: March 31, 2018</b>		
<u>Asset type</u>	<u>Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

Discount rate

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

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<b>ERS</b>			
Employer's proportionate share of the net pension (asset) liability	\$ 8,990,694	1,188,260	(5,412,288)
	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<b>PFRS</b>			
Employer's proportionate share of the net pension (asset) liability	\$ 8,771,316	1,790,696	(4,064,406)

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report.

Prepaid Expense to the pension plan

The employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of January 1, 2018 through March 31, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2018 amounted to \$358,583 for ERS and \$387,887 for PFRS.

c) Tiers

Membership Tiers-Pension legislation enacted in 1973, 1976, 1983, 2010, and 2012 established distinct classes of membership. The tier status of a member determines eligibility for benefits, formula used in the calculation of benefits, death benefit coverage,

service crediting, whether or not a member has required contributions, and member loan provisions. Listed below are the tiers for ERS members:

- Tier 1 – Members who enrolled before July 1, 1973
- Tier 2 – July 1, 1973 through July 26, 1976
- Tier 3 – July 27, 1976 through August 31, 1983
- Tier 4 – September 1, 1983 through December 31, 2009
- Tier 5 – January 1, 2010 through March 31, 2012
- Tier 6 – April 1, 2012 and after

d) Vesting

Members who joined ERS prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require 10 years of service credit to be 100% vested.

e) Benefits

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with more than twenty years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 199 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four additional months. Final average salary is the average of wages earned in the three highest consecutive years. For Tier 1 members who joined on or after September 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

*Tiers 3, 4 and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for

each year of service. If a member retires with more than thirty years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55, with reduced benefits. Tier 3 and 4 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages of earned in the highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

*Tier 6*

**Eligibility:** Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

**Benefit Calculation:** Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with twenty years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

**9. OTHER POSTEMPLOYMENT BENEFIT ("OPEB") OBLIGATIONS**

**Plan Description** – The Town pays for a portion of eligible retirees' health insurance, depending on the type of health plan provided. Eligibility for postretirement benefits is based on age, years of service, accumulated sick leave and depends upon associated group or union as follows: (1) *The West Seneca Police Benevolent Association*, (2) *Town of West Seneca Blue Collar Unit (CSEA, Local 1000 AFSCME, AFL-CIO)*, (3) *Town of West Seneca White Collar Unit (CSEA, Local 1000 AFSCME, AFL-CIO)* and (4) *those covered under administrative rules and regulations*. The plan is a single-employer defined benefit OPEB plan administered by the Town. No assets are accumulated in a trust that meets the criteria in paragraph 5 of GASB Statement No. 75. The Plan does not issue financial statements and is not a trust.

**Funding Policy** – Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the Town Board. Upon retirement, the Town generally pays a portion of the cost of the employee's current coverage at the time of retirement for a period of time as outlined in the various contracts.

**Employees covered by benefit terms** – At December 31, 2018, the total number of participants in the OPEB plan were comprised as follows:

Active employees	185
Retirees	163
Survivors	<u>17</u>
Total	<u><u>365</u></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 year using the current discount rate. The total OPEB liability is analogous to the unfunded actuarial accrued liability (“AAL”) under the now superseded GASB Statement No. 45.

**Total OPEB liability** – The Town’s OPEB liability of \$133,018,110 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs** – The total OPEB liability in the December 31, 2018 actuarial valuation was determined used the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

*Healthcare cost trend rates* – The annual rate of increase in healthcare costs were developed based on a review of published national trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Model v2019\_b (the Getzen model) with adjustments based on Labor-Management Health Fund’s expectations for short-term Pre-65 medical and prescription trend. The pre-65 assumed medical rates of increase range from 7% in 2018 to 3.886% in 2075 and beyond. The post-65 assumed medical rates of increase range from 5% in 2018 to 3.886% in 2075 and beyond. The prescription drug assumed rates of increase range from 10% in 2018 to 3.886 in 2075 and beyond.

*Salary increases* – Salaries are assumed to increase 4% per year. The salary scale was based on the Town’s review of historical experience as well as future expectations.

*Mortality* – The sex-distinct RPH-2014 mortality tables for employees and health annuitants, adjusted backward to 20016 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 or MP-2018 (as of January 1, 2018 and December 31, 2018 respectively) mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and the demographics and industry of the Plan.

*Discount rate* – 3.31% as of January 1, 2018 and 3.71% as of December 31, 2018.

**Changes in the total OPEB liability** – The following table presents the changes in the total OPEB liability during the year ended December 31, 2018:

	Total OPEB Liability
Balance at December 31, 2017, as restated	\$ 143,289,059
Changes for the year:	
Service cost	4,104,546
Interest cost	4,843,155
Differences between expected and actual experience	(1,031,318)
Change of assumptions or other inputs	(16,037,882)
Actual benefit payments	(2,149,450)
Balance at December 31, 2018	<u>\$ 133,018,110</u>

**Sensitivity of the total OPEB liability to the changes in the discount rate** – The following table presents the total OPEB liability of the Town, as well as what the Town’s OPEB liability would be if

it were calculated using a discount rate that was 1 percentage point higher or lower than the current rate.

	1% Decrease <u>(2.71%)</u>	Discount rate <u>(3.71%)</u>	1% Increase <u>(4.71%)</u>
Total OPEB liability	\$ 157,578,737	133,018,110	113,525,036

***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate*** – The following table presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that was 1 percentage point higher or lower than the current rate.

	1% Decrease <u>(2.71%)</u>	Discount rate <u>(3.71%)</u>	1% Increase <u>(4.71%)</u>
Total OPEB liability	\$ 108,801,285	133,018,110	164,904,683

***OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB*** – For the year ended December 31, 2108, the Town recognized OPEB expense of \$3,909,084. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ -	856,755
Change of assumptions	-	<u>13,323,278</u>
Total	<u>\$ -</u>	<u>14,180,033</u>

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2019	\$ 2,889,167
2020	2,889,167
2021	2,889,167
2022	2,889,167
2023	2,623,365
Thereafter	-

## 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 carries commercial insurance for coverage with respect to Town buildings, equipment, and employee theft. The Town self-insures for

risks relating to workers' compensation insurance and general liability. The Town currently reports all of its risk management activities in its general fund, highway fund, and sewer 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. These losses include an estimate of claims that have been incurred but not reported. Total expenditures for claims, judgments and workers compensation recorded in the Town's governmental funds for the year ended December 31, 2018 were \$1,317,024.

Additionally, at December 31, 2018, the amount of the Government Funds long-term liabilities totaled \$3,077,509, which was recorded net of accrued liabilities in the General Fund, Highway Fund and Sewer Fund. This liability is the Town's best estimate based on available information. Changes in the reported liability resulted from the following:

		<b>Beginning of Year Balance</b>	<b>Claims Additions</b>	<b>Claims Payments</b>	<b>End of Year Balance</b>
2018	Workers' Comp.	<u>\$ 3,122,665</u>	<u>1,271,868</u>	<u>(1,317,024)</u>	<u>3,077,509</u>
2017	Workers' Comp.	<u>\$ 2,019,391</u>	<u>2,002,511</u>	<u>(899,237)</u>	<u>3,122,665</u>

**Pollution Remediation**—In 2004 the New York State Department of Environmental Conservation ("NYSDEC") issued the Town a notice of consent relating to the abatement of overflow sanitary sewer discharges. The notice of consent was amended in 2008 and the Town has responded and continues to study and plan for remedial actions. As of December 31, 2018, the Town has issued bonds to remediate the notice of consent and any additional liabilities will be financed by future bond or BAN financing.

## 11. SHORT-TERM DEBT

Short-term debt of the Town represents bond anticipation notes. These notes are reported as a fund liability in the fund receiving the proceeds in accordance with certain criteria. The purpose of all of the short-time borrowings was to provide resources for various capital acquisition, construction or improvement projects. The form of financing used in all cases was bond anticipation notes. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. During 2018, the Town refinanced all its outstanding bond anticipation notes and converted them to term debt. The following is a summary of changes in short-term debt for the year ended December 31, 2018:

Description	Rate	Date	Balance			Balance 12/31/2018	Converted to Term Debt	Balance 12/31/2018
			1/1/2018	Payments	New Debt			
<b>Capital Projects Fund:</b>								
Various Capital Projects	2.25%	7/26/2017	\$ 30,546,169	929,124	2,200,000	31,817,045	(31,817,045)	-
Total Capital Projects Fund			<u>30,546,169</u>	<u>929,124</u>	<u>2,200,000</u>	<u>31,817,045</u>	<u>(31,817,045)</u>	<u>-</u>
<b>General Fund:</b>								
Vehicles	2.25%	7/26/2017	80,000	40,000	-	40,000	(40,000)	-
Total General Fund			<u>80,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Total Government-Wide			<u>\$ 30,626,169</u>	<u>969,124</u>	<u>2,200,000</u>	<u>31,857,045</u>	<u>(31,857,045)</u>	<u>-</u>

The rate of return on the BANs issued for Various Capital Projects in the Capital Projects Fund and Vehicles in the General Fund was 1.08% net of the BAN premiums.

## 12. LONG-TERM LIABILITIES

*Summary of Changes in Indebtedness* – The following is a summary of changes in long-term debt for the year ended December 31, 2018 (as restated for GASB Statement No. 75, see Note 20):

	Balance at 1/1/2018			Balance at 12/31/2018	Due Within One Year
	As Restated	Additions	Reductions		
Serial Bonds	\$ 20,374,995	35,212,045	5,939,995	49,647,045	3,447,045
Bond Premium	2,088,948	1,016,056	211,571	2,893,433	274,059
Lease Purchases	12,037,378	-	863,398	11,173,980	889,537
OPEB Obligation (as restated at 1/1/2018)	143,289,059	8,947,701	19,218,650	133,018,110	-
Workers' Comp.	3,122,665	1,271,868	1,317,024	3,077,509	1,400,000
NYS Retirement - ERS	3,722,518	-	2,534,258	1,188,260	-
NYS Retirement - PFRS	3,985,590	-	2,194,894	1,790,696	-
Compensated Absences	4,002,179	-	290,977	3,711,202	185,560
Total	<u>\$ 192,623,332</u>	<u>46,447,670</u>	<u>32,570,767</u>	<u>206,500,235</u>	<u>6,196,201</u>

*Serial Bonds* - The Town issues serial bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 40 years. The following is a summary of changes in bonded debt for the year ended December 31, 2018:

	<u>Year of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance at 1/1/2018</u>	<u>New Debt Issued</u>	<u>Converted from BANs</u>	<u>Principal Payments</u>	<u>Bonds Defeased</u>	<u>Balance at 12/31/2018</u>
<b>General fund</b>									
Machinery & equipment	2005/2021	319,085	3.8-3.85	\$ 109,001	-	-	25,546	83,455	-
Radio system upgrades & various	2010/2025	47,413	2.0-4.0	359,438	-	-	40,939	318,499	-
Various Purpose refunding bonds	2014/2020	459,403	2.0	41,506	-	-	41,506	-	-
Various Purpose refunding bonds	2015/2028	2,255,669	3.0-5.0	1,685,000	-	-	245,000	-	1,440,000
Burchfield, Metz, general town rec.	2016/2028	200,000	2.0-5.0	183,721	-	-	16,861	-	166,860
Addition of police headquarters	2016/2028	1,520,000	2.0-5.0	1,396,279	-	-	128,140	-	1,268,139
Road reconstruction & repaving	2017/2030	135,000	5.0-1.5	135,000	-	-	5,000	-	130,000
Acquisition of Vehicles	2018/2045	40,000	5.0-3.0	-	-	40,000	-	-	40,000
Library and comm. cnt. exp.	2018/2045	10,222,045	5.0-3.0	-	-	10,222,045	-	-	10,222,045
Accounting software	2018/2045	300,000	5.0-3.0	-	-	300,000	-	-	300,000
Radio system upgrades & GPS units	2018/2025	29,200	5.0	-	29,200	-	200	-	29,000
Purchase of certain eq.t & vehicles	2018/2025	276,037	5.0	-	276,036	-	2,566	-	273,470
Acq. of equipment & replacing floor	2018/2021	18,100	5.0	-	18,100	-	100	-	18,000
Various purposes	2018/2021	63,600	5.0	-	63,600	-	600	-	63,000
				<u>3,909,945</u>	<u>386,936</u>	<u>10,562,045</u>	<u>506,458</u>	<u>401,954</u>	<u>13,950,514</u>
<b>Highway fund</b>									
Road reconstruction	2006/2021	3,384,650	3.8-3.85	1,156,224	-	-	270,990	885,234	-
Highway equipment and paving	2010/2025	4,013,452	2.0-4.0	1,959,775	-	-	223,218	1,736,557	-
Various purpose refunding bonds	2014/2020	2,353,488	2.0	860,530	-	-	375,529	-	485,001
Various purpose refunding bonds	2015/2028	8,735,000	3.0-5.0	7,475,000	-	-	660,000	-	6,815,000
Road reconstruction & repaving	2017/2030	4,405,000	5.0-1.5	4,405,000	-	-	245,000	-	4,160,000
Steph. Ave, N. Am. Dr, Comm. Pkwy	2018/2045	2,400,000	5.0-3.0	-	-	2,400,000	-	-	2,400,000
Purchase of certain eq. & vehicles	2018/2025	1,627,664	5.0	-	1,627,664	-	15,134	-	1,612,530
Acq. of vehicles & repaving of roads	2018/2021	867,200	5.0	-	867,200	-	7,200	-	860,000
				<u>15,856,529</u>	<u>2,494,864</u>	<u>2,400,000</u>	<u>1,797,071</u>	<u>2,621,791</u>	<u>16,332,531</u>
<b>Special Districts Fund</b>									
Water district number 3 improvement	2006/2021	345,982	3.8-3.85	239,125	-	-	56,046	183,079	-
Sewer	2006/2021	138,393	3.8-3.85	95,650	-	-	22,418	73,232	-
Water district number 3 Lydecker	2010/2025	330,901	2.0-4.0	270,786	-	-	30,842	239,944	-
Various purpose refunding bonds	2014/2020	9,001	2.0	2,960	-	-	2,960	-	-
Sanitary and sewer facilities	2018/2045	17,155,000	5.0-3.0	-	-	17,155,000	-	-	17,155,000
2015 Water Improvements	2018/2045	1,650,000	5.0-3.0	-	-	1,650,000	-	-	1,650,000
Waterway/drainage imp. to Caz. Creek	2018/2045	90,000	5.0-3.0	-	-	90,000	-	-	90,000
Imp. to Facilities of W.D. #3	2018/2025	34,300	5.0	-	34,300	-	300	-	34,000
Imp. to Facilities of W.D. #3 Lydecker	2018/2025	187,800	5.0	-	187,800	-	1,800	-	186,000
Improvements to W.D. #1	2018/2021	179,500	5.0	-	179,500	-	1,500	-	178,000
Improvements to W.D. #13	2018/2021	71,600	5.0	-	71,600	-	600	-	71,000
<b>Total Special Districts Fund</b>				<u>608,521</u>	<u>473,200</u>	<u>18,895,000</u>	<u>116,466</u>	<u>496,255</u>	<u>19,364,000</u>
<b>Total</b>				<u>\$ 20,374,995</u>	<u>3,355,000</u>	<u>31,857,045</u>	<u>2,419,995</u>	<u>3,520,000</u>	<u>49,647,045</u>

The following schedule sets forth the remaining annual maturities and annual interest payments on serial bonds at December 31, 2018:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,447,045	1,935,742	5,382,787
2020	3,485,000	1,811,782	5,296,782
2021	3,350,000	1,663,756	5,013,756
2022	3,015,000	1,503,506	4,518,506
2023	3,115,000	1,360,006	4,475,006
2024-2028	12,245,000	4,814,380	17,059,380
2029-2033	7,020,000	2,927,180	9,947,180
2034-2038	6,695,000	1,906,298	8,601,298
2039-2043	6,795,000	734,806	7,529,806
2044-2045	480,000	18,200	498,200
Total	<u>\$ 49,647,045</u>	<u>18,675,656</u>	<u>68,322,701</u>

**Defeasance** – During October, 2018, the Town issued \$3,355,000 in general obligation bonds interest rates of 5.0% and used the proceeds to redeem \$3,520,000 of outstanding bonds with rates of 3.8% and 4.0%. As a result, the retired bonds are considered to be defeased, and the liability for these bonds has been removed from the Town’s financial statements, replaced with the liability for the new bonds. The economic gain on the transaction (the difference between the amount owed on the bonds defeased and the amount owed on the new bonds acquired) was \$165,000. This amount is included in the bond premium amount and is being amortized over 86 months, the life of the new bonds.

**Energy Performance Contract - Installment Purchase Debt** – The Town has entered into energy performance contracts for modifications to various facilities. The modifications were made to improve energy efficiency. Principal and interest payments are made quarterly. The following is a summary of lease purchase transactions of the Town for the year ended December 31, 2018:

Year of Issue/ Maturity	Amount of Original Issue	Interest Rate	Balance at 1/1/2018	Payment			Payment Range
				Issued During 2018	During 2018	Balance at 12/31/2018	
2012/2028	\$ 9,474,049	3.39%	6,969,144	-	499,945	6,469,199	\$ 118,556 - \$ 125,294
2016/2032	5,313,003	2.37%	5,068,234	-	363,453	4,704,781	\$ 65,000 - \$150,000
Total			<u>\$ 12,037,378</u>	<u>-</u>	<u>863,398</u>	<u>11,173,980</u>	

The following is a maturity schedule of installment purchase debt:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 889,537	320,969	1,210,506
2020	961,411	293,323	1,254,734
2021	1,002,347	263,564	1,265,911
2022	1,048,228	232,683	1,280,911
2023 - 2027	5,914,499	646,157	6,560,656
2028 - 2032	1,357,958	67,195	1,425,153
	<u>\$ 11,173,980</u>	<u>1,823,891</u>	<u>12,997,871</u>

**Other Postemployment Benefits ("OPEB") Obligation** – As explained in Note 9, the Town provides a portion of health care benefits for retirees. The Town's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pension*. The Town's long-term OPEB obligation is estimated to be \$133,018,110 at December 31, 2018.

**Judgments and Claims** – As explained in Note 10, the Town's judgments and claims obligation represents liabilities relating to self-insured workers compensation and other judgments and claims.

**Compensated Absences** – As explained in Note 1, the Town reports the value of governmental fund type compensated absences as a long term liability. The annual budgets of the operating funds provide funding for these benefits as they become payable.

### 13. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

The following is a reconciliation of the Town's net investment in capital assets–governmental activities.

Capital Assets, Net of Depreciation	\$ 84,996,413
Debt Issued to Acquire Capital Assets:	
Serial Bonds	(49,647,045)
Unamortized Bond Issue Premium	(2,893,433)
Installment Purchase Debt	(11,173,980)
Unexpended Debt Proceeds	<u>4,871,979</u>
	<u>(58,842,479)</u>
Net Investment in Capital Assets	<u>\$ 26,153,934</u>

- **Restricted Component of Net Position** – This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and

restrictions imposed by law through constitutional provisions or enabling legislation. The components of the Town's restricted net position are disclosed on the following page.

- **Unrestricted Component of 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:

- **Prepays** - Represents amounts that are applicable to future accounting periods. The total amount of \$1,097,914 includes \$746,470 which is prepaid to the New York State retirement system that are applicable to future accounting periods.

Restrictions represent amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance maintained by the Town at December 31, 2018 included the following:

	Capital		Total
	Equipment	Grants	
	Purchases	Restricted	
General Fund	\$ -	92,711	92,711
Highway Fund	750,518	-	750,518
Capital Projects Fund	6,412,076	-	6,412,076
	<u>\$ 7,162,594</u>	<u>92,711</u>	<u>7,255,305</u>

- **Capital Equipment Purchases** – Represents amounts of \$750,518 in the Highway Fund and \$6,412,077 in the Capital Projects Fund, reserved for future purchases of capital equipment and debt service. Commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town's highest level of decision-making authority. The Town reported no commitments of fund balance as of December 31, 2018.
- **Grants** – Represents \$92,711 in the General Fund to be spend under the terms set forth by the grantors.

Assignments represent amounts that are intended to be used by the Town for specific purposes. Assignments of fund balance at December 31, 2018 include:

	Subsequent	Casualty	Special	Special	Encumbrances	Total
	Year's		Revenue	Purpose		
	Expenditures	and liability	Funds	Funds		Assigned
General Fund	\$ 250,000	500,385	-	-	2,750	753,135
Highway Fund	-	-	198,551	-	5,528	204,079
Sewer Fund	305,000	-	2,462,798	-	-	2,767,798
Other Governmental Funds	71,783	-	817,406	443,998	-	1,333,187
	<u>\$ 626,783</u>	<u>500,385</u>	<u>3,478,755</u>	<u>443,998</u>	<u>8,278</u>	<u>5,058,199</u>



- **Subsequent Year's Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2018 fiscal year.
- **Encumbrances**—Represents amounts which have been committed through purchase orders or contracts. As of December 31, 2018, the Town reported \$2,750 of encumbrances for the General Fund and \$5,528 for the Highway Fund. The detail of encumbrances by category is as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Total</u>
General government support	\$ 36	-	36
Public safety	2,714	-	2,714
Transportation	<u>-</u>	<u>5,528</u>	<u>5,528</u>
 Total	 <u>\$ 2,750</u>	 <u>5,528</u>	 <u>8,278</u>

- **Casualty and Liability**— Represents funds accumulated for non-insured liability and casualty losses, for worker's compensation claims, and uncollectible receivable amounts.
- **Special Revenue Funds**— Represents fund balance within the special revenue funds that is assigned for a specific purpose.

If the Town must use funds for emergency expenditures the Town Board shall authorize the Supervisor to expend funds first from funds classified under GASB 54 as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB 54 will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the Town will use unassigned fund balance.

#### 14. INTERFUND BALANCES AND ACTIVITY

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. These balances are expected to be collected/paid within the subsequent year. Interfund transfers are used primarily to support capital project expenditures. Interfund receivables, payables, and transfers of the Town as of, and for the year ended December 31, 2018, consisted of the following:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 687,664	69,734	80,000	150,000
Highway Fund	120,808	320,078	-	185,000
Sewer Fund	10,273	118,708	-	430,000
Capital Projects Fund	151,789	96,837	829,124	80,000
Other Governmental Funds:				
Special Districts	-	-	-	64,124
Special Purpose	14,272	-	-	-
Agency Fund	-	379,449	-	-
<b>Total</b>	<u>\$ 984,806</u>	<u>984,806</u>	<u>909,124</u>	<u>909,124</u>

## 15. AGENCY FUND

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

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2018</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 477,380	24,408,622	24,340,798	545,204
Total Assets	<u>477,380</u>	<u>24,408,622</u>	<u>24,340,798</u>	<u>545,204</u>
<b>LIABILITIES</b>				
Other Agency Liabilities	275,677	24,230,876	24,340,798	165,755
Due to Other Funds	<u>201,703</u>	<u>177,746</u>	-	<u>379,449</u>
Total Liabilities	<u>\$ 477,380</u>	<u>24,408,622</u>	<u>24,340,798</u>	<u>545,204</u>

## 16. LABOR RELATIONS

The majority of Town employees are represented by three bargaining units, White Collar, Police Benevolent Association ("PBA") and Blue Collar. Some department heads and most part-time employees are governed by Town Board policies. The White Collar employees, Police employees, and Blue Collar employees have negotiated contracts in place through December 31, 2021, December 31, 2020, and December 31, 2020 respectively.

## 17. CONTINGENCIES

**Assessments**—The Town is a defendant in litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis and is dependent upon various factors including market values and appraised amounts. 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 with 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 expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

**Litigation-** The Town is subject to a number of lawsuits in the ordinary course of its affairs. Town Management, after considering all relevant facts, including the opinion of the Town attorney and outside counsel in certain instances, is of the opinion that such litigation will not, in the aggregate, have a material adverse effect on the Town's financial position.

## **18. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 24, 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.

## **19. TAX ABATEMENTS**

The Town enters into property tax abatement agreements with local businesses through the Erie County Industrial Development Agency and the Town of West Seneca Industrial Development Agency for the purpose of attracting or retaining businesses within the Town's jurisdiction in an effort to provide a solid start-up base for new commercial development to ensure growth within the Town.

The Town collected \$289,535 during 2018 in payments in lieu of taxes ("PILOT.") These collection were made in lieu of \$425,283 in property taxes. The Town abated property taxes totaling \$135,748.

## **20. CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT OF NET POSITION**

For the year ended December 31, 2018, the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, which supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The implementation of this statement 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 \$30,027,609 to \$143,289,059 at December 31, 2017. Net position of governmental activities at December 31, 2017 has been restated. Information on beginning of year deferred outflows and deferred inflows of resources is not available and, therefore, such amounts have not been restated.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**

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

	<u>Year Ended</u> <u>December 31, 2018</u>
Measurement date	December 31, 2018
Total OPEB liability	
Service Cost	\$ 4,104,546
Interest	4,843,155
Differences between expected and actual experience in the measurement of the total OPEB liability	(1,031,318)
Changes in assumptions or other inputs	(16,037,882)
Benefit payments	<u>(2,149,450)</u>
Net change in OPEB liability	(10,270,949)
Total OPEB liability - beginning, as restated	<u>143,289,059</u>
Total OPEB liability - ending	<u>\$ 133,018,110</u>
Covered payroll	\$ 18,006,768
Total OPEB liability as a percentage of covered payroll	738.71%

\* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these financial statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Schedule of the Town's Proportionate Share**  
**of the Net Pension Liability - Employees' Retirement System**  
**Last Five 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	0.0368174%	0.0396172%	0.0393371%	0.0387080%	0.0387080%
Town's proportionate share of the net pension liability	\$ 1,188,260	3,722,518	6,313,719	1,307,653	1,749,162
Town's covered-employee payroll	\$ 9,740,536	8,950,780	9,355,036	9,015,252	9,072,777
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.2%	41.6%	67.5%	14.5%	19.3%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	98.5%

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

The accompanying independent auditors' report should be read in conjunction with these statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Schedule of the Town's Contributions -**  
**Employees' Retirement System**  
**Last Five Years \***

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,434,332	1,327,298	1,426,037	1,666,916	1,779,337
Contributions in relation to the contractually required contribution	<u>(1,434,332)</u>	<u>(1,327,298)</u>	<u>(1,426,037)</u>	<u>(1,666,916)</u>	<u>(1,779,337)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$ 10,037,097	9,390,240	9,354,997	9,424,813	9,862,173
Contributions as a percentage of covered-employee payroll	14.3%	14.1%	15.2%	17.7%	18.0%

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

The accompanying independent auditors' report should be read in conjunction with these statements



**TOWN OF WEST SENECA, NEW YORK**  
**Schedule of the Town's Proportionate Share**  
**of the Net Pension Liability - Police and Fire Retirement System**  
**Last Five 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	0.1771639%	0.1922942%	0.1978449%	0.1870713%	0.1870713%
Town's proportionate share of the net pension liability	\$ 1,790,696	3,985,590	5,857,766	514,932	778,796
Town's covered-employee payroll	\$ 6,595,388	6,563,090	6,589,174	6,133,266	6,080,305
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.2%	60.7%	88.9%	8.4%	12.8%
Plan fiduciary net position as a percentage of the total pension liability	97.0%	93.5%	90.2%	99.0%	98.5%

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

The accompanying independent auditors' report should be read in conjunction with these statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Schedule of the Town's Contributions -**  
**Police and Fire Retirement System**  
**Last Five Years \***

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,551,547	1,585,804	1,572,569	1,482,515	1,654,760
Contributions in relation to the contractually required contribution	<u>(1,551,547)</u>	<u>(1,585,804)</u>	<u>(1,572,569)</u>	<u>(1,482,515)</u>	<u>(1,654,760)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	\$ 6,480,358	6,622,994	6,722,152	6,553,620	6,446,544
Contributions as a percentage of covered-employee payroll	23.9%	23.9%	23.4%	22.6%	25.7%

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

The accompanying independent auditors' report should be read in conjunction with these statements

**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Real Property Taxes	\$ 13,613,461	13,613,461	13,613,461	-
Other Property Tax Items	380,000	380,000	516,208	136,208
Non-property Tax Items	6,750,000	6,750,000	7,125,862	375,862
Departmental Income	1,186,800	1,191,200	1,113,964	(77,236)
Use of Money and Property	76,000	76,000	153,989	77,989
Sale of Property and Compensation for Loss	41,000	41,000	23,832	(17,168)
Fines and Forfeitures	800,000	800,000	773,115	(26,885)
Miscellaneous	15,000	17,500	9,987	(7,513)
Interfund Revenues	1,737,666	1,737,666	1,737,666	-
State Aid	1,258,552	1,284,920	1,232,012	(52,908)
Federal Aid	-	-	2,840	2,840
Total Revenues	25,858,479	25,891,747	26,302,936	411,189
<b>EXPENDITURES</b>				
Current:				
General Government Support	3,067,781	3,034,435	3,013,972	20,463
Public Safety	8,428,637	8,652,263	8,943,971	(291,708)
Health	5,723	5,659	5,659	-
Transportation	401,861	443,942	443,942	-
Economic Assistance and Opportunity	2,500	16,800	16,800	-
Culture and Recreation	2,206,917	2,198,217	2,194,037	4,180
Home and Community Services	2,495,895	2,701,622	2,783,291	(81,669)
Employee Benefits	7,326,049	7,690,564	7,690,564	-
Debt Service:				
Principal	1,140,254	1,149,592	999,592	150,000
Interest	1,182,862	448,653	448,653	-
Total Expenditures	26,258,479	26,341,747	26,540,481	(198,734)
Excess (deficiency) of Revenues Over Expenditures	(400,000)	(450,000)	(237,545)	212,455
<b>OTHER FINANCING USES</b>				
Transfers In	-	-	80,000	80,000
Transfers Out	(50,000)	-	(150,000)	(150,000)
Total Other Financing Uses	(50,000)	-	(70,000)	(70,000)
Net Change in Fund Balances	(450,000)	(450,000)	(307,545)	142,455
Fund Balances - Beginning	4,777,805	4,777,805	4,777,805	-
Fund Balances - Ending	\$ 4,327,805	4,327,805	4,470,260	142,455

The accompanying independent auditors' report should be read in conjunction with these statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - Highway Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Varaince with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real Property Taxes	\$ 11,161,230	11,161,230	11,161,230	-
Departmental Income	-	228,135	228,135	-
Intergovernmental Charges	144,000	144,000	131,993	(12,007)
Use of Money and Property Sale of Property and Compensation for Loss	12,000	12,000	9,929	(2,071)
Miscellaneous	-	-	1,381	1,381
Interfund Revenues	-	-	938	938
State Aid	1,387,766	1,387,766	1,387,766	-
Federal Aid	481,728	733,188	749,722	16,534
	-	100,000	364,383	264,383
Total Revenues	<u>13,186,724</u>	<u>13,766,319</u>	<u>14,035,477</u>	<u>269,158</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	6,664,401	6,949,574	6,858,394	91,180
Employee Benefits	3,599,654	3,871,742	3,771,995	99,747
Debt Service:				
Principal	1,959,737	1,982,071	1,797,071	185,000
Interest	692,932	692,932	659,204	33,728
Total Expenditures	<u>12,916,724</u>	<u>13,496,319</u>	<u>13,086,664</u>	<u>409,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>270,000</u>	<u>270,000</u>	<u>948,813</u>	<u>678,813</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(270,000)	(270,000)	(185,000)	85,000
Total Other Financing Sources and Uses	<u>(270,000)</u>	<u>(270,000)</u>	<u>(185,000)</u>	<u>85,000</u>
Net Change in Fund Balances*	-	-	763,813	763,813
Fund Balances - Beginning	<u>337,803</u>	<u>337,803</u>	<u>337,803</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 337,803</u>	<u>337,803</u>	<u>1,101,616</u>	<u>763,813</u>

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

The accompanying independent auditors' report should be read in conjunction with these statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - Sewer Fund**  
**For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Varaince with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real Property Taxes	\$ 8,654,178	8,654,178	8,655,108	930
Intergovernmental Charges	-	-	11,762	11,762
Interdistrict Revenues	<u>2,683,487</u>	<u>2,683,487</u>	<u>2,877,234</u>	<u>193,747</u>
Total Revenues	<u>11,337,665</u>	<u>11,337,665</u>	<u>11,544,104</u>	<u>206,439</u>
<b>EXPENDITURES</b>				
Current:				
Home and Community Services	10,244,585	10,244,585	10,479,445	(234,860)
Employee Benefits	-	-	537,680	(537,680)
Debt Service:				
Principal	277,339	277,339	347,986	(70,647)
Interest	<u>350,241</u>	<u>350,241</u>	<u>349,250</u>	<u>991</u>
Total Expenditures	<u>10,872,165</u>	<u>10,872,165</u>	<u>11,714,361</u>	<u>(842,196)</u>
Excess (Deficiency) of Revenues Over Expenditures	465,500	465,500	(170,257)	(635,757)
<b>OTHER FINANCING USES</b>				
Transfers Out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(430,000)</u>	<u>70,000</u>
Total Other Financing Uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>(430,000)</u>	<u>70,000</u>
Net Changes in Fund Balances	(34,500)	(34,500)	(600,257)	(565,757)
Fund Balances - Beginning	<u>3,385,984</u>	<u>3,385,984</u>	<u>3,385,984</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,351,484</u>	<u>3,351,484</u>	<u>2,785,727</u>	<u>(565,757)</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**SUPPLEMENTARY INFORMATION**

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**TOWN OF WEST SENECA, NEW YORK**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2018**

	<u>Special District Funds</u>	<u>Special Purpose Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 907,227	430,433	-	1,337,660
Prepaid Expenses	13,707	-	-	13,707
Due from Other Funds	-	14,272	-	14,272
Total Assets	<u>920,934</u>	<u>444,705</u>	<u>-</u>	<u>1,365,639</u>
<b>LIABILITIES</b>				
Accounts Payable	18,038	707	-	18,745
Total Liabilities	<u>18,038</u>	<u>707</u>	<u>-</u>	<u>18,745</u>
<b>FUND BALANCES (DEFICIT)</b>				
Not in Spendable Form	13,707	-	-	13,707
Assigned	889,189	443,998	-	1,333,187
Total Fund Balances (Deficits)	<u>902,896</u>	<u>443,998</u>	<u>-</u>	<u>1,346,894</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 920,934</u>	<u>444,705</u>	<u>-</u>	<u>1,365,639</u>

The accompanying independent auditors' report should be read in conjunction with these statements.



**TOWN OF WEST SENECA, NEW YORK**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ending December 31, 2018**

	Special District Funds	Special Purpose Funds	Debt Service Fund	Total
<b>REVENUES</b>				
Real Property Taxes	\$ 316,899	-	-	316,899
Departmental Income	-	60,781	-	60,781
Use of Money and Property	-	366	-	366
Miscellaneous	-	2,415	-	2,415
Total Revenues	<u>316,899</u>	<u>63,562</u>	<u>-</u>	<u>380,461</u>
<b>EXPENDITURES</b>				
Current:				
General Government Support	-	18,563	76,294	94,857
Culture and Recreation	-	24,964	-	24,964
Home and Community Services	84,728	-	-	84,728
Debt Service	<u>186,400</u>	<u>-</u>	<u>3,575,558</u>	<u>3,761,958</u>
Total Expenditures	<u>271,128</u>	<u>43,527</u>	<u>3,651,852</u>	<u>3,966,507</u>
Excess of Revenues over Expenditures	45,771	20,035	(3,651,852)	(3,586,046)
<b>OTHER FINANCING USES</b>				
Serial Bonds Issued	-	-	3,355,000	3,355,000
Premium on Bonds	-	-	296,852	296,852
Transfers Out	<u>(64,124)</u>	<u>-</u>	<u>-</u>	<u>(64,124)</u>
Total Other Financing Uses	<u>(64,124)</u>	<u>-</u>	<u>3,651,852</u>	<u>3,587,728</u>
Net Change in Fund Balance	(18,353)	20,035	-	1,682
Fund Balance - Beginning	<u>921,249</u>	<u>423,963</u>	<u>-</u>	<u>1,345,212</u>
Fund Balance - Ending	<u>\$ 902,896</u>	<u>443,998</u>	<u>-</u>	<u>1,346,894</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**TOWN OF WEST SENECA, NEW YORK**  
**Capital Projects Fund**  
**Combining Balance Sheet**  
**For the Year Ended December 31, 2018**

Project	Liabilities						Fund Balances (Deficits)		Total		
	Due from Other Governments	Restricted Cash	Total Assets	Accounts Payable	Due to Other Funds	BANs Payable	Total Liabilities	Restricted	Unassigned	Total Fund Balances (Deficits)	Total Liabilities and Fund Balances (Deficits)
<b>General Fund:</b>											
Recreation and Playgrounds	\$ -	98,259	98,259	-	-	-	-	98,259	-	98,259	98,259
Town Hall / Police Department Improvements	-	43,752	43,752	-	-	-	-	43,752	-	43,752	43,752
Energy Performance Contract	-	1,476	1,476	-	-	-	-	1,476	-	1,476	1,476
Burchfield & Other Improvements	-	(30,652)	(30,652)	-	-	-	-	-	(30,652)	(30,652)	(30,652)
Energy Performance Contract II	-	58,453	58,453	-	-	-	-	58,453	-	58,453	58,453
Town Hall & Senior Center ADA Restrooms	-	(35,818)	(35,818)	-	-	-	-	-	(35,818)	(35,818)	(35,818)
Seneca Place Project	-	(1,157)	(1,157)	-	-	-	-	-	(1,157)	(1,157)	(1,157)
Buildings & Grounds Reconstruction	-	56,932	56,932	-	-	-	-	56,932	-	56,932	56,932
Community Center / Library Construction	146,550	(551,029)	(404,479)	-	34,169	-	34,169	-	(438,648)	(438,648)	(404,479)
Cazenovia Creek Ice Control	-	12,745	12,745	-	-	-	-	12,745	-	12,745	12,745
Sidewalk Repair	5,239	(16,148)	(10,909)	29,975	-	-	29,975	-	(40,884)	(40,884)	(10,909)
Software / Hardware Conversion	-	15,541	15,541	637	871	-	1,508	14,033	-	14,033	15,541
Switzer Park Improvements	-	(215,882)	(215,882)	38,813	-	-	38,813	-	(254,695)	(254,695)	(215,882)
Ice Rink DASNY	-	(155,815)	(155,815)	-	-	-	-	-	(155,815)	(155,815)	(155,815)
<b>Highway Fund:</b>											
Highway Equipment	-	64,699	64,699	-	-	-	-	64,699	-	64,699	64,699
ECCDBG Street Projects	-	20,071	20,071	-	-	-	-	20,071	-	20,071	20,071
Town Roads Construction	-	677,664	677,664	-	56,748	-	56,748	620,916	-	620,916	677,664
<b>Sewer Fund:</b>											
Sanitary Sewer Project	-	5,293,981	5,293,981	-	-	-	-	5,293,981	-	5,293,981	5,293,981
Sewer Consolidation Grant	-	(3,000)	(3,000)	-	-	-	-	-	(3,000)	(3,000)	(3,000)
Plant 6 Repairs	-	(6,158)	(6,158)	-	-	-	-	-	(6,158)	(6,158)	(6,158)
Fisher Road Sewer	-	(23,024)	(23,024)	-	-	-	-	-	(23,024)	(23,024)	(23,024)
East Center Road Sanitary Sewer	-	(8,536)	(8,536)	-	-	-	-	-	(8,536)	(8,536)	(8,536)
<b>Water Fund:</b>											
ECWA Direct Access	-	40,153	40,153	-	5,049	-	5,049	35,104	-	35,104	40,153
Orchard Park Road Water Main	-	(451,934)	(451,934)	-	-	-	-	-	(451,934)	(451,934)	(451,934)
Seneca Creek Water Main	-	67,850	67,850	-	-	-	-	67,850	-	67,850	67,850
Leydecker Water Main (WD #3)	-	11,589	11,589	-	-	-	-	11,589	-	11,589	11,589
East & West Water Main (WD #3)	-	4,939	4,939	-	-	-	-	4,939	-	4,939	4,939
Elmsford Circle Water Main	-	7,277	7,277	-	-	-	-	7,277	-	7,277	7,277
2009-10: East & West-Water District #3	-	(34,224)	(34,224)	-	-	-	-	-	(34,224)	(34,224)	(34,224)
2009-10: East & West-Water District #4	-	(600)	(600)	-	-	-	-	-	(600)	(600)	(600)
	<u>\$ 151,789</u>	<u>4,941,404</u>	<u>5,093,193</u>	<u>69,425</u>	<u>96,837</u>	<u>-</u>	<u>166,262</u>	<u>6,412,076</u>	<u>(1,485,145)</u>	<u>4,926,931</u>	<u>5,093,193</u>

The accompanying independent auditors' report should be read in conjunction with these statements

**TOWN OF WEST SENECA, NEW YORK**  
**Capital Projects Fund**  
**Combining Schedule of Revenues, Expenditures and Other Financing Sources and Changes in fund Balances (Deficits)**  
**For the Year Ended December 31, 2018**

Project	Revenues			Other Financing Sources				Total Revenue and Other Financing Sources	Capital Outlay	Issuance Costs	Interest (Use of Prior Year Premium)	Other		Total Fund Balances (Deficits) 12/31/2018
	Fund Balances (Deficits) 1/1/2018	Interest	Grant Revenue	Other	Debt Proceeds	Bond Premium	Transfers In					Transfers Out	Uses	
<b>General Fund:</b>														
Recreation and Playgrounds	\$ 97,682	577	-	-	-	-	-	577	-	-	-	-	-	98,259
Town Hall / Police Department Improvements	43,494	258	-	-	-	-	-	258	-	-	-	-	-	43,752
Energy Performance Contract	1,467	9	-	-	-	-	-	9	-	-	-	-	-	1,476
Burchfield & Other Improvements	(30,652)	-	-	-	-	-	-	-	-	-	-	-	-	(30,652)
Energy Performance Contract II	278,536	-	-	-	-	-	-	-	220,083	-	-	-	220,083	58,453
Town Hall & Senior Center ADA Restrooms	(35,818)	-	-	-	-	-	-	-	-	-	-	-	-	(35,818)
Seneca Place Project	(1,157)	-	-	-	-	-	-	-	-	-	-	-	-	(1,157)
Buildings & Grounds Reconstruction	56,596	336	-	-	-	-	-	336	-	-	-	-	-	56,932
Community Center / Library Construction	(8,410,488)	332	1,032,649	-	10,222,045	231,063	110,000	11,596,089	3,529,000	-	95,249	-	3,624,249	(438,648)
Cazenovia Creek Ice Control	(78,145)	145	-	-	90,000	2,034	-	92,179	-	-	1,289	-	1,289	12,745
Sidewalk Repair	(14,534)	-	-	5,239	-	-	-	5,239	31,589	-	-	-	31,589	(40,884)
Software / Hardware Conversion	(150,335)	-	-	-	300,000	6,781	-	306,781	142,413	-	-	-	142,413	14,033
Pool Cars	-	-	-	-	40,000	-	40,000	80,000	-	-	-	80,000	80,000	-
Switzer Park Improvements	-	-	-	-	-	-	-	-	254,695	-	-	-	254,695	(254,695)
Ice Rink DASNY	(155,815)	-	-	-	-	-	-	-	-	-	-	-	-	(155,815)
<b>Highway Fund:</b>														
Highway Equipment	64,318	381	-	-	-	-	-	381	-	-	-	-	-	64,699
ECCDBG Street Projects	19,953	118	-	-	-	-	-	118	-	-	-	-	-	20,071
Town Roads Construction	(2,483,727)	2,575	500,000	-	2,400,000	54,250	185,000	3,141,825	6,966	-	30,216	-	37,182	620,916
<b>Sewer Fund:</b>														
Sanitary Sewer Project	(12,426,611)	30,917	-	-	17,155,000	387,778	430,000	18,003,695	84,459	-	198,644	-	283,103	5,293,981
Sewer Consolidation Grant	(3,000)	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)
Plant 6 Repairs	(5,859)	-	-	-	-	-	-	-	299	-	-	-	299	(6,158)
Fisher Road Sewer	(23,024)	-	-	-	-	-	-	-	-	-	-	-	-	(23,024)
East Center Road Sanitary Sewer	(8,536)	-	-	-	-	-	-	-	-	-	-	-	-	(8,536)
<b>Water Fund:</b>														
ECWA Direct Access	(1,691,878)	264	-	-	1,650,000	37,298	64,124	1,751,686	5,049	-	19,655	-	24,704	35,104
Orchard Park Road Water Main	(451,934)	-	-	-	-	-	-	-	-	-	-	-	-	(451,934)
Seneca Creek Water Main	67,450	400	-	-	-	-	-	400	-	-	-	-	-	67,850
Leydecker Water Main (WD #3)	11,521	68	-	-	-	-	-	68	-	-	-	-	-	11,589
East & West Water Main (WD #3)	4,910	29	-	-	-	-	-	29	-	-	-	-	-	4,939
Elmsford Circle Water Main	7,234	43	-	-	-	-	-	43	-	-	-	-	-	7,277
2009-10: East & West-Water District #3	(34,224)	-	-	-	-	-	-	-	-	-	-	-	-	(34,224)
2009-10: East & West-Water District #4	(600)	-	-	-	-	-	-	-	-	-	-	-	-	(600)
	<b>\$ (25,353,176)</b>	<b>36,452</b>	<b>1,532,649</b>	<b>5,239</b>	<b>31,857,045</b>	<b>719,204</b>	<b>829,124</b>	<b>34,979,713</b>	<b>4,274,553</b>	<b>-</b>	<b>345,053</b>	<b>80,000</b>	<b>4,699,606</b>	<b>4,926,931</b>

The accompanying independent auditors' report should be read in conjunction with these statements.



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**INDEPENDENT AUDITOR'S 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**

To the Honorable Town Board  
Town of West Seneca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Seneca, 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 June 24, 2019.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

R.A. Mercer & Co., P.C.

West Seneca, New York  
June 24, 2019